

ASX RELEASE

27 October 2017

NOTICE OF 2017 ANNUAL GENERAL MEETING

Attached is a copy of the 2017 Notice of Annual General Meeting and Proxy Form for Sequoia Financial Group Limited (**ASX: SEQ**) ("SEQ" or "the Company") which will be dispatched to shareholders today.

Withdrawal of AGM Resolutions 2 and 4

As a result of the resignation of Marcel Collignon from the Sequoia Board of Directors on 17 October 2017, the following Resolutions contained within the Notice of Meeting are to be withdrawn and will not be put to Shareholders at the AGM:

RESOLUTION 2: - RE-ELECTION OF DIRECTOR – MARCEL COLLIGNON

RESOLUTION 4: - ISSUE OF PERFORMANCE RIGHTS TO MR MARCEL COLLIGNON UNDER THE EMPLOYEE INCENTIVE PLAN

All other Resolutions contained in the Notice of Meeting will be put to Shareholders for their consideration as detailed in the Explanatory Statement attached to the Notice of Meeting.

The withdrawal of these Resolutions will not affect the validity of the proxy form attached to the Notice of Annual General Meeting. Shareholders wishing to complete and lodge a proxy in relation to the 2017 Annual General Meeting, do not need to indicate their voting instructions on Resolutions 2 and 4.

<ends>

For further information please contact:

Scott Beeton, Managing Director & CEO +61 2 8114 2222
Tharun Kuppanda, Company Secretary +61 2 8016 2875

ABOUT SEQUOIA FINANCIAL GROUP LIMITED

ASX-listed Sequoia Financial Group Limited (ASX: SEQ) is an integrated financial services company providing products and services to self-directed retail and wholesale clients and those of third party professional service firms.

It provides:

- Investment and superannuation products
- Wealth management and advisory services
- Corporate advisory and capital markets expertise
- Retail, wholesale and institutional trading platforms
- Market data and financial news services

Sequoia operates various AFS Licenses and its subsidiary D2MX Pty Ltd is an ASX Market Participant

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Sequoia Financial Group Ltd

ABN 90 091 744 884

Notice of Annual General Meeting to be held on 30 November 2017

Explanatory Memorandum for the Notice of Annual General Meeting and Independent Expert's Report

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

**NOTICE OF THE EXTRAORDINARY GENERAL MEETING TO BE HELD AT
the offices of K&L Gates, Level 31, 1 O'Connell Street, Sydney NSW 2000
AT 2.00PM ON Thursday, 30 November 2017**

**TO BE VALID, FORMS OF PROXY FOR USE AT THE EXTRAORDINARY GENERAL MEETING
MUST BE COMPLETED AND RETURNED TO THE COMPANY NO LATER THAN 2.00PM
SYDNEY TIME ON 28 November 2017**

**RSM Australia, the Independent Expert, has concluded that the
InterPrac Acquisition is fair and reasonable to Sequoia's Non
Associated Shareholders**

KEY DATES

for InterPrac Acquisition

19 June 2017	Sequoia announced entry into binding term sheet regarding InterPrac Acquisition.
9 October 2017	Sequoia announced entry into InterPrac Share Purchase Agreement.
5pm Sydney time at 28 November 2017	Time and date for eligibility to vote at the Annual General Meeting. Return of Proxy Forms due.
30 November 2017	Annual General Meeting.
1 December 2017	Completion Date of the InterPrac Acquisition (subject to satisfaction of the conditions precedent to the InterPrac Share Sale Agreement and all InterPrac Resolutions being passed at the AGM). Consideration Shares to be issued to Vendors in accordance with the InterPrac Share Purchase Agreement. Cleansing Statement and Appendix 3B to be lodged by Sequoia for Consideration Shares.

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Section A – Chairman’s Letter

9 October 2017

Dear Shareholder,

On behalf of the Board, I have the pleasure in inviting you to an Annual General Meeting (**AGM**) of the members of Sequoia Financial Group Ltd ABN 90 091 744 884 (**Sequoia** or **Company**) which will be held at the offices of K&L Gates, Level 31, 1 O’Connell Street, Sydney NSW 2000 on Thursday, 30 November 2017 at 2.00pm.

The Notice of Meeting, Explanatory Memorandum and Independent Expert’s Report is enclosed. Please read these documents carefully and in their entirety.

FY2017

The Financial Year 2017 has been a year of growth, investment and development for Sequoia, characterized by solid financial results, investment in the business to scale up and strong operational progress across all divisions.

Sequoia has continued to evolve into a well-regarded financial services company with a diversified and growing base of recurring revenue streams as well as continued growth and diversification through earnings accretive acquisitions.

Following the FY17 year end, as announced on 19 September 2017, the Company, through its wholly owned subsidiary, Sequoia Group Holdings Pty Ltd, completed the acquisition of all of the shares of Morrison Securities Pty Ltd, a securities dealer and trading and self-clearing business. The acquisition of Morrison Securities Pty Ltd is complementary to the Company’s existing stockbroking business D2MX Pty Ltd.

The InterPrac Acquisition which is the subject of Resolutions 16, 17 and 18

As announced on 9 October 2017, Sequoia has executed a share purchase agreement (**InterPrac Share Purchase Agreement**) to acquire 100% of the issued share capital of InterPrac Ltd. ACN 096 781 976 (**InterPrac**) (**InterPrac Acquisition**) from the shareholders of InterPrac (each a **Vendor** and collectively **the Vendors**).

Subject to Resolutions 16, 17 and 18 being approved at the Annual General Meeting and other conditions precedent to the InterPrac Share Purchase Agreement being satisfied, in consideration for the InterPrac Acquisition the Vendors will be issued with an aggregate of 42,777,000 fully paid ordinary shares (**Shares**) in Sequoia (**Consideration Shares**) at an issue price of \$0.30 per Share (**Issue Price**). No cash will be paid as consideration for the InterPrac Acquisition. Based on the Issue Price, the value of consideration for the InterPrac Acquisition is \$12,833,100.

Mr Garry Peter Crole, who is a non-executive director of the Company, is a 24.45% shareholder of InterPrac (through his and his wife’s associated shareholdings in InterPrac) and is joint managing director of InterPrac. Accordingly, Mr Garry Crole is a related party of the Company and together with his wife Marina Crole as Vendors (**Related Party Vendors**) receive a financial benefit from Sequoia in the form of 10,416,500 Consideration Shares subject to completion of the InterPrac Share Purchase Agreement.

Mr Garry Crole has not participated in any deliberations by either the Board of the Company or the InterPrac board regarding the InterPrac Acquisition. The independent directors of the Board of the Company, being Michael Kenneth Carter, Scott Lionel Beeton and Marcel John Collignon (**Independent Directors**) have conducted all due diligence investigations and negotiations regarding the InterPrac Acquisition and InterPrac Share Purchase Agreement.

About InterPrac

InterPrac was incorporated on 11 May 2001 and is a financial planning and financial services company with a network of authorised representatives as financial planners operating throughout Australia. InterPrac supports accounting firms and provides a range of value added substantially similar financial services in the following areas: InterPrac financial planning, Australian Financial Services Licence (**AFSL**) dealer services, investment referral, insurance and finance services, legal documentation and self-managed super fund (**SMSF**) administration and the management of the National Tax and Accountants' Association corporate business (which provides accountancy practices with solutions to establish companies, trusts and new superannuation funds on behalf of their clients).

In addition to Mr Garry Crole, the other directors of InterPrac are Mr Roger Craig Cotton (non-executive chairman), Mr Brent David Jones (managing director of operations and the secretary of InterPrac) and Mr Kevin James Pattison. As at the Preparation Date, they have no involvement in the affairs of Sequoia.

Rationale for the InterPrac Acquisition

The rationale for the InterPrac Acquisition is to further Sequoia's goal to grow through both internal and organic means and via expansion into complementary sectors that enhance Sequoia's offering as an integrated financial services company. As referred to in the announcement made by Sequoia on 19 June 2017 and 9 October 2017, the InterPrac business is substantially similar to a number of Sequoia's current operating divisions and will add additional scale, in particular to the SMSF Administration, Wealth Advisory and Investment Solutions divisions.

Subject to the passage of Resolution 3 regarding the election of Mr Crole as director, Mr Garry Crole will remain a director of the Company after completion of the InterPrac Acquisition. He will become an executive director of the Company and will be employed by the Company's subsidiary, Acacia Administrative Services Pty Ltd ACN 164 556 861 (**Acacia**) as joint managing director of InterPrac and related subsidiaries on and from Completion. Mr Brent Jones (also a 24.45% shareholder of InterPrac through his controlled entity, Unrandom Pty Ltd ACN 127 725 624) will be employed by Acacia as joint managing director of InterPrac and related subsidiaries on and from Completion.

Proposed Substantial Asset Acquisition from Related Party

The acquisition of the issued share capital of InterPrac from Related Party Vendors is an acquisition of a 'Substantial Asset' for the purposes of Listing Rule 10.1. An asset is a 'Substantial Asset' if its value is 5% or more of the equity interests of Sequoia as set out in the latest accounts given to ASX under the Listing Rules.

The equity interests of the Company as defined by the Listing Rules and as set out in the latest accounts given to ASX under the Listing Rules (being for the financial year ended 30 June 2017 update) were \$10,202,080. 5% of this amount is \$510,104.

Shareholder approval for the purposes of Listing Rule 10.1 is being sought at the AGM under Resolution 16.

Conclusion of the Independent Expert

Shareholders are referred to the Independent Expert's Report prepared by RSM Corporate Australia Pty Ltd (**Independent Expert** or **RSM**). The Independent Expert was engaged by the Independent Directors of Sequoia to provide an opinion as to whether or not the InterPrac Acquisition is fair and reasonable to Sequoia's Shareholders who are not excluded from voting on Resolution 16 (**Non Associated Shareholders**).

The Independent Expert has concluded that the InterPrac Acquisition, which is the subject of Resolutions 16, 17 & 18 in the enclosed Notice of Meeting, is fair and reasonable to Sequoia's Non Associated Shareholders.

The Independent Expert's Report is contained in Annexure B of this document.

Completion of the InterPrac Acquisition

Completion of the InterPrac Acquisition is conditional on a number of conditions precedent in the InterPrac Share Purchase Agreement, including the passing of Resolutions 16, 17 and 18 in the attached Notice of Meeting.

The terms of the InterPrac Share Purchase Agreement regarding the InterPrac Acquisition and details of the InterPrac business are summarised in Sections 3.1 and 3.3 respectively of the Explanatory Memorandum.

Recommendation of the Independent Directors in relation to the InterPrac Resolutions

As Garry Crole is a Related Party Vendor, he and his associate (wife, Marina Crole) are excluded from voting on the InterPrac Resolutions.

None of the Independent Directors have any interest in the InterPrac Resolutions other than in their capacity as officers and shareholders of Sequoia.

Shareholders are encouraged to read the enclosed Explanatory Memorandum in its entirety, and to attend the Annual General Meeting and vote on the resolutions. A proxy form is included with this document to enable any Shareholder who is unable to attend the Annual General Meeting to vote at the meeting.

Each Independent Director of Sequoia intends that they and their respective associates will vote in favour of the InterPrac Resolutions in the enclosed Notice of Meeting.

The Independent Directors unanimously recommend that shareholders vote in favour of each of the InterPrac Resolutions (Resolutions 16, 17 and 18).

Should you wish to discuss this Notice of Meeting you can contact the Managing Director and Chief Executive Officer, Mr Scott Beeton on +61 2 8114 2222.

Once again, on behalf of the Board I would like to thank you for your continued support.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Michael Carter', with a stylized flourish at the end.

Michael Carter
Non Executive Chairman

Section B – Glossary

1. Definitions

The following definitions are used in the Notice of Meeting and the Explanatory Memorandum:

Acacia means Acacia Administrative Services Pty Ltd ACN 164 556 861;

ACL means Australian Credit Licence.

ACN Loan Agreement means the loan agreement dated 16 September 2017 between ACN as lender and the Company as borrower.

ACN means ACN 139 919 305 Pty Ltd ACN 139 919 305.

ACN Share Option Deed means the share option deed dated 16 September 2017 between the Company as issuer of Options and ACN as grantee of the Options.

AFSL means Australian Financial Services Licence.

Annual General Meeting or **AGM** or **Meeting** means the annual general meeting of the Company to be held on 30 November 2017 pursuant to the Notice of Meeting.

Associate has the meaning given to that term in the ASX Listing Rules.

ASX means ASX Limited ACN 008 624 691.

ASX Listing Rules means the official listing rules issued and enforced by the ASX as amended from time to time.

Board or **Board of Directors** means the board of Directors of Sequoia.

Business Day means a day which is not a Saturday, Sunday or public holiday in Sydney or Melbourne.

Combined Group means Sequoia, the Sequoia Subsidiaries and the InterPrac Group after Completion.

Company or **Sequoia** means Sequoia Financial Group Ltd ABN 90 091 744 884.

Completion means completion of the InterPrac Acquisition pursuant to the InterPrac Share Sale Agreement.

Completion Date means the date of Completion, which is expected to be on 1 December 2017, subject to the satisfaction of all conditions precedent to the InterPrac Share Purchase Agreement and the passage of all of the InterPrac Resolutions.

Consideration Shares means an aggregate of 42,777,000 Shares issued at the Issue Price and which are to be issued to the Vendors as consideration for the InterPrac Acquisition subject to the terms of the InterPrac Share Purchase Agreement.

Convertible Notes means outstanding convertible notes with a conversion price of \$0.60 per Share and which are the subject of Resolutions 12, 13 and 14.

Constitution means the constitution of the Company, as amended from time to time.

Corporations Act or Act means the *Corporations Act* 2001 (Cth).

Crole Employment Agreement means the employment agreement to be entered into between Acacia and Garry Peter Crole.

Director means a director of the Company.

Employment Agreements means:

- (a) the Crole Employment Agreement; and
- (b) the Jones Employment Agreement.

Escrowed Vendor means each Vendor in respect of their relevant number of Escrowed Shares.

Employee Incentive Plan or **EIP** means the Sequoia Employment Incentive Plan that was approved at the Company's annual general meeting on 1 November 2016.

Escrowed Shares means the specified number of 'Escrowed Shares' as set out in the fourth column of Section 3.1(f) of this document.

Explanatory Memorandum means the explanatory memorandum set out in Section D of this document.

Factotum means Factotum Capital Pty Ltd ACN 088 779 935.

Factotum Loan Agreement means the loan agreement dated 16 September 2017 between Factotum as lender and the Company as borrower.

Factotum Share Option Deed means the share option deed dated 16 September 2017 between the Company as issuer of Options and Factotum as grantee of the Options.

Independent Directors means the following directors of the Company: Michael Kenneth Carter (Chairman), Scott Lionel Beeton (Chief Executive Officer) and Marcel John Collignon (Non executive director).

Independent Expert means RSM.

Independent Expert's Report means the report prepared by the Independent Expert for the purposes of Listing Rule 10.1 and section 208 of the Corporations Act and for inclusion in this Notice of Meeting, as annexed at Annexure B.

Interested Director means Garry Peter Crole, a Director of Sequoia (and who is a director of InterPrac and a Related Party Vendor).

InterPrac means InterPrac Ltd. ACN 096 781 976.

InterPrac Acquisition means the proposed acquisition by the Company of 100% of the issued share capital in InterPrac pursuant to the terms of the InterPrac Share Purchase Agreement.

InterPrac Business means the financial services and financial planning business of the InterPrac Group as summarised in Section 3.3 of this document.

InterPrac Directors means Mr Roger Craig Cotton (non executive chairman), Mr Garry Peter Crole (joint managing director), Mr Brent David Jones (joint managing director and the secretary of InterPrac) and Mr Kevin James Pattison (non-executive director).

InterPrac Group means InterPrac and each subsidiary and controlled entity as set out in Section 3.3(b) of this document.

InterPrac Resolutions means Resolution 16, Resolution 17 and Resolution 18.

InterPrac Share Sale Agreement means the share sale agreement dated 9 October 2017 between Sequoia as purchaser, InterPrac and each Vendor as a seller of their respective shares in InterPrac.

Jones Employment Agreement means the employment agreement to be entered into between Acacia and Brent Jones.

Management Vendor and **Management Proportion** means:

- (a) Garry Crole (director of InterPrac) and 43.95%;
- (b) Marina Crole and 2.6%;
- (c) Unrandom Pty Limited ACN 127 725 624 (an entity controlled by Brent Jones, director of InterPrac) and 46.55%;
- (d) Kevin J & Michelle J Pattison as Trustee for The Kev & Maz Superannuation Trust (Related Entity of Kevin Pattison, director of InterPrac) and 1.6%; and
- (e) Roger C & June Cotton and 5.3%

and collectively the **Management Vendors**.

Issue Price means \$0.30 per Consideration Share.

Listing Rules means the Listing Rules of the ASX as amended from time to time.

Morrison Acquisition means the acquisition by Sequoia Group Holdings Pty Ltd ACN 166 002 375 of 100% of the issued share capital of Morrison Securities.

Morrison Securities means Morrison Securities Pty Ltd ACN 001 430 432.

Morsec means Morsec Nominees Pty Ltd ACN 103 625 430.

Non-Associated Shareholders means the Shareholders of Sequoia who are not excluded from voting on Resolution 16.

Non-Related Party Vendors means the Vendors excluding the Related Party Vendors.

Notice of Meeting or **Notice** means the notice of Annual General Meeting set out in Section C of this document.

Option means an unlisted option to acquire one Share.

Performance Rights means performance rights issued under the Sequoia Employee Incentive Plan.

Preparation Date means 9 October 2017.

Related Entity has the meaning given to that term in the Corporations Act.

Related Party has the meaning given to that term in the Corporations Act.

Related Party Vendors means each of Mr Garry Crole and Mrs Marina Crole.

Resolution means a resolution passed by the requisite majority of members of the Company on a show of hands or by the requisite majority of votes given on a poll.

Resolution 16 means the ordinary resolution set out in the Notice of Meeting to approve the InterPrac Acquisition for the purposes of Listing Rule 10.1 and section 208 of the Corporations Act.

Resolution 17 means the ordinary resolution set out in the Notice of Meeting to approve the issue of 10,461,500 Consideration Shares to the Related Party Vendors for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act.

Resolution 18 means the ordinary resolution set out in the Notice of Meeting to approve the issue of 32,315,500 Consideration Shares to the Non Related Vendors for the purposes of Listing Rule 7.1.

RSM means RSM Corporate Australia Pty Ltd ACN 050 508 024.

Sequoia means Sequoia Financial Group Limited ABN 90 091 744 884.

Sequoia Subsidiaries means the following companies, being either wholly owned subsidiaries or controlled entities of Sequoia:

- (a) D2MX Pty Ltd;
- (b) Bourse Data Pty Ltd;
- (c) Sequoia Asset Management Pty Ltd;
- (d) Sequoia Corporate Finance Pty Ltd;
- (e) Finance TV Pty Ltd (partly owned to 54%);
- (f) Sequoia Direct Pty Ltd;
- (g) Sequoia Specialist Investments Pty Ltd;
- (h) Sequoia Superannuation Pty Ltd;
- (i) Sequoia Wealth Management Pty Ltd;
- (j) Sequoia Funds Management Pty Ltd;
- (k) Sequoia Group Holdings Pty Ltd;
- (l) The Cube Financial Group Pty Ltd;
- (m) Market Data Services Pty Ltd;
- (n) MDSnews.com Pty Ltd;
- (o) Sequoia Lending Pty Ltd;
- (p) Sequoia Brisbane Pty Ltd;
- (q) Sequoia Nominees No 1 Pty Ltd;

- (r) Acacia Administrative Services Pty Ltd;
- (s) Sequoia Wealth Group Pty Ltd;
- (t) CentreBoard Super Pty Ltd;
- (u) Morrison Securities Pty Ltd; and
- (v) Morsec Nominees Pty Ltd.

Share means a fully paid ordinary share in the capital of Sequoia.

Shareholder means a holder of a Share.

Vendors means collectively the shareholders of InterPrac as set out in Section 3.1(f) of this document and **Vendor** means each seller of their respective InterPrac shares pursuant to the Share Sale Agreement.

Voluntary Escrow Agreement means each relevant voluntary escrow agreement to be entered into between Sequoia and each relevant Vendor which will restrict the sale of the relevant Escrowed Shares for a period of 12 months after the Completion Date.

2. Interpretation

For the purposes of interpreting the Explanatory Memorandum and the Notice of Meeting:

- (a) the singular includes the plural and vice versa;
- (b) words importing any gender include the other genders;
- (c) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all considerations, amendments, re-enactments or replacements for the time being in force;
- (d) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define, limit or affect the meaning or interpretation of the Chairman's Letter, the Explanatory Memorandum and the Notice of Meeting;
- (e) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors and substitutes (including without limitation persons taking by novation and assignment); and
- (f) reference to **\$, A\$, Australian Dollars** or **dollars** is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia.

3. Date of this document

This Explanatory Memorandum has been prepared as at 9am on 9 October 2017 (the **Preparation Date**) based upon the information available and the facts and circumstances known at the Preparation Date by Sequoia, or, in the case of the information regarding InterPrac contained in Section 3.3 of Section D, by the InterPrac Directors.

Subject to the continuing obligations of Sequoia under the Listing Rules, the Corporations Act and other laws, no person undertakes to review the financial condition or affairs of Sequoia or InterPrac or the Combined Group at any time or to keep a recipient of this document or any Shareholder informed of changes in, or matters arising or coming to their attention which may affect, anything referred to in this document.

Subject to the continuing obligations of Sequoia under the Listing Rules, the Corporations Act and other laws, neither Sequoia nor any other person accepts any responsibility to Shareholders to update this document after the Preparation Date with regard to information or circumstances which come to its attention after the Preparation Date.

4. Limited responsibility for information

The information contained in this Explanatory Memorandum other than that in Section 3.3 of Section D (**Sequoia Information**) has been prepared by Sequoia and its advisers and is the responsibility of Sequoia.

The information contained in Section 3.3 of Section D of this Explanatory Memorandum (**InterPrac Information**) has been prepared by the InterPrac Directors and is the responsibility of the InterPrac Directors and InterPrac Management Shareholders.

5. ASIC and ASX

A copy of the Explanatory Memorandum was lodged with ASIC on Monday, 9 October 2017 in accordance with section 218 of the Corporations Act and for the purposes of ASIC Regulatory Guide 76, and provided to ASX on the same date in accordance with Listing Rule 15.1.

6. Forward looking statements

This Explanatory Memorandum includes certain forward looking statements which have been based on the information obtained by Sequoia during its due diligence and the current expectations about future events of Sequoia. Any forward looking statements in relation to the operations and financial performance of Sequoia, InterPrac or the Combined Group are not guarantees of performance. You should be aware that known and unknown risks, uncertainties and other factors could cause actual events or results to differ materially from the expectations expressed or implied by such statements. These factors include those risks identified in Section 3.13 of Section D and other matters not yet known to, or considered material by, Sequoia. These statements speak only as at the date of this document.

None of Sequoia, its officers or any other person gives any representation, assurance or guarantee that the results, performance or achievements expressed in or implied by the forward looking statements in this Explanatory Memorandum will actually occur. Shareholders are cautioned not to give undue relevance to the forward looking statements.

7. Independent investment decisions

This Explanatory Memorandum does not take into account the investment objectives, financial position and particular needs of any particular person. Before making any decision on the basis of this document you should consider, after consulting with an investment adviser, whether that decision is appropriate in light of the information contained in this document.

Section C – Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Shareholders of Sequoia Financial Group Ltd ABN 90 091 744 884 will be held at the offices of K&L Gates, Level 31, 1 O'Connell Street, Sydney NSW 2000 on Thursday, 30 November 2017 at 2.00pm (Sydney time).

Defined terms used in this Notice of Meeting have the meanings given to them in the Glossary accompanying this Notice of Meeting.

ORDINARY BUSINESS

Financial Statements and Reports

To receive the Financial Statements, Directors' Report and Auditor's Report for the Company and its controlled entities for the year ended 30 June 2017.

1. Resolution 1: Adoption of the Remuneration Report

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

"That the Company adopt the Remuneration Report for the year ended 30 June 2017 in accordance with Section 350R(2) of the Corporations Act."

Note: This resolution is advisory only and does not bind the Company or the Directors.

2. Resolution 2: Re-election of Director – Marcel Collignon

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

"That, Mr Marcel Collignon, who is retiring in accordance with the Constitution, and who offers himself for re-election, is re-elected as a Director of the Company."

Note: Mr Marcel Collignon retires as a Director in accordance with the requirement of clause 3.6 of the Constitution. Being eligible, he offers himself for re-election.

3. Resolution 3: Election of Director – Garry Crole

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

"That, Mr Garry Crole, who is retiring in accordance with the Constitution, and who offers himself for re-election, is re-elected as a Director of the Company."

Note: Mr Garry Crole retires as a Director in accordance with the requirement of clause 3.3 of the Constitution. Being eligible, he offers himself for re-election.

4. Resolution 4: Issue of Performance Rights to Mr Marcel Collignon under the Employee Incentive Plan

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the grant of 350,000 Performance Rights to Mr Marcel Collignon under the Employee Incentive Plan (**EIP**), in accordance with the terms as described in the Explanatory Memorandum. For the purposes of sections 200B and 200E of the Corporations Act, approval

be given in specified circumstances for the pro rata vesting of the Performance Rights in the event of cessation of Mr Collignon's employment as described in the Explanatory Memorandum"

5. Resolution 5: Issue of Options to Mr Scott Beeton under the Employee Incentive Plan

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the grant of 2,000,000 Options with an exercise price of \$0.45 per Share and expiry date of 31 December 2019 to Mr Scott Beeton under the Employee Incentive Plan (**EIP**), in accordance with the terms as described in the Explanatory Memorandum. For the purposes of sections 200B and 200E of the Corporations Act, approval be given in specified circumstances for the vesting of all or a pro rata amount of the Options in the event of cessation of Mr Beeton's employment as described in the Explanatory Memorandum".

6. Resolution 6: Approval for additional placement capacity

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as a **special resolution**:

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to allot and issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."

7. Resolution 7: Approval of the issue of shares to Beeton Investments Pty Ltd

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 234,375 Shares at \$0.32 per Share to Beeton Investments Pty Ltd as per the terms and conditions set out in the Explanatory Memorandum."

8. Resolution 8: Ratification of Previous Share Issue

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, approval is given for the ratification of the prior issue of 3,394,750 Shares on 4 September 2017 at an issue price of \$0.32 per Share, on the terms and conditions set out in the Explanatory Memorandum."

9. Resolution 9: Ratification of Previous Share Issue

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, approval is given for the ratification of the prior issue of 5,583,750 Shares on 15 September 2017 at an issue price of \$0.32 per Share, on the terms and conditions set out in the Explanatory Memorandum."

10. Resolution 10: Ratification of Previous Share Issue

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, approval is given for the ratification of the prior issue 2,063,750 Shares on 18 September 2017 at an issue price of \$0.32 per Share, on the terms and conditions set out in the Explanatory Memorandum.”

11. Resolution 11: Ratification of Previous Share Issue

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, approval is given for the ratification of the prior issue of 187,500 Shares on 25 September 2017 at an issue price of \$0.32 per Share, on the terms and conditions set out in the Explanatory Memorandum.”

12. Resolution 12: Ratification of Previous Convertible Note Issue

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, approval is given for the ratification of the prior issue of 2 Convertible Notes on 7 February 2017 with a face value of \$100,000 per Convertible Note converting to Shares at \$0.60 per Share and maturing 11 August 2018, on the terms and conditions set out in the Explanatory Memorandum.”

13. Resolution 13: Ratification of Previous Convertible Note Issue

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, approval is given for the ratification of the prior issue of 1 Convertible Note on 8 March 2017 with a face value of \$100,000 per Convertible Note converting to Shares at \$0.60 per Share and maturing 7 March 2018, on the terms and conditions set out in the Explanatory Memorandum.”

14. Resolution 14: Ratification of Previous Convertible Note Issue

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, approval is given for the ratification of the prior issue of 1 Convertible Note on 19 April 2017 with a face value of \$100,000 per Convertible Note converting to Shares at \$0.60 per Share and maturing 18 April 2019, on the terms and conditions set out in the Explanatory Memorandum.”

15. Resolution 15: Appointment of New Auditor

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

“Subject to the Australian Securities & Investments Commission providing its consent for the resignation of the Company’s current auditor, the firm William Buck Audit (Vic) Pty Ltd having consented in writing and been duly nominated in accordance with Section 328B(1) of the *Corporations Act 2001* (Cth), be appointed as Auditor of the Company”.

ADDITIONAL BUSINESS

16. Resolution 16: Approval of the InterPrac Acquisition for the purposes of Listing Rule 10.1 and section 208 of the Corporations Act

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

"That subject to the passing of Resolutions 17 and 18, and for the purposes of Listing Rule 10.1 and section 208 of the Corporations Act and all other purposes, approval is given for the purchase of 100% of the shares of InterPrac Limited pursuant to the terms of the InterPrac Share Purchase Agreement as set out in the Explanatory Memorandum."

Note: RSM Corporate Australia Pty Ltd (**RSM**) have prepared an Independent Expert's Report (Annexure B) on the InterPrac Acquisition for the purposes of Listing Rule 10.1 and section 208 of the Corporations Act to assist Non-Associated Shareholders to decide whether or not to vote in favour of Resolution 16.

RSM, the Independent Expert, has concluded that the InterPrac Acquisition is fair and reasonable to Sequoia's Non-Associated Shareholders.

The Independent Expert's Report is available on the Company's website at www.sequoia.com.au/investor/expertreport. By contacting the Company Secretary on 61 2 8016 2875, Shareholders may request a hard copy of the Independent Expert's Report to be mailed to the Shareholder at no cost to the Shareholder.

17. Resolution 17: Approval of the issue of 10,461,500 Consideration Shares to the Related Party Vendors for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

"That subject to the passing of Resolutions 16 and 18, and for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act and all other purposes, approval is given for the Company to issue a total of 10,461,500 Consideration Shares at a price of \$0.30 per Share to the Related Party Vendors pursuant to the terms of the InterPrac Share Purchase Agreement as set out in the Explanatory Memorandum."

18. Resolution 18: Approval of the issue of 32,315,500 Consideration Shares to the Non-Related Party Vendors for the purposes of Listing Rule 7.1

Shareholders are asked to consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

"That subject to the passing of Resolutions 16 and 17, and for the purposes of Listing Rule 7.1 and all other purposes, approval is given for the Company to issue 32,315,500 Consideration Shares at a price of \$0.30 per Share to the Non-Related Party Vendors pursuant to the terms of the InterPrac Share Purchase Agreement as set out in the Explanatory Memorandum."

19. Resolution 19: Approval of the issue of 1,750,000 Options to ACN 139 919 305 Pty Ltd

Shareholders are asked to consider, and if thought fit, to pass 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 Company to allot and issue 1,750,000 Options with an exercise price of \$0.35 per Share to

ACN 139 919 305 Pty Ltd, as per the terms and conditions of the ACN Share Option Deed as set out in the Explanatory Memorandum”

20. Resolution 20: Approval of the issue of 1,750,000 Options to Factotum Capital Pty Ltd

Shareholders are asked to consider, and if thought fit, to pass 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 Company to allot and issue 1,750,000 Options with an exercise price of \$0.35 per Share to Factotum Capital Pty Ltd, as per the terms and conditions of the Factotum Share Option Deed as set out in the Explanatory Memorandum.”

21. Voting exclusion statements

21.1 Resolution 1

Voting prohibition statement

In accordance with sections 250BD(1) and 250R(4) of the Corporations Act, no member of the Key Management Personnel (KMP) of the Company details of whose remuneration are included in the Remuneration Report, or a member of the KMP of the Group at the date of the meeting acting as proxy or a Closely Related Party of any such member may vote on the Resolution.

However, in accordance with the Corporations Act, a person described above may vote on the Resolution if:

- (a) it is cast by such person as proxy for a person who is permitted to vote, in accordance with the direction specified on the proxy form how to vote; or
- (b) it is cast by the Chair of the Meeting as proxy for a person who is permitted to vote, in accordance with an express direction specified on the proxy form to vote as the proxy decides even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on Resolution 1, the Chair will vote any proxies which do not indicate on their proxy form the way the Chair must vote, in favour of the Resolution.

21.2 Resolution 4

ASX voting exclusion

In accordance with the notice requirements of Listing Rule 10.15A.6 for approval under Listing Rule 10.14 and Listing Rule 14.11.1, the Company will disregard any votes on Resolution 4 by:

- (a) The Related Party, being Marcel Collignon;
- (b) Any Associate of Marcel Collignon; and
- (c) Any Director eligible to participate in the Employee Incentive Plan and any associates of those Directors.

However, the entity need not disregard a vote on Resolution 4 if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

Voting prohibition statement

In accordance with section 224 of the Corporations Act, a vote on Resolution 4 must not be cast by, or on behalf of:

- (a) the Related Party, being Marcel Collignon; or
- (b) any associate of that person;

unless:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on any behalf of a Related Party Vendor or associate of the kind referred to in (a) or (b) above.

21.3 Resolution 5

ASX voting exclusion

In accordance with the notice requirements of Listing Rule 10.15A.6 for approval under Listing Rule 10.14 and Listing Rule 14.11.1, the Company will disregard any votes on Resolution 5 by:

- (a) The Related Party, being Scott Beeton;
- (b) Any Associate of Scott Beeton;
- (c) Any Director eligible to participate in the Employee Incentive Plan and any associates of those Directors.

However, the entity need not disregard a vote on Resolution 5 if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

Voting prohibition statement

In accordance with section 224 of the Corporations Act, a vote on Resolution 5 must not be cast by, or on behalf of:

- (a) the Related Party, being Scott Beeton; or
- (b) any associate of that person;

unless:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on any behalf of a Related Party Vendor or associate of the kind referred to in (a) or (b) above.

21.4 Resolution 6

ASX voting exclusion

In accordance with the notice requirements of Listing Rule 7.3A.7 for approval under Listing Rule 7.1A and Listing Rule 14.11.1 the Company will disregard any votes on Resolution 6 by:

- (a) any person who may participate in the 10% placement facility;
- (b) any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary Shares); and
- (c) any associate of those covered in (a) and (b) above.

However, the entity need not disregard a vote on Resolution 6 if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

21.5 Resolution 7

ASX voting exclusion

In accordance with the notice requirements of Listing Rule 10.13.6 for approval under Listing Rule 10.11 and Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 7 by:

- (a) any person who is to received securities in relation to the entity under the Resolution; and
- (b) any associate of those persons.

However, the entity need not disregard a vote on Resolution 7 if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

Voting prohibition statement

In accordance with section 224 of the Corporations Act, a vote on Resolution 7 must not be cast by, or on behalf of:

- (a) the Related Party, being Beeton Investments Pty Ltd; or
- (b) any associate of those persons.

unless:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on any behalf of a Related Party Vendor or associate of the kind referred to in (a) or (b) above.

21.6 Resolutions 8 - 11

ASX voting exclusion

In accordance with the notice requirements of Listing Rule 7.5.6 for approval under Listing Rule 7.4 and Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 8 – 11 by:

- (a) a person who participated in the Share issue; and
- (b) any associate of those persons.

However, the entity need not disregard a vote on Resolutions 8 - 11 if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

21.7 Resolutions 12 – 14

ASX voting exclusion

In accordance with the notice requirements of Listing Rule 7.5.6 for approval under Listing Rule 7.4 and Listing Rule 14.11.1, the Company will disregard any votes cast on Resolutions 12 – 14 by:

- (a) a person who participated in the securities issues; and
- (b) any associate of those persons.

However, the entity need not disregard a vote on Resolutions 12 – 14 if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

21.8 Resolution 16 (InterPrac Resolution)

ASX voting exclusion

In accordance with the notice requirements of Listing Rule 10.10.1 for approval under Listing Rule 10.1 and Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 16 by:

- (a) the Related Party Vendors, being each of Garry Crole and Marina Crole;

- (b) any other Vendor, being a party to the InterPrac Share Purchase Agreement and who holds Shares, including Unrandom Pty Ltd and Cojones Pty Ltd; and
- (c) any Associate of those persons.

However, the Company will not disregard a vote on Resolution 16 if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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

Voting prohibition statement

In accordance with section 224 of the Corporations Act, a vote on Resolution 16 must not be cast by, or on behalf of:

- (a) the Related Party Vendors, being each of Garry Crole and Marina Crole; or
- (b) any associate of those persons;

unless:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on any behalf of a Related Party Vendor or associate of the kind referred to in (a) or (b) above.

21.9 Resolution 17 (InterPrac Resolution)

ASX voting exclusion

In accordance with the notice requirements of Listing Rule 10.13.6 for approval under Listing Rule 10.11 and Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 17 by:

- (a) the Related Party Vendors, being each of Garry Crole and Marina Crole;
- (b) any other Vendor, being a party to the InterPrac Share Purchase Agreement and who will receive Consideration Shares, including Unrandom Pty Ltd and Cojones Pty Ltd; and
- (c) any Associate of those persons.

However, the Company will not disregard a vote on Resolution 17 if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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

Voting prohibition statement

In accordance with section 224 of the Corporations Act, a vote on Resolution 17 must not be cast by, or on behalf of:

- (a) the Related Party Vendors, being each of Garry Crole and Marina Crole; or
- (b) any associate of those persons;

unless:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on any behalf of a Related Party Vendor or associate of the kind referred to in (a) or (b) above.

21.10 Resolution 18 (InterPrac Resolution)

In accordance with the notice requirements of Listing Rule 7.3.8 for approval under Listing Rule 7.1 and Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 18 by:

- (a) the Related Party Vendors, being each of Garry Crole and Marina Crole;
- (b) any other Vendor, being a party to the InterPrac Share Purchase Agreement and who will receive Consideration Shares, including Unrandom Pty Ltd and Cojones Pty Ltd;
- (c) any Associate of those person in (a) and (b); and
- (d) a person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder of the Company, if Resolution 18 is passed, and an Associate of any such person.

However, the Company will not disregard a vote on Resolution 18 if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

21.11 Resolution 19

In accordance with the notice requirements of Listing Rule 7.3.8 for approval under Listing Rule 7.1 and Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 19 by:

- (a) ACN 139 919 305 Pty Ltd;
- (b) any Associate of the person in (a); and
- (c) a person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder of the Company, if Resolution 19 is passed, and an Associate of any such person.

However, the Company will not disregard a vote on Resolution 19 if it is cast by:

- (d) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (e) 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.

21.12 Resolution 20

In accordance with the notice requirements of Listing Rule 7.3.8 for approval under Listing Rule 7.1 and Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 20 by:

- (a) Factotum Capital Pty Ltd;
- (b) any Associate of the persons in (a); and
- (c) a person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder of the Company, if Resolution 20 is passed, and an Associate of any such person.

However, the Company will not disregard a vote on Resolution 20 if it is cast by:

- (d) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (e) 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.

22. Voting Statement

The Chairman of the Annual General Meeting intends to vote undirected proxies held by him in favour of each of the Resolutions. Please refer to the proxy form accompanying this Notice of Meeting for more information.

23. Determination of membership and voting entitlement

For the purpose of determining a person's entitlement to vote at the Annual General Meeting, a person will be recognised as a member of the Company and the holder of Shares if that person is registered as a holder of those Shares at 5.00pm (Sydney time) on Tuesday, 28 November 2017, being the second Business Day prior to the date of the Annual General Meeting.

24. Votes of members

On a show of hands, each member present in person or by proxy or, in the case of a body corporate, by a corporate representative at the Annual General Meeting shall have one vote.

On a poll, every member present in person or by attorney or by proxy or, in the case of a body corporate, by a representative shall have one vote for each Share held by him, her or it provided that all Shares are fully paid.

25. Proxies

Please note that:

- (a) a member entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies;
- (b) an instrument appointing a proxy must be in the form of the proxy form attached to this Notice of Meeting;
- (c) where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If a member appoints two proxies,

and the appointment does not specify the proportion of the member's voting rights, each proxy may exercise one-half of the voting rights;

- (d) a proxy need not be a member of the Company;
- (e) a proxy form may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where the proxy form so provides, the proxy is not entitled to vote on the Resolution except as specified in the proxy form;
- (f) a proxy has the authority to vote on the member's behalf as he or she thinks fit, on any motion to adjourn the Annual General Meeting, or any other procedural motion, unless the member gives a direction to the contrary;
- (g) a valid proxy form will be deemed to confer authority to demand or join in demanding a poll;
- (h) to be valid, a proxy form must be signed by the member or the member's attorney or, if the member is a corporation, executed in accordance with the corporation's constitution and the Corporations Act (and may be signed on behalf of the corporation by its attorney); and
- (i) to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received by no later than 2:00pm (Sydney time) on 28 November 2017:

by the Company:

- by mail: Registry Direct
PO Box 18366 Collins Street East
MELBOURNE VIC 8003
- by facsimile: + 61 3 9111 5652
- by email: registry@registrydirect.com.au

A form of proxy accompanies this Notice of Meeting (Proxy Form).

By order of the Board



Tharun Kuppanda
Company Secretary
Dated: 27 October 2017

Section D - Explanatory Memorandum

1. Introduction

This Explanatory Memorandum has been prepared to assist Shareholders of the Company in understanding the business to be put to Shareholders for their consideration at the forthcoming Annual General Meeting on 30 November 2017.

Section 2 of this Explanatory Memorandum sets out the background to Resolutions 1 to 15.

Section 3 of this Explanatory Memorandum sets out the background to Resolutions 16 to 18 which relate to the InterPrac Acquisition.

Sections 4.4 and 4.5 set out the background to Resolutions 19 and 20 which relate to the proposed issue of Options to financiers who funded part of the working capital and purchase price requirements for the Morrison Acquisition which completed on 19 September 2017.

Section 4 of this Explanatory Memorandum sets out further information in relation to each of the Resolutions.

All capitalised terms are defined in the Glossary in Section B of this Explanatory Memorandum.

2. Background to Resolutions 1 to 15

2.1 Resolution 1: Adoption of Remuneration Report

The Corporations Act requires that at a listed Company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders. However, such a resolution is advisory only and does not bind the Directors of the Company.

The Remuneration Report sets out the Company's remuneration arrangements for Key Management Personnel of the Company. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial year ending 30 June 2017.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

(a) Voting consequences

Under the Corporations Act, if at least 25% of the votes cast on a Remuneration Report resolution are voted against the adoption of the Remuneration Report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of Directors of the Company at the second annual general meeting (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting. All of the Directors of the Company who were in office when the Directors' Report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the Executive Directors of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the Company is approved by the Shareholders will be the Directors of the Company.

(b) Voting Restrictions

Members of the Key Management Personnel and their proxies and Closely Related Parties are restricted from voting on a resolution put to Shareholders that the Remuneration Report of the Company be adopted. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

(c) The Voting Restriction does not apply where:

The Chairman or any other member of the Key Management Personnel is appointed in writing (by a Shareholder who is not a member of the Key Management Personnel or a Closely Related Party of Key Management Personnel) as a proxy with specific instructions on how to vote on a resolution to adopt the Remuneration Report of the Company; or

the Chairman is appointed in writing (by a Shareholder who is not Key Management Personnel or a Closely Related Party of Key Management Personnel) as a proxy with no specific instructions on how to vote on a non-binding shareholder vote on remuneration, where the Shareholder provides express authorisation for the Chairman to do so.

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the resolutions of this Meeting, including this Resolution 1, subject to compliance with the Corporations Act.

2.2 Resolution 2: Re-election of Director – Marcel Collignon

The Company's Constitution provides that an election of directors must be held at each annual general meeting. Mr Marcel Collignon retires and, being eligible, wishes to stand for re-election in accordance with the Company's Constitution.

Mr Collignon was appointed as Executive Director in December 2014. Mr Collignon is Founder and Managing Director of Sequoia Specialist Investments and is head of Investment Solutions at Sequoia. For 16 years Mr Collignon, has worked in financial markets developing extensive experience in equities and derivatives, trading, portfolio management, superannuation and financial planning. Mr Collignon holds a Bachelor of Commerce from the Australian National University, a Diploma of Financial Planning and has completed the ASX derivative accreditation course.

The Directors (excluding Mr Marcel Collignon) unanimously recommend that the Shareholders vote in favour of Resolution 2.

2.3 Resolution 3: Election of Director – Garry Crole

The Company's Constitution provides that any director appointed by casual vacancy holds office until the next annual general meeting and is eligible for re-election. Mr Crole was appointed on 18 November 2016. Being eligible, he now offers himself for re-election.

Mr Crole is a highly experienced and well-regarded businessman. He founded Deakin Financial Planning, an ASX listed company that was later acquired by IOOF. In more recent years, Garry started Interprac Financial Planning Pty Ltd, which is a leading independently owned (as at the Preparation Date) Australian Financial Services Licensee. As set out in Section 3.1 of this Explanatory Memorandum, subject to the approval of the InterPrac

Resolutions and completion of the InterPrac Share Purchase Agreement, Interprac Financial Planning Pty Ltd will become a wholly owned subsidiary of the Company and Garry Crole will be employed under the Crole Employment Agreement as joint managing director of InterPrac and related subsidiaries.

The Directors (excluding Mr Garry Crole) unanimously recommend that the Shareholders vote in favour of Resolution 3.

2.4 Resolutions 4 and 5: Issue of Performance Rights to Marcel Collignon and Options to Scott Beeton under the Employee Incentive Plan

General

Resolution 4 seeks Shareholder approval for the granting of 350,000 Performance Rights to Mr Marcel Collignon under the Employee Incentive Plan (EIP), as well as Shareholder approval for the pro rata vesting of the Performance Rights granted to Mr Collignon in the event that Mr Collignon ceases his employment in certain circumstances.

Resolution 5 seeks Shareholder approval for the granting of 2,000,000 Options with an exercise price of \$0.45 per Share and expiry date of 31 December 2019 to Mr Scott Beeton under the EIP, as well as Shareholder approval for the vesting of all or a pro rata amount of the Options granted to Mr Beeton in the event that Mr Beeton ceases his employment in certain circumstances.

EIP terms generally

The EIP is an employee equity plan that was approved by Shareholders at the 2016 AGM and which was developed to meet contemporary equity design standards and to provide the greatest possible flexibility in the design and offer choices available in respect of various new equity schemes. The type of EIP interest that may be offered to eligible employees will be determined by a number of factors, including:

- the remuneration or incentive purpose of the award;
- the tax jurisdiction that the participating employee lives and/or works in;
- the laws governing equity incentives where the participating employee lives and/or works; and
- the logistics and compliance costs associated with offering equity incentives where the participating employee lives and/or works.

Whenever Shares are acquired under the EIP, they may be acquired and held by an Employee Share Trust ("EST"). The EST, if established, will be governed by a trust deed ("EST Trust Deed") outlining the rules of the EST and the responsibilities of the Trustee, the Company and participants and a copy of any EST Trust Deed will be available upon request from the Company.

A Performance Right granted under the EIP is a right to acquire a Share, which right is issued for nil exercise price with certain specified vesting conditions. An Option granted under the EIP is a right to acquire a fully paid ordinary share (**Share**) upon payment of a specified exercise price and satisfaction of specified vesting conditions.

A summary of the key terms of the EIP and rights attaching to the Performance Rights and Options proposed to be granted is set out in **Annexure A**. A copy of the rules of the EIP is available upon request from the Company.

Why Shareholder approval is being sought

ASX Listing Rule 10.14 states that a listed company must not permit a Director to acquire securities under an employee incentive scheme without Shareholder approval by ordinary resolution. The purpose of Resolutions 4 and 5 respectively is to have Shareholders approve the proposed grant of Performance Rights to the Executive Director, Mr Marcel Collignon and the proposed grant of Options to Company's Chief Executive Officer, Mr Scott Beeton, pursuant to the Company's Equity Incentive Plan (the **EIP**), which was approved by the Shareholders at the Annual General Meeting held on 1 November 2016. If approval is given by Shareholders under ASX Listing Rule 10.14, separate shareholder approval is not required under ASX Listing Rule 10.11. As approval of the issue of Shares under this Resolution is being sought under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

In addition, the Company seeks Shareholder approval pursuant to section 200E of the Corporations Act for the:

- pro rata vesting of the Performance Rights granted to Mr Collignon in the event that Mr Collignon ceases to be employed by the Company in limited circumstances, as specified in the terms of his invitation. These circumstances will include redundancy, death or permanent disability and exclude any 'bad leaver' circumstance where Mr Collignon ceases employment for cause; and
- the vesting of all or a pro rata amount of the Options granted to Mr Beeton in the event that Mr Beeton ceases to be employed by the Company in limited circumstances, as specified in the terms of their invitations. These circumstances will include redundancy, death or permanent disability and exclude any 'bad leaver' circumstance where Mr Beeton ceases employment for cause.

Under section 200B of the Corporations Act, a company may only give a person a 'benefit' in connection with their ceasing to hold a managerial or executive office in the company if it is approved by shareholders under section 200E of the Corporations Act or an exemption applies. The term "benefit" may include the pro rata vesting of Performance Rights in the limited circumstances outlined above where Mr Collignon ceases to be employed by the Company and the vesting of all or a pro rata amount of the Options in the limited circumstances outlined above where Mr Beeton ceases to be employed by the Company. This pro rata vesting of Mr Collignon's Performance Rights and the vesting of Mr Beeton's Options, in those circumstances, may amount to the giving of a termination benefit requiring Shareholder approval, and as such, approval is sought for these purposes.

Where Mr Collignon ceases employment with the Company (other than for cause), the Board may determine (at its discretion) that a portion of the Performance Rights may be retained by Mr Collignon as unvested equity under the EIP until they either vest or lapse in accordance with their terms, or they may vest on a pro rata basis based on the Company's performance during the period from the grant to the termination date. The Company has agreed this discretion will be exercised in favour of Mr Collignon where he ceases employment for "good reason" under his employment or in otherwise exceptional circumstances that are not a 'bad leaver'.

Where Mr Beeton ceases employment with the Company (other than for cause), the Board may determine (at its discretion) that all or a portion of the Options may be retained by Mr Beeton as unvested equity under the EIP until they either vest or lapse in accordance with their terms, or they may vest on a pro rata basis based on the Company's performance during the period from the grant to the termination date. The Company has agreed this discretion

will be exercised in favour of Mr Beeton where he ceases employment for "good reason" under his employment or in otherwise exceptional circumstances that are not a 'bad leaver'.

In determining whether to exercise its discretion in a particular case, the Board will take into account all relevant circumstances. Particular factors which the Board may consider relevant include the participant's (and Company's) performance against applicable performance hurdles, as well as the participant's individual performance and the overall contribution that they have made during their time with the Company. In determining the portion of a grant which will vest, the Board may have regard to such factors as it considers relevant, which for example, may include the period from the date of grant to the date of cessation and/or the performance against any applicable performance conditions.

The Board will remain accountable to shareholders for the exercise of this discretion because any termination benefits paid to executive Directors and other Key Management Personnel (**KMP**) will be disclosed in the Company's Remuneration Report.

The value of the benefit which may become payable to each of Mr Collignon and Mr Beeton in connection with their cessation of employment will be equal to the value of the respective Performance Rights and Options held by Mr Collignon and Mr Beeton and which remain unvested (in respect of the Performance Rights) or unexercised (in respect of the Performance Rights) at the date of cessation of employment and may be affected by:

- the market price of Company's Shares at the time the employment ceases;
- the expiry date of the Performance Rights or Options;
- the exercise price applicable to the Options;
- in respect of the Options, the performance against the NPAT performance hurdles at the time the employment ceases;
- the part of the service period has elapsed at the time the employment ceases; and
- other factors relevant to the valuation model used to value the Performance Rights or Options.

Grant of Performance Rights to Mr Collignon and Options to Mr Beeton

The Board has determined the anticipated time commitment, contacts and skills of these Directors cannot be adequately remunerated by a conventional fee for service basis and believes that an equity incentive linked to share price growth over time will provide the best possible alignment of Board and shareholder interests, all things considered.

As outlined previously, Shareholder approval must be sought, in accordance with ASX Listing Rule 10.14, for the grant of these Performance Rights to Mr Collignon and Options to Mr Beeton.

The Remuneration Committee (comprised of Garry Crole, the Chair, Michael Carter and Scott Beeton) have concluded that the respective remuneration for Mr Collignon and Mr Beeton (including the proposed grant of Performance Rights to Mr Collignon and proposed grant of Options to Mr Beeton) are reasonable and appropriate having regard to the circumstances of the Company and Mr Collignon's and Mr Beeton's respective duties and responsibilities and, as such, falls within the exception set out in section 211 of the Corporations Act.

The Board has formed the view that the circumstances in which the 'benefit' (in the nature of vesting of Performance Rights or Options on good leaver cessation) may become payable to Mr Collignon and Mr Beeton respectively are not unusual for an executive of the calibre of Mr

Collignon and Mr Beeton respectively. The Board considers that it is in the best interests of the Company to agree to provide the benefit. In addition the Board considers the provision of the benefit to be 'reasonable' remuneration given the Company's circumstances and those of Mr Collignon and Mr Beeton respectively. The Board will exercise its discretion in regard to any vesting of Performance Rights or Options on cessation to ensure the Company is in compliance with ASX Listing Rule 10.19.

Mr Beeton did not participate in any decisions regarding the proposed grant of Options to himself.

Maximum number of Performance Rights to be issued to Mr Collignon and Options to be issued to Mr Beeton

If Shareholder approval is granted, the maximum number of Performance Rights that may be granted to Mr Collignon is 350,000 Performance Rights (subject to Resolution 4) and the maximum number of Options to be granted to Mr Beeton is 2,000,000 Options (subject of Resolution 5).

Value of Performance Rights and Options

The value of the Performance Rights proposed to be granted to Mr Collignon has been determined applying a Monte-Carlo model. The total value of the proposed grant of 350,000 Performance Rights is \$80,911. For the 175,000 Performance Rights that have the service condition, the fair value per Performance Right is \$0.31 per Performance Right. For the remaining Performance Rights that have the share price conditions attached to them, the fair value per Tranches 1, 2 and 3 respectively is \$0.1375, \$0.1562 and \$0.1683 per Performance Right.

The value of the Options proposed to be granted to Mr Beeton has been determined applying a conventional binomial approximation rights pricing model. The total value of the proposed grant of 2 million Options to Mr Beeton is \$142,400 (being a \$0.0712 per Option value). The 'fair value' has been calculated in accordance with the Australian Accounting Standards Board AASB -2.

The non-market service conditions attaching to the Performance Rights and Options (i.e. the probability of achieving NPAT targets in respect of the Options or remaining in employment) are not factored into the valuations as per AASB 2. These will be factored into the employee benefit expense accounting.

Price of Performance Rights and Options

The Performance Rights will be granted at no cost to Mr Collignon. Once the Vesting Conditions are met (or waived at the absolute discretion of the Board), the Performance Rights will be exercised automatically applicable at an Exercise Price of \$0.00.

The Options will be granted at no cost to Mr Beeton. However, each Option has an exercise price of \$0.45 per Share and expires on 31 December 2019.

Number of equity incentives issued under the EIP, persons entitled to participate in the EIP, the date that the Company will grant these equity securities and loans

The Company has previously issued a total of 1,300,000 Performance Rights to senior management under the EIP following the 2016 AGM. No directors of the Company have been awarded any Performance Rights or Options under the EIP prior to this Meeting. It is intended that all employees and directors, including non-executive directors, be eligible to participate in the EIP. As at the Preparation Date, the Remuneration Committee has not made any specific determination of any award or offer to participate in the EIP to either Mr Crole or Mr Jones.

Subject to shareholder approval of the relevant Resolutions 4 and 5, it is anticipated that the Performance Rights will be granted to Mr Collignon and the Options will be granted to Mr Beeton shortly after the AGM to coincide with the issue of long term incentive grants to other Company executives. Irrespective of these intentions, Performance Rights and Options grants approved by Shareholders under Resolutions 4 and 5 respectively will be issued within 12 months of the date of this Meeting. The acquisition of the Performance Rights and Options is not financed by any loan from the Company.

Details of any Shares issued under the employee incentive scheme will be published in each annual report of the Company relating to the period in which Shares have been issued, with approval obtained for the issue of Shares under Listing Rule 10.14. Any additional persons who become entitled to participate in the EIP after Resolutions 4 and 5 are approved and who are not named in this Notice will not participate in the EIP until approval has been obtained under Listing Rule 10.14.

Conditions and Important Dates for Performance Rights proposed to be granted to Mr Collignon

The Vesting Dates for the Performance Rights granted to Mr Collignon will be as follows:

- Tranche 1 (40% of grant): Grant Date + 12 months;
- Tranche 2 (30% of grant): Grant Date + 24 months; and
- Tranche 3 (30% of grant): Grant Date + 36 months

All Performance Rights will lapse on 30 November 2022.

The vesting for these Performance Rights will depend on Mr Collignon meeting the Vesting Conditions as follows:

- Tranche 1 (40% of grant)
 - 50% - Service only
 - 50% - SEQ 90 day VWAP up to and including 31 October 2018 to be greater than \$0.40
- Tranche 2 (30% of grant)
 - 50% - Service only
 - 50% - SEQ 90 day VWAP up to and including 31 October 2019 to be greater than \$0.45 (this represents a 25% increase in the SEQ share price from grant date)
- Tranche 3 (30% of grant)
 - 50% - Service only
 - 50% - SEQ 90 day VWAP up to and including 31 October 2020 to be greater than \$0.50 (this represents a 50% increase in the SEQ share price from grant date)

Any Performance Rights which fail to meet the Vesting Conditions before the Vesting Date shall immediately lapse.

Conditions and Important Dates for Options proposed to be granted to Mr Beeton

The Vesting Dates for the Options granted to Mr Beeton will be as follows:

- Tranche 1 (50% of grant): vest on 30 June 2018; and
- Tranche 2 (50% of grant): vest on 30 June 2019.

The vesting for these Options will depend on Mr Beeton meeting the Vesting Conditions as follows:

- Tranche 1 - subject to Mr Beeton being a full time employee of the Sequoia Group and Net Profit After Tax exceeding the 30 June 2017 result; and
- Tranche 2 - subject to Mr Beeton being a full time employee of the Sequoia Group and Net Profit After Tax exceeding the 30 June 2018 result.

All Options have an exercise price of \$0.45 and expire on 31 December 2019.

Other Conditions

Unvested Performance Rights and Options may, in the circumstances outlined above, vest early in accordance with the terms of the EIP Rules, and any leaver's policy on cessation of employment that may apply from time to time, as approved by the Board and determined by the Board in its discretion.

Any dealing in Shares is subject to the constraints of Australian insider trading laws and the Company's Share Trading Policy. Participants are specifically prohibited from hedging their Company share price exposure in respect of their Performance Rights during the vesting period.

If, in the Board's opinion, Mr Collignon and Mr Beeton have acted fraudulently or dishonestly or are in breach of their material obligations to the Company, the Board may determine that any or all of their Performance Rights (in the case of Mr Collignon) and Options (in the case of Mr Beeton) which have not yet vested, lapse.

Voting exclusion

As stated in the Notice of AGM, any vote cast in respect of Resolutions 4 and 5 by a member of the Board or KMP or any person who participates in the issue of the Performance Rights and Options, and their respective associates, will be disregarded, except as stated in the Notice of AGM. A voting exclusion statement in relation to Resolutions 4 and 5 is included in the Notice of Meeting.

2.5 Resolution 6: Approval for Additional Placement Capacity

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the AGM (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity. The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer below).

The Directors of the Company believe that Resolution 6 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Description of Listing Rule 7.1A**(a) Shareholder approval:**

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities:

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The classes of equity security of the Company at the date of the Notice are ordinary Shares, unlisted Options and Limited Recourse Secured Convertible Loan Notes.

(c) Formula for calculating 10% Placement Facility:

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is

- the number of Shares on issue 12 months before the date of issue or agreement;
- plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid Shares that became fully paid in the 12 months;
- plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
- less the number of fully paid Shares cancelled in the 12 months.

Note, that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A:

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 60,028,525 Shares. At present, the Company has a capacity to issue a remaining:

- a) 303,279 Equity Securities under Listing Rule 7.1; and
- b) Nil Shares under Listing Rule 7.1A.

Should all the resolutions in this Notice be approved there will be 103,039,900 Shares on issue.

(e) Minimum Issue Price:

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in the relevant class were recorded immediately before:

- a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- b) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period:

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- a) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- b) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX (10% Placement Period).

Listing Rule 7.1A

The effect of Resolution 6 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Equity Securities over the 15 Trading Days on which trades in the relevant class were recorded immediately before:
 - i. the date on which the price at which the Equity Securities are to be issued is agreed; or
 - ii. if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- b) If Resolution 6 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:

- i. the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date Shareholders provide their approval at the Annual General Meeting; and
- ii. the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- a) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue to all Shareholders) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' Meeting; and
- b) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable A in Listing Rule 7.1.A.2		Dilution		
		0.16 50% decrease in Issue Price	0.32 Issue Price	0.64 100% increase in Issue Price
Current Variable A 60,028,525	10% Voting Dilution	6,002,852	6,002,852	6,002,852
	Funds Raised	\$960,456	\$1,920,912	\$3,841,825
50% increase in current Variable A 90,042,787.50	10% Voting Dilution	9,004,278	9,004,278	9,004,278
	Funds Raised	\$1,440,684	\$2,881,369	\$5,762,738
100% increase in current Variable A 120,057,050	10% Voting Dilution	12,005,705	12,005,705	12,005,705
	Funds Raised	\$1,920,912	\$3,841,825	\$7,683,651

The table has been prepared on the following assumptions:

- i. The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- ii. All Resolutions under this Notice are carried.
- iii. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

- iv. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
 - v. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% Placement capacity under Listing Rule 7.1.
 - vi. The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
 - vii. The issue price is \$0.32.
- c) The Company will only issue and allot the Equity Securities during the 10% Placement period. The approval under Resolution 6 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- d) The Company may seek to issue the Equity Securities for the following purposes:
- i. non-cash consideration for the acquisition of new business assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - ii. cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new business assets or investments (including expenses associated with such acquisition) and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- e) The Company's allocation policy will depend on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.

The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:

- i. the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which existing Shareholders can participate;
- ii. the effect the issue of the Equity Securities might have on the control of the Company;
- iii. the financial situation and solvency of the Company; and
- iv. advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

If the Company were to acquire an asset or investment in exchange for Shares, it is likely that the allottee under the 10% Placement Facility would be the vendor of the asset or investment.

- (f) The Company previously obtained approval under ASX Listing Rule 7.1A on 1 November 2016.

The total number of equity securities issued in the 12 months preceding the date of the meeting is 11,896,414 representing 24.38% of the equity securities on issue at the commencement of that 12 month period (assuming the Convertible Notes are converted to 666,664 shares in full).

The following issues of equity securities by the Company have been made during the 12 months preceding the date of the Meeting:

- i. 7 February 2017, 2 x Convertible Notes issued with a \$100,000 face value each and converting to Shares at \$0.60 per Share (no discount applied) with a maturity date of 11 August 2018. The Convertible Notes were issued to Julie Ann Clark and Peter Henry Clark (\$100,000 each). The funds raised were used to maintain working capital and balance sheet surety for the Company.
- ii. 8 March 2017, 1 x Convertible Notes issued with a \$100,000 face value each and converting to Shares at \$0.60 per Share (no discount applied) with a maturity date of 7 March 2018. The Convertible Note was issued to Pine Villa Pastoral Co (Avoca) Pty Ltd ACN 000 743 733 atf Pine Villa Pastoral Superfund account (\$100,000). The funds raised were used to maintain working capital and balance sheet surety for the Company.
- iii. 19 April 2017, 1 x Convertible Notes issued with a \$100,000 face value each and converting to Shares at \$0.60 per Share (no discount applied) with a maturity date of 19 April 2019. The Convertible Note was issued to Brewin Holdings Pty Ltd ACN 088 182 656 atf Brewin Super Fund (\$100,000). The funds raised were used to maintain working capital and balance sheet surety for the Company.
- iv. On 4 September 2017, the Company issued 3,394,750 fully paid ordinary shares at \$0.32 per Share (no discount applied). The Shares were allotted to sophisticated, eligible and professional investors selected by the Company and who were not related parties. The funds raised were used to maintain working capital and strengthen the Company's balance sheet to ensure the Company meets the capital requirements for clearing activities.
- v. On 15 September 2017, the Company issued 5,583,750 fully paid ordinary shares at \$0.32 per Share (\$0.05 discount to the closing market price). The Shares were allotted to sophisticated, eligible and professional investors selected by the Company and who were not related parties. The funds raised were used to maintain working capital, strengthen the Company's balance sheet to ensure the Company meets the capital requirements for clearing activities and to pay part of the cash consideration for the Morrison Acquisition.
- vi. On 18 September 2017, the Company issued 2,063,750 fully paid ordinary shares at \$0.32 per Share (\$0.04 discount to the closing market price). 1,562,500 Shares were issued as scrip consideration for the Morrison Acquisition to Morris Investments Pty Ltd. 501,250 Shares were allotted to sophisticated, eligible and professional investors selected by the Company and who were not related parties. The funds raised were used to maintain working capital, strengthen the Company's balance sheet to ensure the Company meets the capital requirements for clearing activities and to pay part of the cash consideration for the Morrison Acquisition.
- vii. On 25 September 2017, the Company issued 187,500 fully paid ordinary shares at \$0.32 per Share (\$0.045 discount to the closing market price). The Shares were allotted to sophisticated, eligible and professional investors selected by the Company and who were not related parties. The funds raised were used to maintain working

capital, strengthen the Company's balance sheet to ensure the Company meets the capital requirements for clearing activities and to pay part of the cash consideration for the Morrison Acquisition.

Other than as disclosed in this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

2.6 Resolution 7: Approval of the issue of shares to Beeton Investments Pty Ltd

For the purposes of Listing Rule 10.11 and Chapter 2E of the Corporations Act, and all other purposes, the Company is seeking Shareholder approval for the issue of 234,375 Shares to Beeton Investments Pty Limited.

ASX Listing Rule 10.11 provides that a company must not issue or agree to issue shares (or other securities) to a related party of the Company without the approval of shareholders. For the purposes of ASX Listing Rule 10.11, the Directors are related parties of the Company. Under ASX Listing Rule 10.13, securities approved for issue under ASX Listing Rule 10.11 must be issued not more than one month after the date of shareholder approval and must be issued at a fixed price.

Approval for the issue of Shares to Beeton Investments Pty Ltd (an entity associated with Mr Scott Beeton), is being sought and for the purposes of this approval, the following information is provided in accordance with ASX Listing Rule 10.13 and section 219 of the Corporations Act:

The related party	Beeton Investments Pty Ltd ACN 114 186 864 (an entity associated with Mr Scott Beeton, being an entity owned by Mrs Pamela Beeton, mother of Scott Beeton).
Maximum number of securities to be issued/ Proposed financial benefit	234,375 Shares issued
Issue Price	\$0.32 per Share.
Reasons for Grant	Capital Raising.
Related Party's existing Interest	Beeton Investments Pty Ltd currently hold 322,414 Shares (0.54% of the issued capital at the Preparation Date).
Recommendation of the Directors	The Directors (Mr Beeton abstaining) recommend to Shareholders that they vote in favour of Resolution 7 and consider that the issue of the Shares to raise funds to enable the Company to maintain working capital and consider future strategic investments is in the best interests of shareholders.

Interests of Directors in outcome of resolution	The Directors (excluding Mr Beeton) do not have an interest in the outcome of the Resolution. Mr Beeton has an interest in the outcome of the Resolution in that Beeton Investments Pty Ltd will receive Shares if the Resolution is passed.
Date by which entity will issue the Shares	If the Resolution is passed, the Shares will be granted and issued as soon as possible after the date of the Meeting and in any event no later than 1 month after the date of the Meeting.
Intended Use of Funds Raised	The funds raised will be used to maintain working capital and consider future strategic investments.
Tax Consequences (include Fringe Benefits Tax)	There are no taxation consequences for the Company resulting from the grant of the Shares, including no fringe benefits tax.
Opportunity Costs and Benefits Foregone	The Board does not consider that there are any opportunity costs to the Company, or benefits forgone by the Company, as a result of granting the Shares.
Dilution effect of the transaction on existing members' interests	<p>The issue of the Shares will have a dilutionary effect on the current voting rights of Shareholders. Consequently, current Shareholders' voting power and influence over the affairs of the Company will be reduced.</p> <p>Based on the number of Shares as at the Preparation Date, the issue of the 234,375 Shares will dilute the shareholdings of other existing Shareholders by approximately 0.39% on an undiluted basis.</p> <p>Assuming all Shares the subject of resolutions set out in this Notice of Meeting are passed, Beeton Investments Pty Ltd will hold 556,789 Shares (being 0.54% of the undiluted share capital following the issue of shares and completion of the InterPrac Share Purchase Agreement).</p> <p>Assuming all Shares the subject of resolutions set out in this Notice of Meeting are passed, Scott Beeton and associates will hold 16.37% of the undiluted share capital.</p>
The highest, lowest and last trading prices of the Shares during the last 12 months are set out:	<p>Highest Price - \$0.42 on 19 September 2017</p> <p>Lowest Price - \$0.23 on 4 January 2017</p> <p>Last Price - \$0.305 on 5 October 2017</p>
Valuation of the Shares	<p>The Shares will be issued at an issue price of \$0.32 per Share, being the same issue price for Shares issued to unrelated sophisticated and professional investors under the placements conducted between 4 and 25 September 2017.</p> <p>The Shares are continuously quoted securities on ASX.</p> <p>Based on the issue price of \$0.32 per Share, the aggregate amount payable by Beeton Enterprises Pty Ltd for the 234,375 Shares will be \$75,000.</p>

	<p>Based on the volume weighted average price (VWAP) over 30 days prior to the Preparation Date (\$0.34033), the aggregate value of the Shares is \$79,764.84.</p> <p>Based on the volume weighted average price (VWAP) over 5 days prior to the Preparation Date (\$0.312291), the aggregate value of the Shares is \$73,193.20.</p> <p>Based on the volume weighted average price (VWAP) over 120 days prior to the Preparation Date (\$0.327083), the aggregate value of the Shares is \$76,660.08.</p> <p>The issue price of \$0.32 represents a 5.97% discount to the 30 day VWAP (\$0.34033) and a 2.47% premium to the 5 day VWAP and a 2.16% discount to the 120 day VWAP (\$0.327083).</p>
If the person is not a director (e.g. a trust) a statement of the relationship between the person/trust and director that require the approval to be obtained	<p>Beeton Investments Pty Ltd is an entity wholly owned by Mrs Pamela Beeton, mother of Mr Scott Beeton. Beeton Investments Pty Ltd is therefore a related party of the Company for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.</p>

2.7 Resolutions 8 to 11: Ratification of previous share issues

The Company raised \$3,093,520 since 4 September 2017 via four private placements of an aggregate 9,667,250 Shares at \$0.32 per Share to eligible Corporations Act section 708 investors. In addition, the Company issued 1,562,500 Shares in part consideration for the acquisition of 100% of the shares in Morrison Securities Pty Ltd.

In accordance with Listing Rule 7.1A and Listing Rule 7.4, to restore the Company's capacity to issue Shares it is proposed that Shareholders ratify the issue of ordinary shares as detailed below.

The following information is provided in accordance with Listing Rule 7.5

Number of securities issued and issue date	<p>3,394,750 Shares issued on 4 September 2017 (issued under LR 7.1A).</p> <p>5,583,750 Shares issued on 15 September 2017 (4,098,623 Shares issued under LR 7.1 and 1,485,127 Shares issued under LR 7.1A).</p> <p>2,063,750 Shares issued on 18 September 2017 (Issued under LR 7.1). 1,562,500 Shares were issued to Morris Investments Pty Ltd as the scrip consideration component of the Morrison Acquisition.</p> <p>187,500 Shares issued on 25 September 2017 (Issued under LR 7.1).</p>
The issue price of the Shares	<p>The Shares were issued and allotted at \$0.32 per Share</p>
The names of the persons to whom the entity issued Shares	<p>Allotted to sophisticated, eligible and professional investors selected by the Company and who were not related parties.</p>

	<p>Excluding Morris Investments Pty Ltd, since 4 September 2017, the Company issued Shares to persons as follows:</p> <ul style="list-style-type: none"> - aggregate of 3,394,750 Shares to 9 holders on 4 September 2017; - aggregate of 5,583,750 Shares to 29 holders on 15 September 2017; - 390,625 Shares to Netwealth Investments Limited <Wrap Services A/C and 110,625 Shares to Netwealth Investments Limited <Super Services A/C on 18 September 2017; and - 31,250 Shares to AFM Investment Partners Pty Ltd and 156,250 Shares to Bradley John Maguire on 25 September 2017. <p>1,562,500 Shares were issued to Morris Investments Pty Ltd, as the scrip consideration component of the Morrison Acquisition.</p> <p>No Shares were issued to any Vendors of the InterPrac Acquisition.</p>
Terms of the Shares	Shares allotted ranked in all respects equally with the then issued Shares of the Company.
The intended use of funds raised	<p>The funds raised were used to maintain working capital, strengthen the Company's balance sheet to ensure the Company meets the capital requirements for clearing activities and to pay part of the cash consideration for the Morrison Acquisition.</p> <p>1,562,500 Shares were issued for non-cash consideration for the Morrison Acquisition.</p> <p>No funds raised by the placements were or will be remitted to the Vendors of the InterPrac Acquisition.</p>

2.8 Resolution 12 – 14: Ratification of Previous Convertible Note Issues

In accordance with Listing Rule 7.1 and Listing Rule 7.4, to restore the Company's capacity to issue Shares it is proposed that Shareholders ratify the issue of the Convertible Notes as detailed below.

The following information is provided in accordance with Listing Rule 7.5:

Number of securities issued and issue date	<p>A) 2 Convertible Notes issued on 7 February 2017</p> <p>B) 1 Convertible Note issued on 8 March 2017</p> <p>C) 1 Convertible Note issued on 19 April 2017</p>
The price at which the securities were issued	\$100,000 per 1 Convertible Note

The names of the persons to whom the entity issued the securities	<p>A) Julie Ann Clark and Peter Henry Clark (\$100,000 each)</p> <p>B) Pine Villa Pastoral Co (Avoca) Pty Ltd ACN 000 743 733 atf Pine Villa Pastoral Superfund account (\$100,000)</p> <p>C) Brewin Holdings Pty Ltd ACN 088 182 656 atf Brewin Super Fund (\$100,000).</p> <p>None are related parties of the Company.</p>
Terms of the securities	<p>Each Convertible Note has a respective maturity date of:</p> <p>A) 11 August 2018.</p> <p>B) 7 March 2018.</p> <p>C) 18 April 2019.</p> <p>Each Convertible Note is convertible (in whole or part) at any time by the relevant holder on or before the relevant maturity date into Shares at a conversion rate of \$0.60 per Share.</p> <p>The Convertible Notes are unsecured, attract interest at the rate of 7% per annum, calculated daily and paid quarterly in arrears and are repayable at the relevant maturity date unless converted earlier.</p> <p>The Company may elect to redeem the Convertible Notes at any time before the relevant maturity date.</p> <p>The conversion rate is adjusted in the event of the reconstruction by the Company of the capital by way of consolidation, subdivision, reduction or return but not a bonus issue, rights issue or other security issue.</p> <p>The Convertible Notes may only be transferred with the Company's prior written consent and to a person in circumstances that would not require the Company to issue of disclosure document.</p>
The use of the funds raised	<p>The funds raised by the issue of the Convertible Notes were used to maintain working capital and balance sheet surety for the Company.</p>

2.9 Resolution 15: Appointment of New Auditor

Hall Chadwick (NSW) has applied to the Australian Securities & Investments Commission for consent to resign from the office of auditor of the Company effective from the conclusion of the Meeting. The application for consent is still in the processing stage and therefore the consent has not yet been granted by the Australian Securities and Investments Commission. It is anticipated by the Directors that the consent will be received before the date of the Meeting.

In accordance with section 328B of the Corporations Act, a notice for the nomination of William Buck Audit (Vic) Pty Ltd as an incoming auditor was received by the Company from Sophat Pty Ltd ACN 608 717 602 atf Matophie Super Fund being a member of the Company on 26 September 2017 and as at the Preparation Date. A copy of the notice for nomination of William Buck Audit (Vic) Pty Ltd as an auditor is attached to this Notice of Annual General Meeting as Annexure C.

William Buck Audit (Vic) Pty Ltd has provided its consent by way of written notice to the Company to act as auditor of the Company from the conclusion of the Annual General Meeting.

In accordance with section 327B(1)(b) of the Corporations Act, if the Australian Securities & Investments Commission has provided its consent for the current auditor to resign as auditor of the Company, a new auditor must be appointed by the Company.

Resolution 15 relates to the appointment of William Buck Audit (Vic) Pty Ltd as auditor of the Company.

The Directors recommend you vote in favour of the appointment of William Buck Audit (Vic) Pty Ltd as auditor of the Company if the Australian Securities & Investments Commission has provided its consent for the current auditor to resign as auditor of the Company as at the date of the Meeting.

3. Background to Resolutions 16 to 18

3.1 InterPrac Acquisition

(a) Introduction

On 19 June 2017, the Directors announced on the ASX Company Announcements Platform that Sequoia had entered into a binding term sheet to acquire 100% of the issued share capital of InterPrac Ltd (**InterPrac**).

On 9 October 2017, the Directors announced on the ASX Company Announcements Platform that Sequoia had entered into a definitive InterPrac Share Sale Agreement with the Vendors of InterPrac to acquire 100% of the issued share capital of InterPrac.

The ASX has confirmed that Listing Rules 11.1.2 and 11.1.3 do not apply to the InterPrac Acquisition. Shareholder approval of the InterPrac Acquisition is not required to be obtained for the purposes of Listing Rule 11.1.2 (change in nature and scale of activities). The Company will not be required to re-comply with Chapters 1 and 2 of the Listing Rules as a result of the InterPrac Acquisition.

The Independent Directors (being Michael Kenneth Carter, Scott Lionel Beeton and Marcel John Collignon) of Sequoia have engaged RSM Corporate Australia Pty Ltd (**RSM**) to prepare an Independent Expert's Report on the InterPrac Acquisition for the purposes of Listing Rule 10.1 and section 208 of the Corporations Act to assist Non-Associated Shareholders to decide whether or not to vote in favour of Resolution 16.

RSM, the Independent Expert, has concluded that the InterPrac Acquisition is fair and reasonable to Sequoia's Non Associated Shareholders.

Details of the Independent Directors' rationale for the proposed InterPrac Acquisition are set out in Section 3.12 of Section D.

(b) Rationale for the InterPrac Acquisition

The Independent Directors have been considering strategic opportunities to grow Sequoia through both internal and organic means and via expansion into complementary sections that enhance Sequoia's offering as an integrated financial services company.

As announced by the Company on 19 September 2017, the Company through its wholly-owned subsidiary, Sequoia Group Holdings Pty Limited, acquired 100% of the issued capital of Morrison Securities. The Morrison Acquisition completed on 19 September 2017 as a separate acquisition of a securities dealer and trading and self-clearing business that is highly complementary to the Company's existing stockbroking business D2MX Pty Ltd and which enables the Company's organic growth.

By acquiring InterPrac, Sequoia will acquire the InterPrac Group business which is substantially similar to a number of Sequoia's current operating divisions and will add additional scale, in particular to Sequoia's SMSF Administration, Wealth Advisory and Investment Solutions divisions.

Further details of the advantages and disadvantages of the InterPrac Acquisition are set out in Section 3.12 of Section D.

(c) Aspects relating to the Related Party Vendor matters for Resolutions 16 and 17

Mr Garry Crole, who is a non-executive director of the Company was appointed to the Board of the Company on 18 November 2016.

Mr Garry Crole is a 24.45% shareholder of InterPrac (through his and his wife's associated shareholdings in InterPrac). Mr Crole is the joint managing director for InterPrac. As a Related Party Vendor, he and his wife will receive a total of 10,461,500 Consideration Shares subject to Completion of the InterPrac Share Purchase Agreement.

Mr Garry Crole and his spouse, Marina Crole (also known as Marina Baltrusaitene) hold 940,000 Shares (being 1.57% of the current issued capital) in Sequoia as at the Preparation Date.

On 29 June 2017, 1,047,066 Shares were sold in an off-market transfer for \$0.30 per Share from InterPrac Financial Planning Pty Ltd ACN 076 093 680 to Cojones Pty Ltd ACN 133 072 214, a shareholder of InterPrac and Non Related Party Vendor. InterPrac Financial Planning Pty Ltd is a subsidiary of InterPrac and Mr Crole is a director of this entity.

Mr Garry Crole is also a director of the following InterPrac subsidiary and controlled entities: InterPrac Financial Planning Pty Ltd, InterPrac Securities Pty Ltd, InterPrac General Insurance Pty Ltd, InterPrac Mortgage Management Pty Ltd, InterPrac Finance Services Pty Ltd, SMSF Engine Pty Ltd, Sage Capital Group Pty Ltd, Property Engine Pty Ltd, Investor1st Pty Ltd and InvestorFirst Pty Ltd. After Completion of the InterPrac Acquisition, Mr Garry Crole will remain a director of these entities. Mr Gary Crole is the key person recorded on the AFSL held by InterPrac Financial Planning Pty Ltd.

Refer to Section 3.3 for details about the InterPrac Business.

On and from Completion, Mr Crole will be employed by Sequoia's subsidiary, Acacia in an executive capacity as joint managing director of InterPrac and related subsidiaries under the Crole Employment Agreement. Refer to Section 3.1(g) for further details.

After Completion, Mr Garry Crole will also be appointed to act as a director of Sequoia Wealth Group Pty Ltd, Sequoia Corporate Finance Pty Ltd and Sequoia Wealth Management Pty Ltd.

Mr Garry Crole has not participated in any deliberations by either the Board of the Company or the InterPrac board on the InterPrac Acquisition. Relevant governance protocols were put in place upon the identification of the proposed acquisition of InterPrac and related party participation of Mr Crole.

The Independent Directors of the Board of the Company, being Michael Carter, Scott Beeton and Marcel Collignon have conducted all due diligence investigations and negotiations regarding the InterPrac Acquisition and valuation to determine the consideration for the purchase of InterPrac and number of Consideration Shares and the terms of the InterPrac Share Purchase Agreement, Voluntary Escrow Agreements, Crole Employment Agreement and Jones Employment Agreement.

RSM, an independent expert, was engaged by Sequoia on behalf of the Independent Directors to assess the InterPrac Acquisition and to provide an opinion on whether or not the InterPrac Acquisition is fair and reasonable to the Non-Associated Shareholders.

The Independent Directors ensured that completion of the InterPrac Acquisition was conditional on receiving a satisfactory opinion from the Independent Expert that it was fair and reasonable to Non Associated Shareholders.

(d) InterPrac Share Sale Agreement

As announced to the market on 9 October 2017, Sequoia entered into the InterPrac Share Sale Agreement with InterPrac and the Vendors on 9 October 2017. A summary of the material terms and conditions of the InterPrac Share Sale Agreement are as follows:

(i) Consideration

The consideration payable by Sequoia on Completion of the InterPrac Acquisition to the Vendors under the InterPrac Share Sale Agreement for the purchase of 100% of the shares in InterPrac is an aggregate of 42,777,000 fully paid ordinary shares (**Consideration Shares**) in the capital of Sequoia at the deemed issue price of \$0.30 per share (**Issue Price**). No cash is payable by Sequoia as consideration.

Subject to completion of the InterPrac Acquisition, the number of Consideration Shares to be issued to each Vendor is set out in Section 3.1(f) and is proportionate to the number of InterPrac shares owned and to be sold under the InterPrac Share Sale Agreement. This equates to consideration of 24,500 Sequoia shares for each InterPrac share and values InterPrac at \$12,833,100.

Subject to the passage of the InterPrac Resolutions, the Consideration Shares will be issued on the date of Completion (refer below) by Sequoia to the Vendors without a prospectus disclosure document and within the excluded offer provisions of section 708 of the Corporations Act.

Under the InterPrac Share Sale Agreement each Vendor warrants to Sequoia that they are either a sophisticated investor within section 708(8) of the Corporations Act (and provides a qualified accountant's certificate), professional investor within section 708(10) of the Corporations Act or in the case of retail Vendors, fall within the small scale personal offer provisions of section 708(1) of the Corporations Act (less than 20 offers within 12 months raising less than \$2 million).

(ii) Conditions to Completion and date of Completion

Completion of the InterPrac Acquisition under the InterPrac Share Sale Agreement is subject to a number of conditions precedent. These conditions include:

- (A) the receipt of an independent expert's report by RSM Australia addressed to Sequoia that the InterPrac Acquisition is fair and reasonable to Non-Associated Shareholders of Sequoia or is deemed by the Independent Directors of Sequoia, in their absolute discretion, to be satisfactory;
- (B) the passage of the InterPrac Resolutions;
- (C) Sequoia not being required by the ASX to re-comply with Chapters 1 and 2 of the Listing Rules for the purposes of Listing Rule 11.1.3. The ASX has confirmed that Sequoia will not be required to re-comply with Chapters 1 and 2 of the Listing Rules for the purposes of Listing Rule 11.1.3;
- (D) all necessary third party consents and approvals, including for change of control purposes under InterPrac material contracts being obtained;
- (E) each Vendor's entry into a Voluntary Escrow Agreement;
- (F) entry into the Crole Employment Agreement and Jones Employment Agreement on terms satisfactory to Sequoia;
- (G) there being no encumbrances and no financial debt or related party loan liabilities existing over the InterPrac Group at Completion other than permitted equipment lease finance;
- (H) all necessary third party consents and approvals, including for change of control purposes under InterPrac material contracts being obtained; and
- (I) there being no material adverse change to the business of InterPrac since 19 June 2017.

Subject to satisfaction (or waiver, if permitted to be waived by the party for whose benefit the condition is expressed to be) of the conditions precedent, Completion will occur 1 Business Day after the date of the Annual General Meeting of Sequoia.

Either Sequoia or the Vendors (by notice given by the Vendors Representative jointly, being Brent Jones and Garry Crole), if not in breach, may terminate the InterPrac Share Sale Agreement if the conditions are not satisfied or waived by 5 December 2017.

(iii) Voluntary Escrow Agreements

Subject to Completion, Sequoia will apply for quotation of the Consideration Shares on the ASX upon issue. The Consideration Shares will be quoted securities but the portion of Escrowed Shares (aggregate of 32,082,751 Shares) will be subject to a 12 month post Completion holding lock in accordance with the terms of each Voluntary Escrow Agreement to be entered into with each Vendor.

Refer to Section 3.1(e) below.

(iv) Warranties and Indemnities

Each Vendor gives on a several basis in proportion to their relevant shareholding in InterPrac, title and capacity warranties to Sequoia relating to capacity, authority and the ownership and unencumbered status of each Vendor's InterPrac sale shares) and if the Vendor is a trustee of a trust, also trustee warranties.

Sequoia may not make a warranty or indemnity claim against a Vendor in respect of a breach of any title and capacity warranties in respect of each Vendor after the expiry of 12 months after Completion.

A Vendor's liability for a breach of any warranty or indemnity claim by Sequoia under the InterPrac Share Sale Agreement is limited to an amount equal to the Issue Price multiplied by the number of Consideration Shares issued to the relevant Vendor.

Under the InterPrac Share Sale Agreement the Management Vendors (in their Management Proportions) also warrant to Sequoia operational and tax warranties (which relate to the InterPrac Group business, issued capital of InterPrac and its subsidiaries, assets, there being at least \$2.2 million in net cash (cash and ASX investments owned by the Group) at Completion, contracts, the audited financial year ended 30 June 2017 accounts, taxes, the AFSL and ACL licences held by the Group and the Group's compliance with all relevant legislation.

Sequoia may not make a warranty or indemnity claim against a Management Vendor in respect of a breach of any operational or tax warranties or any specific indemnity claim under the InterPrac Share Sale Agreement after the expiry of 18 months after Completion.

The sale of InterPrac is on a debt-free basis (excluding operating debt for equipment finance used in the InterPrac business). The Management Vendors must indemnify jointly and severally in their Management Proportions Sequoia and InterPrac from and against any claim or liability that Sequoia or InterPrac pays, suffers, incurs or is liable for as a direct or indirect result of the financial debt of the InterPrac Group not being zero on and from Completion. Any warranty and indemnity claims made by Sequoia under the InterPrac Share Sale Agreement against a Vendor must be satisfied by a cash payment for an amount where agreed or as otherwise adjudicated and determined by a Court.

Sequoia also provides warranties in relation to capacity, authority, solvency and that, subject to the approvals being obtained at the Meeting the Consideration Shares will be validly issued and rank equally with the existing ordinary shares on issue (subject to the terms of the Voluntary Escrow Agreements).

(v) Rights of termination

Sequoia has a right to terminate the InterPrac Share Sale Agreement if a material adverse change occurs in the InterPrac business, assets of the InterPrac Group or the financial or trading position of the InterPrac Group since 19 June 2017 that was not disclosed in due diligence.

Either Sequoia or the Vendors (by the Vendors' Representatives) may, if not otherwise in breach of the InterPrac Share Sale Agreement, terminate the InterPrac Share Sale Agreement by giving notice to the other parties at any time before Completion if:

- (A) a condition is not fulfilled (or waived) before 5.00 pm on 5 December 2017; or
- (B) a condition having been fulfilled, that condition does not remain fulfilled in all respects at all times until Completion.

(vi) Restrictive covenant on Management Vendors

Each of the Management Vendors and their affiliates (spouses, related entities) are subject to non-compete and non-solicitation restrictions preventing them from directly or indirectly competing with the InterPrac business or soliciting staff, advisers, suppliers and customers from InterPrac for a maximum period of 2 years following Completion. Under the restrictive covenant they may not divulge any confidential information to a third party relating to the InterPrac Group. The non-competes are subject to carve-outs to allow each Management Vendor and their related entities to hold Consideration Shares, performing any obligations and/or enjoying any rights and benefits under the Crole Employment Agreement or Jones Employment Agreement, acting as a director or officer of Sequoia or acting as a director or officer of any InterPrac Group company.

(e) Escrowed Shares and Voluntary Escrow Agreements with Vendors

Sequoia and each of the Vendors are required to enter into a Voluntary Escrow Agreement before Completion in respect of the number of 'Escrowed Shares' (as set out in Section 3.1(f) below), restricting each Vendor from encumbering, mortgaging, disposing or selling the specified number of Escrowed Shares for a period of 12 months after Completion of the InterPrac Acquisition.

The total number of Escrowed Shares equates to 32,082,751 Consideration Shares (being 75% of the total Consideration Shares). This equates to 31.14% of the issued capital of Sequoia after Completion.

100% of the Consideration Shares to be issued to Garry Crole (and spouse) and Brent Jones' entity, Unrandom Pty Ltd, will be escrowed for 12 months after Completion. The other Vendors have a proportion of their Consideration Shares escrowed.

A total of 10,694,249 Consideration Shares held by the Non-Related Vendors will not be subject to any voluntary escrow.

Consideration Shares that are not subject to any voluntary escrow will be able to be freely traded on the ASX.

(f) Details of each Vendor, InterPrac sale shares, Consideration Shares and Escrowed Shares

The details of the Vendors and shares to be sold by each Vendor in InterPrac under the InterPrac Share Sale Agreement are set out below. Subject to Completion, the number of Consideration Shares to be received by each Vendor and the number of Escrowed Shares to be escrowed pursuant to each relevant Voluntary Escrow Agreement are also set out below.

InterPrac Shareholder	InterPrac Sale Shares (ordinary	Consideration Shares (ordinary shares in the Company)	Escrowed Shares (subject to a Voluntary	Unescrowed Shares

	shares in InterPrac)		Escrow Agreement)	
Related Party Vendors				
Garry Peter Crole	403	9,873,500	9,873,500	nil
Marina Crole	24	588,000	588,000	nil
Non Related Party Vendors				
Unrandom Pty Ltd ACN 127 725 624 (entity controlled by Brent Jones) as trustee of the Unrandom Discretionary Trust	427	10,461,500	10,461,500	nil
Kevin J and Michelle J Pattison as trustee for the Kev and Maz Superannuation Trust	15	367,500	187,664	179,836
Roger C Cotton and June Cotton	49	1,200,500	613,036	587,464
Cojones Pty Ltd ACN 133 072 214 as trustee of The Jones Family Trust No. 2	257	6,296,500	3,215,309	3,081,191
Toclo Investments Pty Ltd ACN 121 008 795 as trustee of the TLC Investment Trust	138	3,381,000	1,726,508	1,654,492
Tibarrum Pty Limited ACN 005 925 593 atf Paul Robinson Family Superannuation Fund	100	2,450,000	1,251,093	1,198,907

Haley Anne Craig	4	98,000	50,044	47,956
Daniela Ferrara	25	612,500	312,773	299,727
Gershkov Pty Ltd ACN 613 277 106 ATF Gershkov Family Superannuation Fund	57	1,396,500	713,123	683,377
Graham J. and Liana Gibbs	4	98,000	50,044	47,956
Anthony Christopher Jones	60	1,470,000	750,656	719,344
John Nathan Nettle ATF Clive T Trust	20	490,000	250,219	239,781
M&T Butler Family Pty Ltd ACN 144 821 107 ATF M&T Butler Family Super Fund	37	906,500	462,904	443,596
Nicole Lynette Perkins	2	49,000	25,022	23,978
Ruffy Steeden Legacy Pty Ltd ACN 140 258 939 ATF Ruffy Steeden Legacy Superannuation Fund	77	1,886,500	963,342	923,158
Waterline Properties Pty Ltd ACN 104 766 529 as trustee of the BP and JK Murnane Family Trust	47	1,151,500	588,014	563,486
Total	1,746 InterPrac Shares	42,777,000 Consideration Shares	32,082,751 Shares will be subject to	10,694,249 Shares will not be subject to

			voluntary escrow	voluntary escrow
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(g) Employment Agreements for Garry Crole and Brent Jones

A condition to Completion of the InterPrac Acquisition is that Sequoia's subsidiary, Acacia enters into an employment agreement with each of Mr Garry Crole and Mr Brent Jones, each to act as joint managing directors of InterPrac and related subsidiaries and each for a term of 3 years from Completion, unless terminated earlier in accordance with the provisions.

Mr Garry Crole will be employed as joint managing director of InterPrac and related subsidiaries and Mr Brent Jones will be employed as joint managing director of InterPrac and related subsidiaries, each on and from Completion. Each are required to report to the Chief Executive Officer and Board of Sequoia. The annual base salary payable to Mr Garry Crole is \$284,000 gross per annum inclusive of superannuation and is reviewable by Acacia on an annual basis (but will not necessarily be increased following each review). The annual base salary payable to Mr Brent Jones is \$260,000 gross per annum inclusive of superannuation and is reviewable by Acacia on an annual basis (but will not necessarily be increased following each review). In addition to the base salary, each are entitled to additional benefits in the nature of certain annual professional memberships.

They are also each entitled to participate in Sequoia's short term incentive payment plans and (if any) long term incentive payment plan, subject to the absolute discretion of the Sequoia Board (excluding Mr Crole in respect of his employment agreement) and measurement against key performance indicators to be determined by Acacia and the Sequoia Board and notified.

Acacia will reimburse the executive for expenses in accordance with any expenses policy to that effect and which are in the employer's opinion reasonably and properly incurred by the executive in the course of the employment, subject to provision of receipts or other documentary evidence to the employer's satisfaction.

Each Employment Agreement provides that Acacia may not terminate the agreement during the 3 year period from Completion, except in the case of serious misconduct or cause. If the employment is extended beyond the 3 year term by written agreement between the parties on such terms as may be agreed by them, Acacia may terminate the employment at any time by giving the executive 3 months' notice in writing.

Subject to the Company and Acacia obtaining any necessary shareholder approvals for the purposes of sections 200B and 200E of the Corporations Act and Listing Rule 10.19, Acacia may make payment in lieu of part or all of the 3 month notice period for the purposes of termination after the 3 year term calculated on the basis of the executive's then base salary.

The executive may terminate the employment at any time by giving Acacia 12 months' notice in writing. Subject to the Company and Acacia obtaining any necessary shareholder approvals, Acacia may make payment in lieu of part or all of the notice period calculated on the basis of the executive's then base salary.

On termination, the executive is subject to an up to 12 month non-compete and non-poach restraint in respect of a maximum and severable territory of Australia.

A condition of the Crole Employment Agreement is that during the term of his employment Mr Crole will also be appointed to act as a director of Sequoia Wealth

Group Pty Ltd ACN 602 663 794, Sequoia Corporate Finance Pty Ltd ABN 31 602 219 072 and Sequoia Wealth Management Pty Ltd ABN 22 002 314 310.

A condition of the Jones Employment Agreement is that during the term of his employment Mr Jones will be appointed to act as a director of Sequoia Superannuation Pty Ltd ABN 92 140 669 692.

The Employment Agreements also provide that each of Mr Crole and Mr Jones may be entitled to participate in the receipt of Performance Rights under the Sequoia Employee Incentive Plan, but only in respect of the executive's performance of duties as a director of a Sequoia subsidiary and subject to Mr Crole and Mr Jones respectively satisfying key performance indicators and conditions as determined by Acacia and the Sequoia Board and communicated to each of them.

As at the Preparation Date, the Board has not made any determination as to the grant of any Performance Rights under the EIP to either Mr Jones or Mr Crole in respect of their executive duties in relation to Sequoia subsidiaries.

The Employment Agreements also contains standard confidential information and intellectual property clauses for the protection of the Company and its related bodies corporate.

(h) Reasonable remuneration aspects relating to the Employment Agreement for Garry Crole

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a financial benefit to a related party unless one of the exceptions to the section apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party.

Section 211 of the Corporations Act provides that an exception to the provisions of Chapter 2E of the Corporations Act will occur where the financial benefit is given to the related party as an officer of the company and to give the remuneration would be reasonable given the circumstances of the company and the related party's circumstances (including the responsibilities involved in the office or employment).

The Independent Directors have considered the proposed remuneration components and arrangements for Mr Garry Crole pursuant to the Crole Employment Agreement having regard to the size of the company, position and responsibilities of Mr Crole and market standards within the financial services industry.

The Independent Directors consider that the proposed annual base salary of \$284,000 gross and inclusive of superannuation and additional professional membership benefits pursuant to the Crole Employment Agreement to be reasonable remuneration for Mr Crole having regard to the performance of his duties as joint managing director of InterPrac and related subsidiaries and for his proposed duties and responsibilities as executive director of Sequoia Wealth Group Pty Ltd, Sequoia Corporate Finance Pty Ltd and Sequoia Wealth Management Pty and for a company of the size and nature of the Company and, as such, falls within the exception set out in section 211 of the Corporations Act.

3.2 Company's Business

Sequoia Financial Group Limited is a listed Australian financial services company (which prior to 9 December 2015 was called MDS Financial Group Ltd). Sequoia is a diversified and integrated financial services company providing products and services to dealing and advisory services to retail and wholesale clients and those of third party professional service firms. It provides:

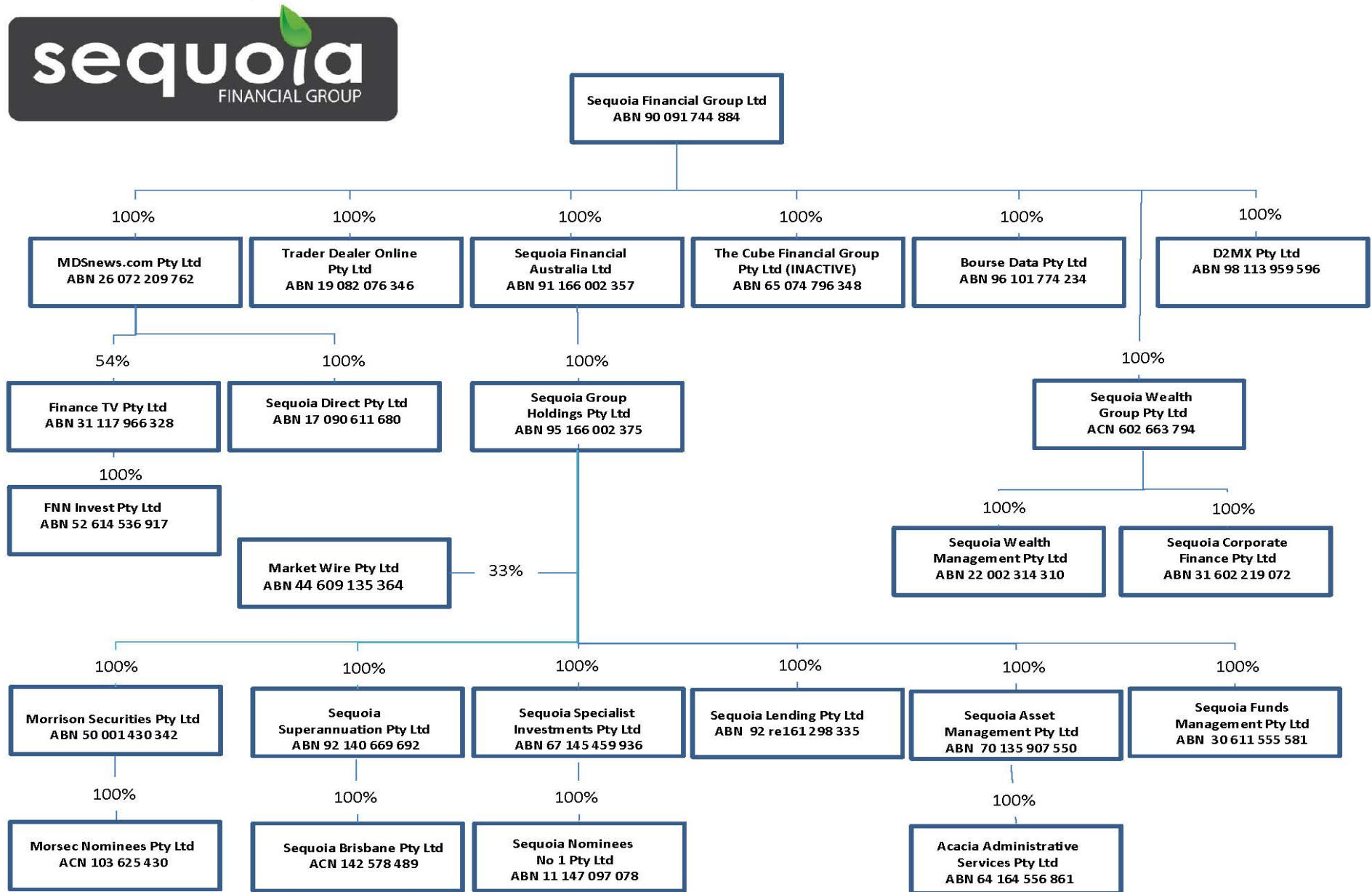
- Investment and superannuation products
- Wealth management and advisory services
- Corporate advisory and capital markets expertise
- Retail, wholesale and institutional trading platforms
- Market data and financial news services

Sequoia operates various AFS Licenses through its subsidiaries, two of which are ASX participants (D2MX Pty Ltd and Morrison Securities Pty Ltd), D2MX.

The Morrison Acquisition pursuant to which the Company acquired Morrison Securities completed on 19 September 2017 as a separate acquisition of a securities dealer and trading and self-clearing business that is highly complementary to the Company's existing stockbroking business D2MX Pty Ltd.

Sequoia has offices in Melbourne and Sydney.

Set out below is a diagram of Sequoia and the Sequoia Subsidiaries as at the Preparation Date.



3.3 InterPrac's Business

(a) Background

InterPrac is an unlisted public company incorporated in the State of Victoria and registered as a company since 11 May 2001. InterPrac has offices in South Melbourne and Bendigo, Victoria. InterPrac (interprac.com.au) is a financial planning and financial services company with a network of authorised representatives as financial planners operating throughout Australia. InterPrac supports accounting firms and their clientele access a range of value added financial services in the same manner as Sequoia does. InterPrac's business comprise:

InterPrac Financial Planning, AFSL Dealer Services, investment referral, Insurance and Finance services, Legal Documentation and Self-Managed Super Fund (SMSF) administration and the Management of the National Tax and Accountants' Association (NTAA) corporate business (which provides accountancy practices with solutions to establish companies, trusts and new superannuation funds on behalf of their clients). InterPrac Ltd has an agreement with the NTAA (National Tax and Accountants' Association) to manage NTAA Corporate. NTAA Corporate establishes companies, trusts and superannuation funds.

InterPrac is a profitable and growing business that has delivered consistent growth in revenue in the past three financial years. For the financial year ended 30 June 2016, the InterPrac business recorded unaudited revenue of \$16,396,440 and net profit after tax of \$1,629,816. For the financial year ended 30 June 2016 InterPrac EBIT was \$2.1 million. For the financial year ended 30 June 2017, the InterPrac business recorded unaudited revenue of \$22,645,989 and net profit after tax of \$1,313,869.

(b) Business overview of InterPrac

InterPrac is the parent entity of the following entities (all of which are wholly-owned subsidiaries except where shown):

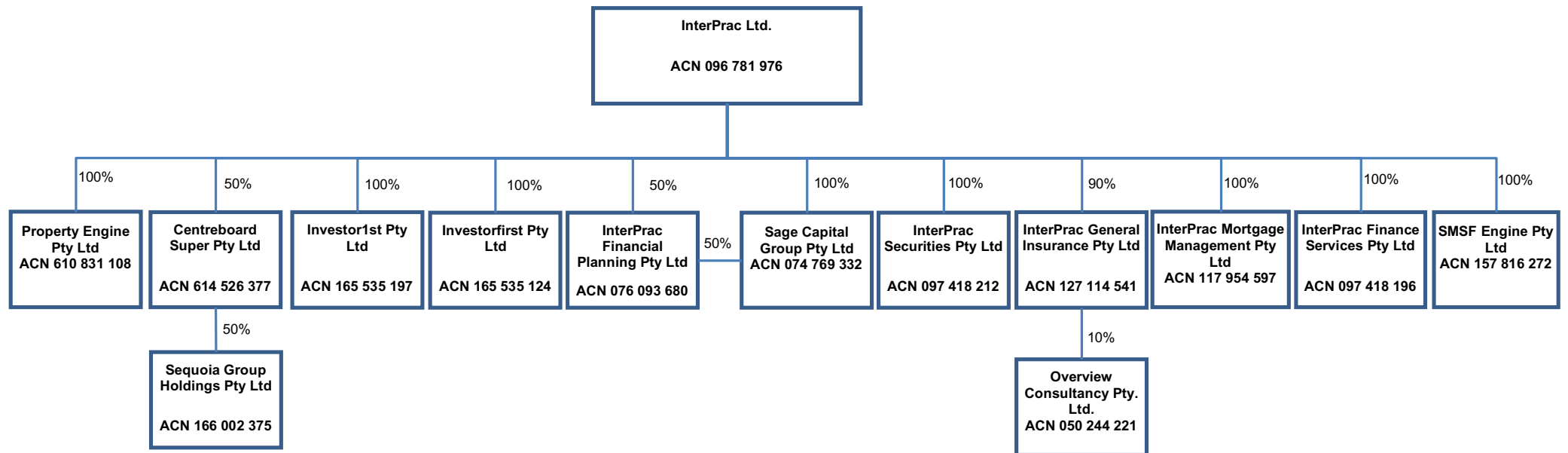
Controlled entity	ABN /ACN	Business description
InterPrac Financial Planning Pty Ltd*(50% owned by InterPrac and 50% owned by Sage Capital Group Pty Ltd, a wholly-owned subsidiary of InterPrac)	14 076 093 680	<p>AFSL Holder 246638</p> <p>Various accounting practices and financial planners and advisers are authorised representatives of InterPrac Financial Planning Pty Ltd.</p> <p>InterPrac charges fees based on the income each adviser generates.</p> <p>InterPrac Financial Planning Pty also provides model portfolio management services to Hub24 Custodial Services Ltd ABN 94 073 633 664 to establish and implement model portfolios that are available to</p>

		investors in the HUB24 Super Fund.
InterPrac Securities Pty Ltd	36 097 418 212	Is an authorised representative of InterPrac Financial Planning AFSL holder and employs salaried authorised representatives. This business provides life insurances and superannuation wealth advice.
InterPrac General Insurance Pty Ltd* 90% owned by InterPrac, 10% owned by Overview Consulting Pty Ltd (an entity controlled by John Plim)	70 127 114 541	InterPrac General Insurance Pty Ltd is primarily the manager and broker of the National Tax and Accountants' Association Professional Indemnity Insurance scheme. PSC Connect Pty Ltd ABN 23 141 574 914 (PSC) carries on business as an insurance broker and is an AFSL Licensee (AFSL 344648). PSC authorises InterPrac General Insurance Pty Ltd as authorised representative to provide financial services on its behalf.
InterPrac Mortgage Management Pty Ltd	27 117 954 597	InterPrac Mortgage Management Pty Ltd is a credit representative of InterPrac Finance Services' Australian Credit Licence and authorises representatives to operate under ACL 388051.
InterPrac Finance Services Pty Ltd	17 097 418 196	InterPrac Finance Services Pty Ltd is the holder of Australian Credit Licence (ACL) number 388051 and provides a finance broking service for accountants and InterPrac clients.
SMSF Engine Pty Ltd	157 816 272	This business provides back office SMSF administration, audit and actuarial

		certificates to NTAA members.
Sage Capital Group Pty Ltd	12 074 769 332	This entity holds investment assets in Australian equities and managed funds.
InvestorFirst Pty Ltd	ACN 165 535 124	Non-operational.
Investor1st Pty Ltd	ACN 165 535 197	Non-operational
Property Engine Pty Ltd	ACN 610 831 108	Non-operational.
CentreBoard Super Pty Ltd* (50% owned by InterPrac and 50% owned by Sequoia Group Holdings Pty Ltd)	ACN 614 526 377	Non-operational.

Set out below is a group diagram of the InterPrac Group as at the Preparation Date.

InterPrac Group as at Preparation Date (Before Completion)



(c) Directors of InterPrac

As at the Preparation Date, the directors of InterPrac are Mr Roger Craig Cotton (non-executive chairman), Mr Garry Crole (joint managing director), Mr Brent David Jones (joint managing director and also secretary of InterPrac) and Mr Kevin James Pattison (non-executive director).

(d) Shareholders of InterPrac

The shareholders/Vendors of InterPrac are as set out in Section 3.1(f) below.

The Management Vendors of InterPrac are:

- (i) Garry Crole (and his wife, Marina Crole) who own 24.45% of InterPrac's shares;
- (ii) Unrandom Pty Ltd, an entity controlled by Brent Jones, which owns 24.45% of InterPrac's shares;
- (iii) Kevin and Michelle Pattison as trustee of The Kev and Maz Superannuation Trust, who own 0.86% of InterPrac's shares; and
- (iv) Roger and June Cotton, who own 2.81% of InterPrac's shares.

(e) Key personnel of InterPrac

Garry Crole and Brent Jones are key employees of the InterPrac Group's Business. Garry Crole and Brent Jones are the joint managing directors of InterPrac. Each will continue in these roles after Completion pursuant to their respective Employment Agreements with Acacia.

Mr Garry Crole has a Diploma of Financial Services and was the founding director of Deakin Financial Services. Mr Brent Jones is a qualified information analyst and is a current member of the Australian Institute of Company Directors. He has worked for InterPrac since 2002 and since 2004 has been a director of Interprac and is the company secretary of InterPrac.

Refer to Section 3.1(g) regarding the terms of their proposed respective Crole Employment Agreement and Jones Employment Agreement.

3.4 Material Contracts and Arrangements of the InterPrac Group's Business

A brief description of the material contracts to which InterPrac (or an InterPrac controlled entity) is a party and which are expected to continue after Completion are set out below.

Authorised Representative Agreements for Interprac Financial Planning

InterPrac Financial Planning Pty Ltd is an Australian Financial Services License (AFSL) 246638 and authorises advisers and financial planners to act as authorised representatives. InterPrac does not own any product and has a diversified recommended product list.

InterPrac Financial Planning Pty Ltd charges fees based on the income each adviser generates and twice monthly distributes the remaining income to each adviser. InterPrac's fee percentage is a reducing amount as the level of income each adviser generates increases.

Either party may terminate the authorised representative agreement on 30 days' notice. InterPrac Financial Planning Pty Ltd may also terminate an authorised representative agreement in the event of an unremedied breach or serious misconduct. InterPrac Financial

Planning is indemnified by the authorised representative against claims and losses arising from any breach or negligent act or omission of the authorised representative.

As at the Preparation Date, InterPrac Financial Planning Pty Ltd has 230 authorised representatives.

Services Agreement with NTAA Corporate Pty Ltd

InterPrac manages the NTAA Corporate business. The NTAA Corporate business provides accountancy practices with solutions to establish companies, trusts and new superannuation funds on behalf of their clients.

NTAA Corporate receives payments for the services within the sales process. InterPrac receives an administration fee for each product or service it provides.

In addition to new establishments, NTAA Corporate offers a range of services that include searches, variations, a binding and delivery service and a range of support administration functions to those accountants who use the web based platform.

InterPrac is party to a services agreement with NTAA Corporate Pty Ltd ACN 142 462 271 (**Services Agreement**). Under the Services Agreement, InterPrac provides or procures the provision of administrative and managerial services to NTAA Corporate Pty Ltd. NTAA Corporate Pty Ltd must pay a fee to InterPrac for the services provided.

InterPrac Ltd is required to ensure that any sub-contractors, obtain and maintain adequate professional indemnity insurance with a reputable insurer for any claims and losses in respect of the provision of the services.

Database Royalty Agreement with National Tax and Accountants Association

InterPrac is party to a Database Royalty Agreement with the National Tax & Accountants' Association Limited ABN 76 057 551 854 (**NTAA**).

NTAA owns and has the right to licence certain data (being the names, addresses, telephone numbers, facsimile numbers and email addresses of all NTAA members from time to time) and under the Database Royalty Agreement, licenses the data to InterPrac in consideration for InterPrac paying royalties so that the NTAA members benefit from the marketing system.

Hub24 Platform and Hub24 Model Portfolio Agreement

InterPrac Financial Planning has established a white label administration platform with Hub24 that provides advisers a technology platform to improve the service, reporting and monitoring of the advisers' clients' investment portfolios. The service allows advisers to access in excess of 600 different fund managers, all ASX shares, Exchange Traded Fund's, listed investment companies, and a wide range of term deposits.

InterPrac Financial Planning Pty Ltd has been engaged by Hub24 Custodial Services Ltd ABN 94 073 633 664 to provide investment advisory services in respect of the InterPrac Income Portfolio and the Interprac Growth Portfolio which is available to investors in the Hub24 Super Fund. InterPrac Financial Planning receives a management fee based on funds under management in these model portfolios.

Information Broker Agreement with Australian Securities and Investments Commission

Under this agreement ASIC appoints InterPrac as an information broker on terms and conditions of the agreement.

Fees are payable to ASIC under the Information Broker Agreement.

Full Member Agreement with Connective Services Pty Ltd and Connective OSN Pty Ltd

The Full Member Agreement is between Connective Services Pty Ltd, Connective OSN Pty Ltd, InterPrac Finance Services Pty Ltd (as Connective Full Member) and Brent David Jones and Garry Peter Crole (as authorised persons).

Connective Services Pty Ltd provides broker aggregation and related services in relation to residential loans, commercial loans, equipment leases and hire purchase and insurance. Pursuant to the Agreement, Connective Services Pty Ltd has agreed that it will permit InterPrac Finance Services Pty Ltd and its authorised 'Associate Members' access to the services.

Connective OSN Pty Ltd holds supplier agreements with panel suppliers and enters such agreements and receives and disburses commissions to Connective Services Pty Ltd to disburse for and on behalf of InterPrac Finance Services Pty Ltd.

Under the agreement Connective Services Pty Ltd is required to pay InterPrac a commission.

Finance Broker Agreement with Consolidated Financial Group Pty Ltd ACN 124 319 857 (CFG)

The Finance Broker Agreement is between InterPrac Finance Services Pty Ltd and CFG. CFG is a finance broker aggregator for finance brokers in the industry of equipment, property and insurance finance while InterPrac is an independent finance broker.

Pursuant to the Finance Broker Agreement, CFG will provide InterPrac with all relevant processing services to InterPrac.

InterPrac receives commission income from the lender via CFG on a transactional basis and in accordance with the particular structure for that transaction.

Services Agreement with Sundaram Business Services Limited dated 10 December 2014

The Services Agreement is between InterPrac and Sundaram Business Services Limited (**Sundaram**) in relation to the provision of administration of self-managed superannuation fund support and financial planning services.

Fees are payable to Sundaram under the Services Agreement.

InterPrac grants a licence to use certain software to Sundaram and indemnifies Sundaram against any loss arising out of any claim by a third party in relation to use of the software or related documentation which constitutes an infringement of any intellectual property rights. InterPrac also provides warranties to Sundaram that it is properly authorised and has necessary licences to use and to permit Sundaram to use the software in order to provide the services.

Service Agreement with Askit Consulting Pty Ltd dated 24 January 2013

The Service Agreement is between Askit Consulting Pty Ltd ABN 084 085 870 748 (**Askit**), InterPrac and SMSF Engine Pty Ltd (**Engine**) in relation to the provision of actuarial certificates for superannuation funds.

InterPrac has undertaken to guarantee Engine's payment obligations to Askit under the Service Agreement.

The services are limited to producing pension actuarial certificates for self-managed superannuation funds.

Under the Service Agreement, Askit charges Engine a fee based on the services provided to a SMSF fund.

3.5 Effects of the InterPrac Acquisition and the issue of the Consideration Shares

Sequoia currently has on issue 60,028,525 fully paid ordinary shares.

In addition, Sequoia has on issue 4 Convertible Notes, each with a face value of \$100,000 and with maturity dates in March 2018, August 2018 and April 2019.

Sequoia also has on issue 1,300,000 Performance Rights issued under the Sequoia Employee Incentive Plan. These Performance Rights vest subject to prescribed service and performance conditions and vesting occurs in tranches on 31 January 2018, 31 January 2019 and 31 January 2020 with the expiry date of all Performance Rights being 31 January 2022.

Immediately after Completion of the InterPrac Acquisition (and issue of the 234,705 Shares to Beeton Investments Pty Ltd if Resolution 7 is passed), Sequoia will have 103,039,900 Shares on issue (assuming no Convertible Notes are converted and no Options the subject of Resolutions 19 and 20 are exercised).

In summary, the effect of the InterPrac Acquisition if completed and if Resolutions 16, 17 and 18 are passed is:

- (a) InterPrac will become a wholly-owned subsidiary of the Company;
- (b) a maximum of 42,777,000 Consideration Shares will be issued to the Vendors in aggregate;
- (c) the Related Party Vendors will hold approximately 11.07% of the issued Shares of the Company after Completion (which includes 940,000 Shares held by Garry Crole and Marina Crole as at the Preparation Date);
- (d) Unrandom Pty Ltd (an entity controlled by Brent Jones, director of InterPrac) will hold approximately 10.46% of the issued Shares of the Company after Completion (which includes 320,000 Shares held by Unrandom Pty Ltd as at the Preparation Date);
- (e) Scott Beeton and his associates will hold approximately 16.37% (assuming Resolution 7 is passed);
- (f) non Related Party Vendors will hold in aggregate 13.56% of the issued capital of the Company;
- (g) the Board of Sequoia will not change; and
- (h) on and from Completion, the board of InterPrac will comprise Garry Crole, Brent Jones, Roger Cotton, Kevin Pattison and Scott Beeton. Scott Beeton will be appointed to act as a director of InterPrac and its subsidiaries.

See Section 3.6(d) for further details regarding the ownership structure of Sequoia post Completion of the InterPrac Acquisition.

3.6 Profile of the Combined Group

(a) Overview of the Combined Group

On completion of the InterPrac Acquisition, InterPrac (with its subsidiaries) will be a 100% owned subsidiary of the Company.

(b) Benefits of the InterPrac Acquisition

The Combined Group will enjoy the benefits as set out in Section 3.12 (Advantages) of Section D.

The Independent Directors believe that the InterPrac Acquisition is a strategic opportunity to grow the Company through both internal and organic means and via expansion into complementary sections that enhance Sequoia's offering as an integrated financial services company. As referred to in the announcement made on 19 June 2017 and 9 October 2017, the InterPrac business is substantially similar to a number of Sequoia's current operating divisions and will add additional scale, in particular to the SMSF Administration, Wealth Advisory and Investment Solutions divisions.

The shareholders of Sequoia have been made aware that Sequoia was investigating organic and external growth opportunities through previous announcements made on 8 June 2017, in the interim report for the period ended 31 December 2016 and Annual Report for 2016.

(c) Board and management of the Combined Group

The composition of the Board of the Company will not change on Completion of the InterPrac Acquisition. Garry Crole will become an executive director. The Board of the Company will comprise two independent directors (Michael Carter (and Chair) and Marcel Collignon) and two executive directors (Scott Beeton and Garry Crole).

(d) Ownership structure of Sequoia post Completion of the InterPrac Acquisition

Immediately following Completion of the InterPrac Acquisition (and assuming, none of the Convertible Notes are converted into Shares, none of the Options are exercised, Resolution 7 is passed and the Shares are issued to Beeton Investments Pty Ltd and none of the current substantial shareholders or directors of Sequoia dispose of any of their Shares in Sequoia between the Preparation Date and Completion Date) will be as follows:

Shareholder	% of issued capital post Completion (undiluted) (assuming all resolutions the subject of this Notice of Meeting are passed)
<p>Scott Beeton* (Managing director of Sequoia) (and associates)**</p> <p>* held through Beeton Enterprises Pty Ltd as trustee of The Scott and Sally Beeton A/C, Manly Lane Pty Ltd and Scott Beeton, Dabski International Pty Ltd , Dabski SMSF A/C, Mason Family Super Pty Ltd, Pamela Beeton Investment Pty Ltd, Jussco Pty Ltd, Jussco Investment Account, Mr Scott Lionel Beeton, Amelia Myeela Beeton A/C and Mr Scott Beeton, Cooper Beeton A/C.</p> <p>** assuming 234,375 Shares issued to Beeton Investments Pty Ltd under Resolution 7</p>	16.37%

Garry Crole (and associate, Marina Crole) (Related Party Vendors)	11.07%* * Includes aggregate 940,000 shares held by Garry Crole and Marina Crole (also known as Marina Baltrusaitene, his spouse) as at the Preparation Date.
Michael Carter (chairman of Sequoia)* holds 525,000 Shares directly	0.51%
Marcel Collignon (director of Sequoia) * holds 4,129,824 Shares indirectly	4.01%
Unrandom Pty Ltd (Brent Jones entity, director of InterPrac and a Non-Related Party Vendor and who is not an associate of Mr Garry Crole)	10.46%
Cojones Pty Ltd (Non-Related Party Vendor) * * includes 1,047,066 shares in Sequoia held as at 29 June 2017 and which were acquired on an off-market transfer for \$0.30 per Share from InterPrac Financial Planning Pty Ltd.	6.21%
Kevin Pattison (director of InterPrac as at Preparation Date and a Vendor)	0.36%
Roger Cotton (director of InterPrac as at Preparation Date and a Vendor)	1.17%
Other Non-Related Party Vendors (in aggregate)	13.56%
Other Shareholders not referred to above	36.28%

No Vendor will acquire a relevant interest in excess of 19.99% of the issued share capital after Completion. No Vendor participated in the placements which were conducted during September 2017.

(e) Information about the likely effect of the InterPrac Acquisition on the Company's total assets, total equity interests, annual revenue and annual profit before tax and extraordinary items

As announced by the Company on 9 October 2017, the likely effect of the InterPrac Acquisition on the Company's total assets, total equity interests, annual revenue and annual profit before tax and extraordinary items is set out below.

	Sequoia (1)	Interprac (2)	Combined (1+2)	Change of combined ((1+2)/1)
	\$	\$	\$	%
Total Consolidated Assets	78,165,755	9,187,799	87,353,554	12%
Total Equity Interests	20,360,556	6,268,144	26,628,700	31%
Total Shares on Issue	60,028,525	42,777,000	102,805,525	71%
Annual Profit	725,573	1,313,868	2,039,441	181%
Annual Revenue	44,364,946	22,645,989	67,010,935	51%

(1) Sequoia Pty Ltd audited results for period ending June 2017 + capital and debt arrangement during September 2017 placements + Morrison acquisition

(2) InterPrac Ltd unaudited accounts for period ending June 2017

The above takes into account the effect of the Morrison Acquisition which completed on 19 September 2017. The above assumes none of the outstanding Convertibles Notes are converted into Shares. The total number of Shares on issue includes the Shares issued under the placements conducted between 4 and 25 September 2017 but does not include the Shares to be issued to Beeton Investments Pty Ltd after the AGM.

(f) Prospects for the Combined Group

The operation and financial performance of the Combined Group are subject to various risks, some of which are summarised in Sections 3.13 and 3.14 of Section D and which may be beyond the control of the Combined Group. As a result, the actual results of the Combined Group's operations following completion of the InterPrac Acquisition and the actual advantages of the InterPrac Acquisition may differ from those that are anticipated or may not be achieved.

3.7 Pro Forma Historical Balance Sheet as at 30 June 2017

The following table presents a hypothetical example of the Combined Group's financial position as at 30 June 2017 using the audited balance sheets of Sequoia and the unaudited balance sheet of InterPrac as at that date and assuming each of the Morrison Acquisition and the InterPrac Acquisition had taken place as at that date. The combined total pro-forma historical financial position is shown for illustrative purposes to demonstrate the potential impact of the InterPrac Acquisition on Sequoia's financial position.

	Sequoia	Interprac	Adjustment	Combined
Cash and cash equivalents	6,177,418	857,482	2,993,520 (i)	10,028,420
Trade and other receivables	1,621,161	2,608,915	-	4,230,076
Derivative financial instruments	5,976,249	-	-	5,976,249
Deferred costs	7,500,455	-	-	7,500,455
Other	1,432,244	351,331	-	1,783,575
Total current assets	22,707,527	3,817,728	2,993,520	29,518,775
Non-current assets				
Derivatives financial assets	19,335,325	-	-	19,335,325
Financial assets	1,425,575	1,847,026	-	3,272,601
Property, plant and equipment	268,050	241,937	-	509,987

Intangibles identifiable/ unidentifiable	8,719,122	3,270,105	10,064,956 (ii)	22,054,183
Deferred tax	5,718,881	11,003	-	5,729,884
Deferred costs	6,715,907	-	-	6,715,907
Other	216,892	-	-	216,892
Total non-current assets	42,399,752	5,370,071	10,064,956	57,834,780
Total assets	65,107,279	9,187,799	3,058,476	87,353,554
Current liabilities				-
Trade and other payables	4,423,857	3,077,281	-	7,501,138
Borrowings	273,307	-	2,900,000	3,173,307
Derivative financial instruments	5,976,249	-	-	5,976,249
Tax liabilities	849,695	286,899	-	562,796
Employee benefits	457,323	-	-	457,323
Deferred revenue	8,935,131	-	-	8,935,131
Total current liabilities				
Non-current liabilities	20,915,52	2,790,383	2,900,000	26,605,945
Borrowings	1,427,868	132,308	-	1,560,176
Derivative financial instruments	19,335,325	-	-	19,335,325
Deferred tax	4,537,561	- 3,035	-	4,534,526
Employee benefits	30,643	-	-	30,643
Deferred revenue	8,658,240	-	-	8,658,240
Total non-current liabilities	33,989,637	129,273	-	34,118,910
Total liabilities	54,905,199	2,919,655	2,900,000	60,724,854
Net assets	10,202,080	6,268,144	10,158,476	26,628,700
Equity				
Issued capital	26,724,112	12,300,472	15,893,992	54,918,576
Reserves	408,335	-	-	408,335
Accumulated losses	- 17,005,876	5,735,516	5,735,516	- 17,005,876
Equity attributable to the owners of Sequoia Financial Group Limited	10,126,571	6,268,144	10,158,476	26,553,191
Non-controlling interest	75,509	-	-	75,509
Total equity	10,202,080	6,268,144	10,158,476	26,628,700

Please read with accompanying notes.

Notes:

1. Based on the audited 30 June 2017 accounts for Sequoia and the unaudited 30 June 2017 accounts InterPrac.
2. Assumes that the Morrison Acquisition completed (which completed 19 September 2017) as at 30 June 2017.
3. Includes the borrowings of \$2.9 million (\$400,000 Convertible Notes and \$2.5M loans the subject of Resolutions 19 and 20) which was used to strengthen the Company's balance sheet to ensure the Company meets the capital requirements for clearing activities and working capital requirements for the Morrison Securities' AFSL.
4. Assumes that all of the Shares issued under the placements between 4 and 25 September 2017 occurred as at 30 June 2017. Funds raised under the placements were used to strengthen the Company's balance sheet to ensure the Company meets

the capital requirements for clearing activities and purchase price and working capital requirements for the Morrison Acquisition.

5. Item (i) - the net cash retained following the September 2017 placements, borrowings and completion of the Morrison Acquisition.
6. Item (ii) - \$6,564,956 is the intangible asset for InterPrac and \$3,500,000 is the goodwill for the Morrison Securities AFSL.
7. Assumes that none of the outstanding \$400,000 Convertible Notes are converted into Shares.
8. Assumes the InterPrac Resolutions are passed and all of the Consideration Shares are issued (as if at 30 June 2017).
9. Excludes the issue of 234,375 Shares that will be issued to Beeton Investments Pty Ltd after the AGM, if Resolution 7 is passed.

3.8 Interests of the Interested Director (Garry Crole) in respect of Resolutions 16 and 17

Garry Crole (and his wife Marina Crole) directly hold 24.45% of the shares in InterPrac. Garry Crole is a director of Sequoia and the joint managing director of InterPrac.

Accordingly, Garry Crole and his associate/wife, Marina Crole are Related Party Vendors.

3.9 Recommendations of the Independent Directors in relation to Resolutions 16-18

Garry Crole, the Interested Director, has a material personal interest in the outcome of Resolutions 16 and 17 (i.e. the Resolutions relating to the InterPrac Acquisition and the issue of 10,416,500 Consideration Shares to the Related Party Vendors) by virtue of his and his wife's shareholding in InterPrac. Garry Crole is a director of Sequoia and InterPrac.

No Independent Director has a material personal interest in the outcome of Resolutions 16, 17 and 18 by virtue of his or any associate's interest in the InterPrac Acquisition or InterPrac, save for any interest they may have solely in their capacity as an officer of Sequoia or a Shareholder which they hold in common with all Sequoia Shareholders.

Each of the Independent Directors considers himself justified in making a recommendation in relation to the InterPrac Resolutions and each intends to vote any Shares he holds in favour of Resolutions 16 -18.

Based on the information available, including that contained in this Explanatory Memorandum and the risks outlined in Section 3.13 of Section D, all of the Independent Directors consider the InterPrac Acquisition to be in the best interests of the Company.

In making their recommendations, the Independent Directors have considered:

- (a) the rationale for the benefits of the InterPrac Acquisition as set out in Section 3.11 of Section D of this Explanatory Memorandum;
- (b) the risks associated with the InterPrac Acquisition as set out in Section 3.13 of Section D;
- (c) the advantages and disadvantages of the InterPrac Acquisition as set out in Section 3.12 of Section D; and

- (d) the reasoning and conclusions of RSM in the Independent Expert's Report set out in Annexure B.

3.10 Conclusion of the Independent Expert

RSM, the Independent Expert, has concluded that the InterPrac Acquisition is fair and reasonable to Sequoia's Non Associated Shareholders. A copy of the Independent Expert Report is set out in Annexure B.

In accordance with Listing Rule 10.10A.3, the Independent Expert's Report is available on the Company's website at www.sequoia.com.au/investor/expertreport. Shareholders may request from the Company (by contacting the Company Secretary at +61 2 8016 2875) a hard copy of the Independent Expert's Report to be mailed to the Shareholder at no cost to the Shareholder.

(a) Fairness of the InterPrac Acquisition

In assessing the fairness of the InterPrac Acquisition, the Independent Expert considered the financial benefit to the Vendors, being the market value of the Consideration Shares and compared this to the market value of a 100% equity interest in InterPrac.

Refer to the Independent Expert's Report, in particular Sections 7 to 10 of the Independent Expert's Report for the assessment of the fairness of the InterPrac Acquisition.

RSM concluded that the InterPrac Acquisition to be fair to the Non-Associated Shareholders as the market value of the Consideration Shares is less than the market value of a 100% equity interest in InterPrac.

(b) Reasonableness of the InterPrac Acquisition

In assessing the reasonableness of the InterPrac Acquisition, the Independent Expert considered:

- the future prospects of the Company if the InterPrac Acquisition does not proceed;
- the trading of the Company's Shares following the announcement of the InterPrac Acquisition; and
- other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the InterPrac Acquisition proceeding.

Advantages of the InterPrac Acquisition considered by the Independent Expert include:

- the InterPrac Acquisition is fair;
- the consideration for the InterPrac Acquisition is scrip and there is no cash consideration;
- the InterPrac business is complementary to the existing business of the Company;
- the Combined Group will have access to cross-selling opportunities across the client and adviser bases of the current Sequoia and InterPrac business.

Disadvantages of the InterPrac Acquisition considered by the Independent Expert were:

- the dilution on Non-Associated Shareholders due to the issue of the Consideration Shares from an aggregate approximate interest of the Non-Associated Shareholders of 98% (before the InterPrac Acquisition) to 57% (after the InterPrac Acquisition and before the issue of 234,375 Shares to Beeton Investments Pty Ltd, which is the subject of Resolution 7);
- key employee risk due to the dependence on its joint managing directors, Garry Crole and Brent Jones; and
- operational risk of the performance of the InterPrac business.

Refer to the Independent Expert's Report, in particular Section 11 of the Independent Expert's Report for the assessment of the reasonableness of the InterPrac Acquisition.

RSM concluded that, in RSM's opinion, the position of the Non-Associated Shareholders if the InterPrac Acquisition is approved is more advantageous than the position if it is not approved.

3.11 Reasons why the Independent Directors consider the InterPrac Acquisition to be in the best interests of the Company and Non Associated Shareholders

The Independent Directors unanimously consider that the InterPrac Acquisition is in the best interests of the Company and Non-Associated Shareholders.

The principal reasons why the Independent Directors recommend that Non Associated Shareholders vote in favour of the InterPrac Resolutions are that they believe that:

- (a) the InterPrac Acquisition represents a strategic opportunity for Sequoia to grow the Company through both internal and organic means and via expansion into complementary sections that enhance Sequoia's offering as an integrated financial services company. The InterPrac Acquisition will enhance the Company's current business by providing stronger distribution channels and extra scale;
- (b) the InterPrac Acquisition will provide a natural extension to the product and service offerings of the Company;
- (c) the Combined Group will be able to leverage cross-selling opportunities to provide clients with a broader offering of financial products;
- (d) the InterPrac Acquisition has the potential to enhance and further build Shareholder value, including by the scaling up of operations and reducing expenses via cost synergies;
- (e) the InterPrac Acquisition is important for the long-term growth and sustainability of the Company's existing business;
- (f) the Company's operation of the InterPrac Group after Completion will benefit through the continued involvement of InterPrac's current senior executive management, Garry Crole and Brent Jones;
- (g) the InterPrac Acquisition will provide new managerial and financial advisory expertise and internal infrastructure and synergies to the Company's current business and staff;
- (h) the consideration for the InterPrac Acquisition is the issue of the Consideration Shares and therefore the Company is not required to pay for the acquisition in cash; and

- (i) the InterPrac Acquisition strengthens the balance sheet of the Company.

3.12 Advantages and Disadvantages associated with the InterPrac Acquisition and issue of the Consideration Shares

Advantages

The main advantages associated with the InterPrac Acquisition and the issue of the Consideration Shares are:

- (a) **(complementary to the existing business of the Company):** By acquiring InterPrac, the Company can grow through both internal and organic means and via expansion into complementary sections that enhance Sequoia's offering as an integrated financial services company. The business of InterPrac has the potential to complement the Company's existing business in the financial services sector, as a number of synergies between the existing businesses of the Company and InterPrac have been identified. Following completion of the InterPrac Acquisition, together, the foundations of the Company's and InterPrac's businesses will be greatly enhanced through stronger distribution channels whilst building extra scale by combining management expertise, product mix and geographic spread.
- (b) **(access to InterPrac senior managers):** The Company's operation of the InterPrac Group after Completion will benefit through the continued involvement of InterPrac's current joint managing directors, Garry Crole and Brent Jones.
- (c) **(consideration for the InterPrac Acquisition):** The acquisition of InterPrac will be paid for by the issue of the Consideration Shares, thereby eliminating the cash cost of the InterPrac Acquisition.
- (d) **(potential to enhance Shareholder value):** Given the current continued low investor sentiment with regard to small capitalised companies, including a lack of readily available equity funding for such companies, the Independent Directors consider that in the current share market environment there is a greater likelihood of increasing Shareholder value by proceeding with the InterPrac Acquisition.
- (e) **(operational savings):** Significant operational savings have been identified with shared offices, personnel resources and infrastructure costs.
- (f) **(access to other clients):** The Combined Group will be able to access cross-selling opportunities across the client and adviser bases of the current Sequoia and InterPrac businesses.

Disadvantages

The main disadvantages associated with the InterPrac Acquisition and the issue of the Consideration Shares are:

- (a) **(dilutionary impact):** The InterPrac Acquisition will result in the issue of the Consideration Shares to the Vendors. The issue of the Consideration Shares will have a dilutionary effect on the current voting rights of Shareholders. Non-Associated Shareholders' interests will be diluted by the issue of the Consideration Shares from an aggregate approximate 98% (before the InterPrac Acquisition) to 57% (after the InterPrac Acquisition and before the issue of 234,375 Shares to Beeton Investments Pty Ltd, which is the subject of Resolution 7. Consequently, current Shareholders' voting power and influence over the affairs of the Company will be reduced.
- (b) **(key employee risk):** The InterPrac is primarily operated by Garry Crole and Brent Jones and InterPrac's performance is dependent on Garry Crole and Brent Jones'

decisions and actions. If either was unable or unwilling to continue to operate the InterPrac Group Business it is likely that this would have a negative impact on InterPrac. The Company has sought to mitigate this risk by the proposed entry into 3 year (post Completion) employment agreements between Acacia with each of Garry Crole and Brent Jones with 3 month notice provisions after the initial 3 year term (by the Company) and 12 month notice provisions (by the employee).

- (c) **(fluctuation risk):** There is risk that the growth and revenue prospects of the Combined Group will fluctuate more than when the Company's group consisted only of Sequoia and the Sequoia Subsidiaries.

3.13 Investment Risks associated with the InterPrac Acquisition

The below list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Shareholders should the InterPrac Acquisition be completed. The risk factors below, and others not specifically referred to below, may in the future materially affect the financial performance of the Company and the value of the Company's securities. The Company cannot guarantee its future earnings and cannot provide a guaranteed level of return to investors.

General risks associated with the InterPrac Acquisition and the proposed issue of Consideration Shares are:

- (a) **(economic conditions):** The performance of InterPrac and Sequoia following the InterPrac Acquisition may be significantly affected by changes in economic conditions, particularly conditions which affect the financial services and financial planning industry. The profitability of the business may be affected by factors such as market conditions, interest rates, inflation and consumer demand.
- (b) **(geo-political factors):** InterPrac may be affected by the impact that geo-political factors have on the various world economies or the Australian economy or on financial services generally or specifically.
- (c) **(share market conditions):** Sequoia, being a company listed on ASX, will continue to be subject to market forces that influence broad share market trends and the price of securities of individual companies. Accordingly, the price of the Consideration Shares when quoted on ASX will be subject to varied and often unpredictable influences on the market for equities in general.
- (d) **(no guarantee of future earnings risk):** There is no guarantee of profitability, dividends, return of capital, or the price at which the Shares will trade on ASX after quotation.
- (e) **(uncontrollable factors):** The Combined Group will be exposed to general risks that are associated with conducting a business including litigation resulting from the breach of agreements or loss of service of key management or operational personnel, non-insurable risks, acts of terrorism and acts of God and other matters or force majeure events that may interfere with the business or trade of the Company.

Specific risks associated with the InterPrac Acquisition and the issue of the Consideration Shares are:

- (a) **(Completion risk):** The InterPrac Acquisition is subject to the risk that it may not complete as Completion is subject to a number of conditions precedent, including passage of the InterPrac Resolutions and third party change of control consents and approvals for material contracts.

- (b) **(key employee risk):** As the InterPrac's performance is dependent on Garry Crole's and Brent Jones' continued involvement with InterPrac there is a risk that InterPrac's performance would be adversely affected if either was unable or unwilling to continue to be involved in the management of the InterPrac Business. The Company has sought to mitigate this risk by the proposed entry into 3 year (post Completion) employment agreements with each of Garry Crole and Brent Jones.
- (c) **(integration risk):** There is a risk that the two business are more difficult or costly to integrate than currently expected. This may lead to increased operational or financial costs or reduced benefits and cost synergies. The integration process may take longer than anticipated or may result in lower cost savings than expected. There is also risk that authorised representatives of InterPrac Financial Planning Pty Ltd and credit representatives of InterPrac Finance Services Pty Ltd seek to terminate their arrangements with InterPrac and in the case of termination of authorised AFSL representatives, the amount of fees paid to InterPrac Financial Planning Pty Ltd based on an authorised representative's commission reduces. The Combined Group will seek to mitigate this risk through a pro-active communication and integration management plan.
- (d) **(Resolutions 16, 17 and 18):** The InterPrac Acquisition and the issue of the Consideration Shares is conditional on Shareholders approving Resolutions 16, 17 and 18.
- (e) **(financial risks):** The ability of the Company to implement its business strategy of growth may require the Company to raise additional funds for future strategic investments. No assurances can be given that such funding will be available or that it will be available on terms attractive to the Company.
- (f) **(litigation risk):** The Company, including the Combined Group could become subject to litigation in relation to professional negligence, breach of contract or other litigation following the InterPrac Acquisition. The Company maintains public liability, professional indemnity and directors' and officers' insurance, among other policies. Despite these protections, it is possible that claims not covered by insurance may arise which may have an adverse effect on the Company's financial position, financial performance and reputation which would, in turn, have an overall adverse effect on the Company. To the knowledge of the Directors, there is no litigation pending or threatened, of a material nature that is likely to adversely affect the Company or the Combined Group.
- (g) **(employee risk):** The future success of the Company may depend in part on its continued access to highly qualified financial advisory and managerial personnel. The loss of key staff could have a material adverse effect on the Company. While the Company will seek to ensure that the services of key personnel are retained, no assurances can be given that the Company will continue to retain and attract key staff and authorised representatives as financial planners as required by the business. The Company has sought to mitigate such risks through the employment of both Mr Garry Crole and Mr Brent Jones under the respective Crole Employment Agreement and Jones Employment Agreement.
- (h) **(regulatory risks):** The business of InterPrac is in the same financial services industry as the current business of the Company. Major changes in regulatory legislation may affect the Company and InterPrac and require changes to the operations and risk management practices of the Company and InterPrac which may be costly. The financial services market is a highly regulated industry. Regulations applicable to those operating in financial planning, insurance and the provision of finance include financial services regulations, regulation relating to money laundering and financing of terrorism and other regulations. There is a risk that the Combined Group may fail to comply

with these laws or government regulations. Any breach of law could have significant consequences for the Combined Group. Potential consequences include:

- (i) loss of financial services or credit licences;
- (ii) significantly increased compliance costs;
- (iii) being forced to cease doing business in certain Australian States;
- (iv) being forced to change business practices;
- (v) criminal and civil lawsuits;
- (vi) increased complexity for new client registrations;
- (vii) increased verification of clients;
- (viii) forfeiture of significant assets;
- (ix) reduction in attractiveness of the Combined Group's services; and
- (x) damage to the Company's or the Combined Group's reputation.

The Company and Combined Group may face significant penalties if it fails to maintain or follow adequate procedures to detect breaches of relevant regulations.

3.14 Risks for the Company if the InterPrac Acquisition is not approved or does not go ahead

If the InterPrac Acquisition and the issue of the Consideration Shares are not approved by Shareholders or Completion of the InterPrac Acquisition does not go ahead for any other reason, the Company intends to continue to develop the organic growth of its existing business and seek other strategic opportunities which can complement Sequoia's existing financial services offering. The Directors may also review other projects and acquisition opportunities that are considered to be in the best interests of the Company and Shareholders.

4. Further Information relating to each of the InterPrac Resolutions

4.1 Resolutions 16, 17 and 18 – Approval of the InterPrac Acquisition and issue of Consideration Shares

(a) Listing Rule 10.1

Resolution 16 seeks Shareholder approval for the InterPrac Acquisition for the purposes of Listing Rule 10.1. The terms of the Share Sale Agreement are summarised in Section 3.1(d) of Section D.

Under Listing Rule 10.1 the Company is required to obtain Shareholder approval prior to the acquisition of a substantial asset from a related party or an Associate of a related party. A substantial asset is an asset valued at greater than 5% of the equity interests of Sequoia as set out in the latest accounts given to ASX by Sequoia.

For the purposes of ASX Listing Rule 10.1, the InterPrac Acquisition is subject to Shareholder approval because:

- (i) Garry Crole is an Interested Director as he is a director of Sequoia and a director of InterPrac. He and his wife, Marina Crole, own 24.45% of the issued shares in InterPrac; and
- (ii) the value of the aggregate number of Consideration Shares to be provided in respect of the InterPrac Acquisition is greater than 5% of Sequoia's equity interests. The value of the 10,416,500 Consideration Shares to be issued to the Related Party Vendors is greater than 5% of Sequoia's equity interests.

Listing Rule 10.10.2 provides that shareholder approval sought for the purpose of Listing Rule 10.1 must include a report on the proposed acquisition from an independent expert. Accompanying this Explanatory Statement is an Independent Expert's Report prepared by RSM (**the Independent Expert's Report**). This report provides a detailed examination of the InterPrac Acquisition and has concluded that the **InterPrac Acquisition is fair and reasonable to the Non-Associated Shareholders of the Company**.

The Independent Expert's Report is for the purpose of assisting Non-Associated Shareholders' consideration and assessment of the merits of the InterPrac Acquisition and the making of their decision whether to vote in favour of Resolutions 16, 17 and 18. Shareholders are urged to carefully read the Independent Expert's Report, to understand the scope of the report, the methodology of the valuation and the assumptions made. The Independent Expert's Report is set out in Annexure B.

(b) Chapter 2E of the Corporations Act

The Corporations Act regulates the giving of a "financial benefit" to a "related party" of a public company. In general terms, a related party means a director of the public company and his or her relatives or associated companies.

The Related Party Vendors are Garry Crole and Marina Crole (Mr Crole's spouse), who in aggregate own 24.45% of the shares in InterPrac (being 427 fully paid ordinary shares in InterPrac). The Related Party Vendors are Management Vendors for the purposes of the InterPrac Share Purchase Agreement. Garry Crole is a director of Sequoia and is a related party of Sequoia. Garry Crole is also the joint managing director of InterPrac. Garry Crole will continue to be a director of Sequoia after Completion and shall be employed by Acacia under the Crole Employment Agreement. Refer to Section 3.1(g).

Garry Crole will continue to be a director of InterPrac and InterPrac subsidiaries after Completion.

A financial benefit is a broad concept including any benefit or advantage, the economic and commercial substance of which is financial, and regardless of whether the recipient gives consideration for the benefit. The Related Party Vendors are parties to the InterPrac Share Sale Agreement under which they will sell their shares in InterPrac to Sequoia and receive as consideration an investment in Sequoia, by the issue of 10,461,500 Consideration Shares. This equates to consideration to the value of \$3,138,450 based on the Issue Price of \$0.30 per Consideration Share.

Section 208 of the Corporations Act sets out the circumstances in which a financial benefit may be given to a related party. These include where the members of the company have, by ordinary resolution, given their approval in accordance with the procedure set out in sections 217 to 227 of the Corporations Act. An exception to the requirement to seek shareholder approval arises where the financial benefits are given on terms that would be reasonable in the circumstances if Sequoia and the related parties were dealing at arms' length. Notwithstanding this exception, the Independent Directors believe that it is prudent to obtain Shareholder approval.

Accordingly, pursuant to Resolutions 16 and 17, Sequoia seeks the approval of its Shareholders under section 208 of the Corporations Act and provides the information contained in this Explanatory Statement and the following specific information.

Identity of the related party

The related parties to whom Resolutions 16 and 17 would permit the financial benefits to be given are the Related Party Vendors, being Garry Crole and Marina Crole. Refer to Section 3.1(d). The Related Party Vendors are Management Vendors and are party to the InterPrac Share Sale Agreement who provide warranties, including operational and tax warranties in their relevant Management Proportion.

Nature of the financial benefit

The nature of the financial benefit is the sale to Sequoia of shares in the InterPrac (being an aggregate 427 shares in InterPrac) in consideration for receiving 10,461,500 Consideration Shares under the terms of the InterPrac Share Sale Agreement (which has a deemed value of \$3,138,450 based on the Issue Price of \$0.30).

The 10,461,400 Shares to be issued to the Related Party Vendors carry the same terms as the other Consideration Shares to be issued to the Non Related Party Vendors. The Independent Expert Report that was commissioned for the purpose of Listing Rule 10.1 approval (Resolution 16) concluded that the InterPrac Acquisition is fair and reasonable to the Non-Associated Shareholders of the Company for the purposes of Listing Rule 10.1 approval.

Refer to the Independent Expert Report in Annexure B. Section 8 of the Independent Expert Report assesses the market value of a Sequoia Share using the capitalisation of future maintainable earnings methodology and also considers the quoted price of the Shares. Shareholders are urged to carefully read the Independent Expert's Report, to understand the scope of the report, the methodology of the valuation and the assumptions made

The Independent Expert assesses the market value of a Sequoia Share (on a non-controlling interest) in the range of \$0.30 (low) to \$0.32 (high), with a preferred value of \$0.31. The value of the financial benefit in respect of the 10,461,500 Shares to be issued to the Related Party Vendors is \$3,138,450 (based on \$0.30, low range), \$3,347,681 (based on \$0.32, high range) and \$3,243,065 (based on \$0.31, preferred range).

The details of the shares in InterPrac to be sold and the relevant number of Consideration Shares are set out in Section 3.1(f) of Section D of this Explanatory Statement.

The aggregate 10,461,500 Consideration Shares to be issued to the Related Party Vendors will be escrowed for 12 months after Completion. The terms of the voluntary escrow of the relevant number of Escrowed Shares to be received are set out in Section 3.1(e) and (f) of Section D.

The issue of 10,461,500 Consideration Shares to the Related Party Vendors is their pro rata amount of the Consideration Shares for the sale of their shares in InterPrac under the InterPrac Share Sale Agreement. The nature of the consideration payable to the Related Party Vendors is the same as the consideration payable to the Non Related Party Vendors. No cash consideration is payable to the Related Party Vendors under the InterPrac Share Sale Agreement.

Existing and potential relevant interest

As at the Preparation Date, the Related Party Vendors hold 940,000 Shares (being 1.57% of the issued capital as at the Preparation Date).

The details of the voting power of the Related Party Vendors in respect of the 10,461,500 Consideration Shares immediately following Completion will be an aggregate 11.07% of the undiluted issued capital (which includes 940,000 shares held by Garry Crole and Marina Crole, also known as Marina Baltrusaitene, his spouse) as at the Preparation Date).

Independent Director Recommendations in relation to Resolutions 16 and 17

The Independent Directors (Scott Beeton, Marcel Collignon and Michael Carter) recommend that Shareholders vote in favour of Resolution 16 and Resolution 17 for the reasons set out in Section 3.11.

(c) Listing Rule 7.1

Resolution 18 seeks Shareholder approval of the issue of 32,315,500 Consideration Shares to the Non-Related Party Vendors for the purposes of Listing Rule 7.1.

Listing Rule 7.1 provides that, subject to certain exceptions, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company's shares then on issue without shareholder approval.

The Company is required to issue a total of 42,777,000 Consideration Shares to the Vendors on Completion of the InterPrac Share Sale Agreement. This represents approximately 71% of the Shares currently on issue.

Some of these Consideration Shares (being 10,461,500 Consideration Shares) are to be issued to the Related Party Vendors. Separate approval for the issue of the 10,461,500 Consideration Shares is being obtained under Listing Rule 10.11 pursuant to Resolution 17.

(d) Independent Directors' recommendation in relation to Resolutions 16,17 and 18

Each of the Independent Directors of Sequoia wishes to make a recommendation to Shareholders about Resolutions 16, 17 and 18 and to give reasons for the recommendation. The recommendations and reasons are set out under Sections 3.9 and 3.11. Garry Crole, being the Interested Director, does not give a recommendation in relation to Resolutions 16, 17 and 18 because he has a material personal interest in the outcome of Resolutions 16 and 17.

The Explanatory Statement contains all information that is known by the Company or any of its directors which is reasonably required by Shareholders to decide whether it is in the Company's interests to pass Resolution 16 and Resolution 17 dealing with financial benefits to related parties.

The Notice of Meeting and Explanatory Statement (including Independent Expert's Report) provided to Shareholders are the same in all material respects as the Notice of Meeting and Explanatory Statement lodged by Sequoia with ASIC on 9 October 2017 in accordance with the requirements of section 218 of the Corporations Act and being not less than 14 days before the notice convening the Annual General Meeting was given by Sequoia. Sequoia provided a copy of the same Notice of Meeting and Explanatory Statement to ASX on the same date in accordance with Listing Rule 15.1.

On 23 October 2017 ASIC provided a comment on the said Explanatory Statement. ASIC requested that Sections 3.10 and 3.12 of the Explanatory Memorandum refer to

the specific percentage quantity of dilution of the Non- Associated Shareholders' interest by the issue of the Consideration Shares. Sections 3.10 and 3.12 of the Explanatory Memorandum contain this information.

No other document is now provided to Shareholders. If Resolutions 16 and 17 are passed, Sequoia must lodge with ASIC within 14 days, a notice setting out the text of the Resolutions 16 and 17.

If a poll is demanded in relation to Resolutions 16 or 17 which is then duly passed, the Company must, for each member voting in person, record the name and the number of votes cast for and against the relevant Resolution, and for each proxy, record the name and the number, by member represented, of votes cast as proxy for and against the relevant Resolution.

4.2 Resolution 17 – Approval of the issue of 10,461,500 Consideration Shares for the purposes of Listing Rule 10.11

The Company seeks Shareholder approval for the proposed issue of 10,461,500 Consideration Shares to the Related Party Vendors. The 10,461,500 Consideration Shares form part of the consideration for the proposed InterPrac Acquisition.

The 10,461,500 Consideration Shares for the InterPrac Acquisition will be issued to the Related Party Vendors on the Completion Date. The 32,315,500 Consideration Shares (the subject of Resolution 18) will be issued to the Non Related Party Vendors at the same time, on the Completion Date.

The issue of the 10,461,500 Consideration Shares to the Related Party Vendors will result in the Related Party Vendor holding approximately 11.07% of the total undiluted issued Share capital in Sequoia (immediately following Completion and which includes an aggregate 940,000 shares held by Garry Crole and Marina Crole (also known as Marina Baltrusaitene, his spouse) as at the Preparation Date).

ASX Listing Rule 10.11 requires shareholder approval for the issue of securities by a company to a related party or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained.

Garry Crole, a non-executive director of Sequoia is the joint managing director of InterPrac and together with his wife, Marina Crole, they own 24.45% of the issued shares in InterPrac. Mr Crole is a director of InterPrac subsidiaries and the key person of InterPrac Financial Planning Pty Ltd's AFSL 246638.

Hence Shareholder approval is being sought for the issue of 10,461,500 Consideration Shares to the Related Party Vendors under Listing Rule 10.11.

The information required to be given to Shareholders for the purposes of approval of the proposed issue of 10,461,500 Consideration Shares under Listing Rule 10.11 is set out below.

Names of persons:	9,873,500 Consideration Shares will be issued to Garry Crole and 588,000 Consideration Shares will be issued to Marina Crole (wife of Garry Crole). Together they are the Related Party Vendors.
Maximum number of securities to be issued:	10,461,500 Consideration Shares.
Issue Date:	The 10,461,500 Consideration Shares will be issued to the Related Party Vendors on the Completion

Date, to be 1 December 2017 assuming all the InterPrac Resolutions are passed (or in any event within 1 month of the date of the Annual General Meeting).

Relationship between the Related Party Vendors, InterPrac and Sequoia

Garry Crole, a non-executive director of Sequoia is an executive director of InterPrac. Together with his wife, Marina Crole, they own 24.45% of the shares in InterPrac. Garry Crole will be employed by Acacia as joint managing director of InterPrac and related subsidiaries pursuant to the Crole Employment Agreement on and from Completion.

Mr Crole is also a director of the following InterPrac subsidiaries: InterPrac Financial Planning Pty Ltd, InterPrac Securities Pty Ltd, InterPrac General Insurance Pty Ltd, InterPrac Mortgage Management Pty Ltd, InterPrac Finance Services Pty Ltd, SMSF Engine Pty Ltd, Sage Capital Group Pty Ltd, Property Engine Pty Ltd, Investor1st Pty Ltd and InvestorFirst Pty Ltd. Mr Crole will remain a director of these InterPrac entities after Completion.

After Completion, Mr Crole will also be a director of Sequoia Wealth Group Pty Ltd, Sequoia Corporate Finance Pty Ltd and Sequoia Wealth Management Pty Ltd.

Issue Price:

\$0.30 per Consideration Share (note that this is a deemed issue price for each Consideration Share and no funds will be paid by the Related Party Vendors).

Terms of Securities:

The Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares on issue. All of the Shares will be subject to Voluntary Escrow Agreements.

The use of the funds raised:

No funds will be raised by the issue of the 10,461,500 Consideration Shares.

Voting exclusion statement

In the Notice of Meeting.

The Related Party Vendors and Sequoia will enter into a Voluntary Escrow Agreement on or before Completion which will provide that all of the 10,461,500 Consideration Shares to be issued to the Related Party Vendors in accordance with Resolution 17 will be restricted from being able to be encumbered or sold or disposed of for a period of 12 months from the Completion Date.

Shareholder approval is not required under Listing Rule 7.1 for the issue of the 10,461,500 Consideration Shares to the Related Party Vendors, in accordance with Exception 14 of Listing Rule 7.2 (having been subject to approval of Shareholders under Resolution 17 for the purposes of Listing Rule 10.11).

4.3 Resolution 18 – Approval of the issue of 32,315,500 Consideration Shares to Non Related Party Vendors for the purposes of Listing Rule 7.1

The information required to be given to Shareholders for the purposes of approval of the issue of 32,315,500 Consideration Shares to the Non Related Party Vendors for the purposes of Listing Rule 7.1 is set out below.

Names of persons:	The Non Related Party Vendors as set out in Section 3.1(f) of this document, being a total of 16 persons who are each shareholders of InterPrac and who own in aggregate 75.55% of InterPrac.
Maximum number of securities to be issued:	32,315,500 Consideration Shares (which is equal to an aggregate 53.83% of the total issued Share capital of Sequoia before Completion).
Issue Date:	An aggregate of 32,315,500 Consideration Shares will be issued to the Related Party Vendors on the Completion Date, to be 1 December 2017 assuming all the InterPrac Resolutions are passed (or in any event within 3 months of the date of the Annual General Meeting).
Issue Price:	\$0.30 per Consideration Share (note that this is a deemed issue price for each Consideration Share and no funds will be paid by the Non Related Party Vendors).
Terms of Securities:	The Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares on issue. Those Shares which are Escrowed Shares will be subject to a Voluntary Escrow Agreement.
The use of the funds raised:	No funds will be raised by the issue of the 32,315,500 Consideration Shares.
Voting exclusion statement	In the Notice of Meeting.

On or before Completion, each of the Non Related Party Vendors will enter into a Voluntary Escrow Agreement with Sequoia, which will restrict the Vendor from encumbering or trading the specified number of Escrowed Shares (as set out in Section 3.1(f) of this document) for a period of 12 months from the Completion Date.

4.4 Resolutions 19 and 20 – Issue of Options

Resolutions 19 and 20 seek Shareholder approval under Listing Rules 7.1 for:

- (i) the issue of 1,750,000 Options to ACN 139 919 305 Pty Ltd ACN 139 919 305; and
- (ii) the issue of 1,750,000 Options to Factotum Capital Pty Ltd ACN 088 779 935.

Listing Rule 7.1 provides that, subject to certain exceptions, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company's shares then on issue without shareholder approval.

Under the terms of the ACN Share Option Deed, subject to the passage of Resolution 19, the Company is required to issue 1,750,000 Options to ACN. The Options are to be issued as consideration for ACN's entry into the ACN Loan Agreement.

Pursuant to the ACN Loan Agreement, ACN advanced \$1,250,000 to the Company on 16 September 2017, which funds were used to pay part of the cash consideration for the Morrison Acquisition. The ACN Loan Agreement provides that the principal is repayable after 12 months or earlier at the Company's election, is unsecured and accrues interest at the rate of 12% per annum which is payable in arrears on the last day of each 3 calendar month duration. If the Company does not pay an amount in full when due under the ACN Loan Agreement, interest accrues on the unpaid amount at the rate of 16% per annum from the date the unpaid amount was due, until paid in full.

Under the terms of the Factotum Share Option Deed, subject to the passage of Resolution 20, the Company is required to issue 1,750,000 Options to Factotum. The Options are to be issued as consideration for Factotum's entry into the Factotum Loan Agreement under which Factotum advanced \$1.25M to the Company.

The terms of the Factotum Loan Agreement are the same as the ACN Loan Agreement, other than the name of the financier.

The funds advanced under the ACN Loan Agreement and Factotum Loan Agreement were used to fund part of the cash consideration for the Morrison Acquisition which completed on 19 September 2017.

The information required to be given to Shareholders for the purposes of Resolution 19, being the approval of the proposed issue of Options to ACN under Listing Rules 7.1 is set out below.

Name of persons being issued the Options: ACN 139 919 305 Pty Ltd ACN 139 919 305 (**ACN**).

ACN is not a related party of the Company.

As at the Preparation Date, ACN's nominee holds 156,250 Shares in the Company. ACN's nominee subscribed for 156,250 Shares at 32 cents per Shares under the placement which completed on 25 September 2017.

Maximum number of securities to be issued: 1,750,000 Options to ACN.

Issue Date: The Options will be issued within 5 Business Days after the date of the Meeting (and in any event within 3 months of the date of the Meeting).

Issue Price: 1,750,000 Options are being issued to ACN in consideration for ACN's entry into the ACN Loan Agreement.

Terms of Securities: The terms of the Options are set out in Section 4.5. The Options will have an exercise price of \$0.35 and will expire 18 months from the date they are granted.

On exercise of the Options, Shares in the capital of the Company will rank equally with the existing Shares on issue.

The use of the funds raised:	No funds will be raised by the grant of the Options.
Voting exclusion statement:	In the Notice of Meeting

The information required to be given to Shareholders for the purposes of **Resolution 20**, being the approval of the proposed issue of Options to Factotum under Listing Rules 7.1 is set out below.

Name of person being issued the Options:	Factotum Capital Pty Ltd ACN 088 779 935. Factotum is not a related party or Shareholder of the Company.
Maximum number of securities to be issued:	1,750,000 Options to Factotum.
Issue Date:	The Options will be issued within 5 Business Days after the date of the Meeting (and in any event within 3 months of the date of the Meeting).
Issue Price:	1,750,000 Options are being issued to Factotum in consideration for Factotum's entry into the Factotum Loan Agreement.
Terms of Securities:	The terms of the Options are set out in Section 4.5. The Options will have an exercise price of \$0.35 and will expire 18 months from the date they are granted. On exercise of the Options, Shares in the capital of the Company will rank equally with the existing Shares on issue.
The use of the funds raised:	No funds will be raised by the grant of the Options.
Voting exclusion statement	In the Notice of Meeting

4.5 The terms of the Options the subject of Resolutions 19 and 20

A summary of the terms of the Options the subject of Resolutions 19 and 20 is set out below.

1. **Exercise Period:** Period of 18 months from the date the Options are granted (both inclusive).
2. **Exercise Parcels:** Whole or in parcels of 10,000 Options.
3. **Exercise Price:** \$0.35.
4. **Exercise Rights:** Each Option entitles the Option holder or its nominee to acquire 1 Share in the capital of the Company on the payment of the Exercise Price.
5. **Expiry Date:** 18 months from the date the Options are granted.
6. The rights of an option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital, at the time of the reorganisation.

7. An Option does not grant the Option holder any rights to participate in any new issues without exercising the Option.
8. There are no rights to change the Exercise Price of the Options or the underlying securities over which the Options can be exercised, except as set out in the terms below.
9. If the Company makes a pro rata issue, the Exercise Price will be reduced according to the following formula in Listing Rule 6.22.2.

$$O' = O - \frac{E [P - (S + D)]}{N + 1}$$

O'= the new exercise price of the Option.

O= the old exercise price of the Option.

E= the number of underlying Shares into which one Option is exercisable.

P= the volume weighted average market price per Share, calculated over the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S= the subscription price for a Share under the pro rata issue.

D= the dividend due but not yet paid on the existing *underlying securities (except those to be issued under the pro rata issue).

N= the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

10. If the Company makes a bonus issue, the number of Shares over which an Option is exercisable will be increased in accordance with Listing Rule 6.22.3 by the number of Shares which the Option holder would have received if the Option had been exercised immediately prior to the date on which the entitlements are ascertained for the holders of Shares to participate in the bonus issue.
11. In any consolidation or sub-division of capital the number of Options must be consolidated (or sub-divided as the case may be) in the same ratio as the consolidation or sub-division of Shares and the Exercise Price must be amended in inverse proportion to that ratio.
12. In any return of capital the number of Options must remain the same and the Exercise Price must be reduced by the same amount as the amount returned in relation to each Share.
13. In any other case such as a pro rata cancellation of capital, the number of Options or the Exercise Price or both must be reorganised so that the option holder will not receive a benefit that holders of the Shares do not receive.

Annexure A – Summary of terms of SEQ Employee Incentive Plan (EIP)

Term	Summary
<i>Eligible Participants</i>	A person who is a full-time or permanent part-time employee or officer, or director of Sequoia Financial Group Limited (the Company) or any related body corporate of the Company (Employee) is eligible to receive an Award under the EIP.
<i>Types of Awards that may be issued under the EIP</i>	The Company may, at the discretion of the Board, offer and issue Awards to Employees. Awards can be an Option, a Performance Right, a Service Right, a Deferred Share Award, an Exempt Share Award, a Cash Right or a Stock Appreciation Right.
<i>Option</i>	An option to acquire a fully paid ordinary share (Share) upon payment of a specified exercise price and satisfaction of specified vesting conditions.
<i>Performance Right</i>	A right to acquire a Share, which right is issued for nil exercise price with certain specified vesting conditions
<i>Service Right</i>	A right to acquire a Share for nil exercise price upon the satisfaction of vesting conditions which relate only to the continued employment of the Employee.
<i>Deferred Share Award</i>	A Share issued to an Employee who elects to receive Shares in lieu of any wages, salary, director's fees or other remuneration, or by the Company in its discretion in addition to their wages, salary and remuneration, or in lieu of any discretionary cash bonus or other incentive payment, and that may be forfeited if vesting conditions are not satisfied.
<i>Exempt Share Award</i>	A Share issued for no consideration or at an issue price which is a discount to the Market Price with the intention that up to \$1,000 (or such other amount which is exempted from tax under the Tax Act from time to time) of the total value or discount received by each Employee will be exempt from tax.
<i>Cash Right</i>	A right to be issued a cash payment for nil exercise price upon the satisfaction of specified vesting conditions.
<i>Stock Appreciation Right</i>	<p>A right designated as a Stock Appreciation Right. Upon exercise of a Stock Appreciation Right, and unless the Board determines otherwise, the participant exercising the Stock Appreciation Right shall be entitled to receive payment from the Company determined on the basis of the difference between the Fair Market Value on the date of exercise of the Stock Appreciation Right and the Fair Market Value on the date of grant of the Stock Appreciation Right, adjusted as necessary for changes to the Company's capital structure.</p> <p>At the discretion of the Board, the payment upon exercise of a Stock Appreciation Right may be in cash, in Shares of equivalent value, or in some combination of cash and Shares.</p>

<i>Restricted Awards (restrictions on transfer)</i>	<p>Unless an offer of an Award specifies otherwise, an Option, Performance Right, Service Right, Cash Right and Stock Appreciation Rights are Restricted Awards until they are exercised or expire.</p> <p>A holder must not sell, transfer, mortgage, pledge, charge, grant security over or otherwise dispose of any Restricted Awards, or agree to do any of those things, during the Restriction Period. The Restriction Period means the period during which Awards, or Shares issued on exercise of Awards, must not be sold or disposed of.</p>
<i>Restriction Period for Deferred Share Awards</i>	<p>Unless a different Restriction Period is specified in an offer, the Restriction Period for Deferred Share Awards will expire on the earlier of:</p> <ul style="list-style-type: none"> (a) when a Participant ceases employment within the meaning of section 83A-330 of the Tax Act; (b) when there is no risk of forfeiting the Share and there is no restriction on disposing of the Share; and (c) 15 years from the date of issue of the Shares.
<i>Restriction Period for Exempt Share Awards</i>	<p>The Restriction Period for Exempt Share Awards will expire on the earlier of:</p> <ul style="list-style-type: none"> (a) 3 years from the date of issue of the Shares (or such other period as may be required for tax exemption under Subdivision 83A-B of the Tax Act); and (b) the time when a Participant ceases employment within the meaning of section 83A-330 of the Tax Act
<i>Limit of offers under EIP</i>	<p>An Offer of Awards in reliance on ASIC Class Order 14/1000 must, at the time of making the offer, have reasonable grounds to believe that the number of underlying eligible Awards in a class of underlying Shares that form part of the issued capital of the Company that have been or may be issued in any of the circumstances covered by (a) and (b) will not exceed 5% of the total number of underlying Shares in that class on issue:</p> <ul style="list-style-type: none"> (a) underlying Shares that may be issued under the offer; (b) underlying Shares issued or that may be issued as a result of offers made at any time during the previous 3-year period under: (c) an employee incentive scheme covered by ASIC Class Order 14/1000; or (d) an ASIC exempt arrangement of a similar kind to an employee incentive scheme. <p>In no circumstances will Awards be granted under the EIP if it is an issue of securities that combined with all other employee share scheme interests outstanding would exceed 15% of the Company's then outstanding issued capital.</p>

<p><i>Vesting Conditions</i></p> <p><i>(applies to all Awards, including Options and Performance Rights)</i></p>	<p>Awards can specify whether Vesting Conditions apply and the Vesting Dates. The Awards held by a holder will vest in and become exercisable by that holder upon the satisfaction of any Vesting Conditions specified in the offer and in accordance with the EIP. Vesting Conditions may be waived at the absolute discretion of the Board (unless such waiver is excluded by the terms of the Award).</p> <p>Vesting Conditions means any conditions described in the offer that must be satisfied before an Award can be exercised or before an Award (or Share issued under an Award) is no longer subject to forfeiture.</p> <p>Vesting Date means the date on which an Award is exercisable or is no longer subject to forfeiture following satisfaction of any Vesting Conditions.</p>
<p><i>Consequence of a Takeover</i></p> <p><i>(applies to all Awards, including Options and Performance Rights)</i></p>	<p>If a takeover bid is made to acquire all of the issued Shares of the Company, or a scheme of arrangement, selective capital reduction or other transaction is initiated which has an effect similar to a full takeover bid for Shares in the Company, then holders are entitled to accept the takeover bid or participate in the other transaction in respect of all or part of their Awards other than Exempt Share Awards notwithstanding that the Restriction Period in respect of such Awards has not expired. The Board may, in its discretion, waive unsatisfied Vesting Conditions in relation to some or all Awards in the event of such a takeover or other transaction.</p>
<p><i>Consequence of a Change of Control</i></p> <p><i>(applies to all Awards, including Options and Performance Rights)</i></p>	<p>On the occurrence of a Change of Control, the Board will determine, in its sole and absolute discretion, the manner in which all unvested and vested Awards will be dealt with.</p> <p>Change of Control means, in relation to the Company, either:</p> <ul style="list-style-type: none"> (a) any person, either alone or together with any associate (as defined in the Corporations Act), who did not have a relevant interest (as defined in the Corporations Act) in more than 50% of the issued Shares in the Company, acquires a relevant interest in more than 50% of the issued Shares in the Company; or (b) the Board concludes that there has been a change in the Control of the Company.
<p><i>Awards may be cash settled</i></p>	<p>If the Board determines that for a taxation, legal, regulatory or compliance reason it is not appropriate to issue or transfer Shares, the Company may in lieu and final satisfaction of the Company's obligation to issue or transfer Shares as required upon the exercise of an Award by a holder, make a cash payment to the holder equivalent to the Fair Market Value as at the date of exercise of the Award (less any unpaid exercise price applicable to the exercise of the Award) multiplied by the relevant number of Shares required to be issued or transferred to the holder upon exercise of the Award.</p>
<p><i>Rights attaching to Shares</i></p>	<p>The Shares issued under the EIP will upon allotment:</p> <ul style="list-style-type: none"> • be credited as fully paid;

	<ul style="list-style-type: none"> • rank equally for dividends and other entitlements where the record date is on or after the date of allotment, but will carry no right to receive any dividend or entitlement where the record date is before the date of allotment; and • be subject to any restrictions imposed under the EIP, and • otherwise rank equally with the existing issued Shares at the time of allotment. <p>A holder will have a vested and indefeasible entitlement to any dividends declared and distributed by the Company on EIP Shares which, at the books closing date for determining entitlement to those dividends, are standing to the account of the holder.</p> <p>The holder may participate in any dividend reinvestment plan operated by the Company in respect of EIP Shares held by the holder and such participation must be in respect of all EIP Shares held by the holder. Shares issued under any dividend reinvestment plan operated by the Company will not be subject to any restrictions on dealing.</p> <p>A holder may exercise any voting rights attaching to EIP Shares registered in the holder's name.</p>
<i>Consequence of Death</i> <i>(applies to all Awards, including Options and Performance Rights)</i>	<p>If a holder of an Award dies before the end of the Restriction Period or prior to the Vesting Date, the Vesting Conditions and any Restriction Periods applicable to all Awards will cease to apply.</p>
<i>No participation in new issues unless exercised</i> <i>(applies to all Awards, including Options and Performance Rights)</i>	<p>A Participant is not entitled to participate in a new issue of Shares or other securities made by the Company to holders of its Shares without exercising the Awards before the record date for the relevant issue.</p>
<i>Adjustment if bonus issue</i>	<p>If, prior to the exercise of an Award, the Company makes a pro-rata bonus issue to the holders of its Shares, and the Award is not exercised prior to the record date in respect of that bonus issue, the Award will, when exercised, entitle the holder to one Share plus the number of bonus shares which would have been issued to the holder if the Award had been exercised prior to the record date.</p>
<i>Adjustment if reorganisation</i>	<p>If, prior to the exercise of an Award, the Company undergoes a reorganisation of capital (other than by way of a bonus issue or issue for cash) the terms of the Awards of the holder will be changed to the</p>

<i>(applies to all Awards, including Options and Performance Rights)</i>	extent necessary to comply with the Listing Rules as they apply at the relevant time.
<i>Effect on Employee entitlements</i>	<p>Participation in the EIP does not affect an Employee's terms of employment or appointment with the Company. In particular, participation in the Plan does not detract from any right the Company may have to terminate the employment or appointment of an Employee.</p> <p>Participation in the Plan, or the issuing of any Awards, does not form part of the Employee's remuneration for the purposes of determining payments in lieu of notice of termination of employment, severance payments, leave entitlements, or any other compensation payable to an Employee upon the termination of employment.</p>

Annexure B – Independent Expert’s Report



SEQUOIA FINANCIAL GROUP LIMITED

Financial Services Guide and Independent Expert's Report

9 October 2017

For the purposes of Listing Rule 10.1, we have concluded that the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of Sequoia

FINANCIAL SERVICE GUIDE

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, PO Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("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 or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact Details

You may contact us using the details set out at the top of our letterhead on page 1 of this report.

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9 October 2017

The Directors
Sequoia Financial Group Limited
Level 4, 4 Collins Street
Melbourne VIC 3000

By email

Dear Directors,

INDEPENDENT EXPERT'S REPORT

1. Introduction

- 1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of Annual General Meeting and Explanatory Memorandum to be provided to shareholders for an Annual General Meeting of Sequoia Financial Group Limited ("Sequoia" or "the Company") to be held on or around 30 November 2017, at which shareholder approval will be sought for a number of resolutions, including as set out below:

Resolution 16: Approval of the InterPrac Limited ("InterPrac") Acquisition for the purposes of Listing Rule 10.1 and section 208 of the Corporations Act

"That subject to the passing of Resolutions 17 and 18, and for the purposes of Listing Rule 10.1 and section 208 of the Corporations Act and all other purposes, approval is given for the purchase of 100% of the shares of InterPrac Limited pursuant to the terms of the InterPrac Share Purchase Agreement as set out in the Explanatory Memorandum."

Resolution 17: Approval of the issue of 10,461,500 Consideration Shares to the Related Party Vendors for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act

"That subject to the passing of Resolutions 16 and 18, and for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act and all other purposes, approval is given for the Company to issue a total of 10,461,500 Consideration Shares at a price of \$0.30 per Share to the Related Party Vendors pursuant to the terms of the InterPrac Share Purchase Agreement as set out in the Explanatory Memorandum."

Resolution 18: Approval of the issue of 32,315,500 Consideration Shares to the Non Related Party Vendors

"That subject to the passing of Resolutions 16 and 17, and for the purposes of Listing Rule 7.1 and all other purposes, approval is given for the Company to issue 32,315,500 Consideration Shares at a price of \$0.30 per Share to the Non Related Party Vendors pursuant to the terms of the InterPrac Share Purchase Agreement as set out in the Explanatory Memorandum."

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RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

- 1.2 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether Resolution 16 is fair and reasonable to shareholders not associated with the InterPrac Acquisition ("Non-Associated Shareholders"). We have had regard to Regulatory Guide 111 Content of Experts Reports ("RG 111"), in our assessment of the fairness and reasonableness of the proposed acquisition of InterPrac (the "Proposed Transaction").
- 1.3 Our assessment of the fairness and reasonableness of Resolution 16 will be impacted by the approval of Resolution 17 and Resolution 18, as set out above. We have therefore assumed that Resolutions 16 to 18 are approved when evaluating whether the Proposed Transaction is, as a whole, fair and reasonable to Non-Associated Shareholders.
- 1.4 The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

2. Summary and Conclusion

Opinion

- 2.1 In our opinion, and for the reasons set out in Sections 10 and 11 of this Report, the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of Sequoia.

Approach

- 2.2 ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to a related party, a substantial shareholder in the entity or any of its associates without the approval of holders of the entity's ordinary securities.
- 2.3 Mr Garry Crole is a director of both Sequoia and InterPrac Limited ("InterPrac"), and is also a vendor of InterPrac.
- 2.4 An asset is considered substantial "if its value; or the value of the consideration for it is, or in the ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to the ASX". Under the Proposed Transaction, Mr Crole (and his associates) will receive 10,461,500 Shares in Sequoia, representing greater than 5% of the Company's equity interests.
- 2.5 The Sequoia Shares issued to Mr Crole carry the same terms as the Consideration to be issued to all InterPrac shareholders under the Proposed Transaction. In accordance with RG 111.57, a proposed related party transaction is "fair" if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity.
- 2.6 Therefore we have considered whether or not the Proposed Transaction is "fair" to the Non-Associated Shareholders by assessing and comparing:
- the Market Value of the Consideration Shares ("Financial Benefit"); compared to
 - the Market Value of a 100% equity interest in InterPrac.
- 2.7 We have considered whether the Proposed Transaction is "reasonable" to the Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transaction.
- 2.8 Further information of the approach we have employed in assessing whether the Proposed Transaction is "fair and reasonable" is set out at Section 7 of this Report.

Fairness

- 2.9 Our assessed values of the Financial Benefit and the Market Value of a 100% interest in InterPrac is summarised in the table and figure below.

Proposed Transaction fairness assessment	Low	High	Preferred
Market Value of one (1) Sequoia Share (\$)	0.30	0.32	0.31
Number of Consideration Shares (thousands)	42,777	42,777	42,777
Financial Benefit (\$000s)	12,833	13,689	13,261
Market Value of 100% interest in InterPrac (\$000s)	13,075	13,915	13,495

Table 1: Valuation summary

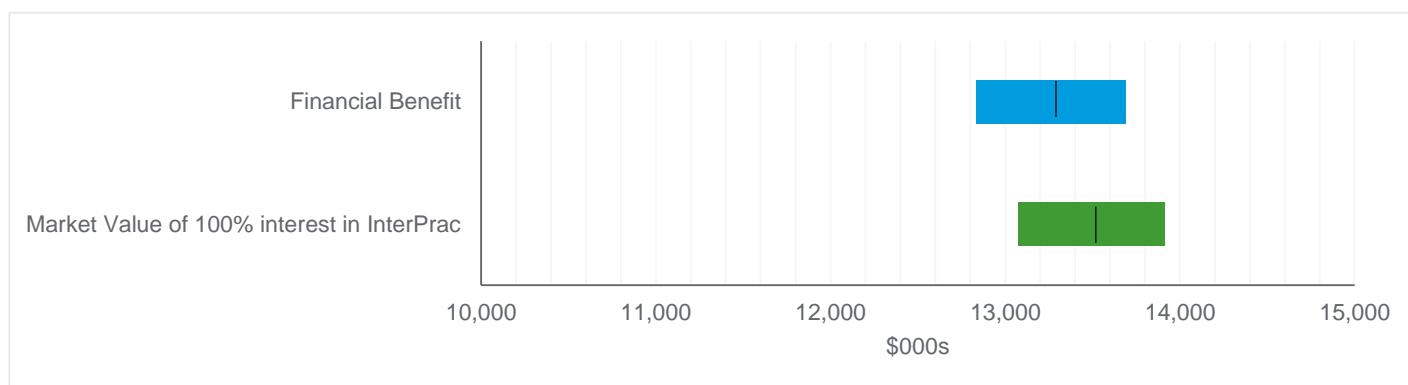


Figure 1: Valuation summary graphical representation

- 2.10 In accordance with the guidance set out in ASIC RG 111 and in the absence of any other relevant information, for the purposes of complying with ASX Listing Rule 10.1, we consider the Proposed Transaction to be **fair** to the Non-Associated Shareholders of Sequoia as the Market Value of the Financial Benefit (Consideration Shares), is less than the Market Value of a 100% equity interest in InterPrac.

Reasonableness

- 2.11 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:
- the future prospects of Sequoia if the Proposed Transaction does not proceed;
 - the trading of Sequoia shares following the announcement of the Proposed Transaction; and
 - other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.
- 2.12 If the Proposed Transaction does not proceed, the board of directors will continue to seek alternative assets or businesses to add value to Shareholders.
- 2.13 The key advantages of the Proposed transaction are:
- the Proposed Transaction is fair;
 - InterPrac's operations are complementary to the existing business of the Company;
 - the Company will benefit through the continued involvement of InterPrac's joint managing directors, Garry Crole and Brent Jones;
 - the Proposed Transaction is not funded by cash;
 - the potential to enhance Shareholder value through the bolt-on acquisition of InterPrac, a business relatively comparable in size to Sequoia;
 - operational savings identified as a result of implementing shared infrastructure costs, office space, administration expenses and personnel resources;
 - access to other clients through cross-selling opportunities as a result of the combination of the Sequoia and InterPrac businesses; and
 - the VWAP of Sequoia shares traded in the period after the announcement of the Proposed Transaction on 19 June 2017 to 6 October 2017 was \$0.33, 14% and 3% higher than the 10 and 120 day VWAP of shares traded prior to the announcement, of \$0.29 and \$0.32, respectively. There is a risk that Sequoia's share price will decline in the event that the Proposed Transaction is not approved.
- 2.14 The key disadvantages of the Proposed Transaction are:
- dilution of Non-Associated Shareholders' interests in the Company from 98% prior to the Proposed Transaction, to 57% immediately post the Proposed Transaction;

- key employee risk as the directors consider that InterPrac's financial performance is dependent on its current joint managing directors, Garry Crole and Brent Jones. If either was unable or unwilling to continue to operate InterPrac, Sequoia considers that InterPrac's financial performance would be adversely impacted. The Company has mitigated the risk by entering into 3 year employment agreements with each of Garry Crole and Brent Jones with 12 month notice provisions; and
- whilst InterPrac is an established operating business, there is no guarantee that the increase in scale and forecast growth prospects will translate to future economic benefits to Non-Associated Shareholders of the Company.

- 2.15 We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders of Sequoia at this time.
- 2.16 In our opinion, the position of the Non-Associated Shareholders of Sequoia if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of Sequoia.

3. Summary of the Proposed Transaction

Overview

- 3.1 On 19 June 2017, Sequoia announced that the Company had entered into a binding term sheet to acquire 100% of the issued share capital of InterPrac.
- 3.2 Sequoia has executed a share purchase agreement ("Share Purchase Agreement") on 9 October 2017 to acquire 100% of the issued share capital of InterPrac from the shareholders of InterPrac (each a "Vendor" and collectively, "the Vendors").
- 3.3 As consideration for the Proposed Transaction, the Vendors will be issued with an aggregate of 42,777,000 fully paid ordinary shares in Sequoia ("Consideration Shares") at an issue price of \$0.30 per Share ("Issue Price"). No cash will be paid as consideration.
- 3.4 The Consideration Shares will comprise of 10,461,500 Shares to be issued to Mr Garry Crole (and his associates), a current shareholder and director of Sequoia, and current joint managing director of InterPrac, with the remaining 32,315,500 Consideration Shares issued to the other non-associated InterPrac Vendors.
- 3.5 Following the Proposed Transaction, InterPrac is expected to become a wholly-owned subsidiary of Sequoia.

Key conditions of the Proposed Transaction

- 3.6 The key terms and conditions of the Proposed Transaction are set out in further detail at section 3 of the Explanatory Memorandum. Completion of the Proposed Transaction is subject to and conditional upon a number of conditions precedent, including:
- Sequoia obtaining an Independent Expert's Report on the Proposed Transaction concluding that that the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders or is deemed by the Independent Directors of Sequoia, in their absolute discretion, to be satisfactory;
 - approval from the Shareholders of Sequoia and InterPrac;
 - approval of third parties that, in Sequoia's or InterPrac's opinion, are required in connection with the Proposed Transaction;
 - there being no material and adverse change to the respective businesses of InterPrac or Sequoia since 19 June 2017; and
 - the two managing directors of InterPrac, Garry Crole and Brent Jones, are provided with employment agreements, either continuing with InterPrac or new agreements with Sequoia, on the same or similar commencement terms to their current arrangements, each with three year terms with a 12 month notice period by the executive, non-compete and non-poach terms, and linked to performance and responsibility agreement.

Impact of Proposed Transaction on Sequoia's Capital Structure

3.7 The table below sets out a summary of the capital structure of Sequoia prior to and immediately following the Proposed Transaction.

	Prior to Proposed Transaction		Post Proposed Transaction	
Shares on issue:				
Non-Associated Shareholders	59,088,525	98%	59,088,525	57%
Mr Garry Crole and associates (Related Party Vendors)	940,000	2%	11,401,500	11%
Other Vendors	-	0%	32,315,500	31%
Total Shares on issue	60,028,525	100%	102,805,525	100%

Table 2: Share structure of Sequoia prior to and immediately following the Proposed Transaction

4. Scope of the Report

ASX Listing Rules

- 4.1 ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, a substantial shareholder, a related party or any of its associates without the approval of holders of the entity's ordinary securities.
- 4.2 Section 228 of the Corporations Act states that related parties include, inter alia, controlling entities, directors and their spouses, relatives of directors and spouses, and parties who had been a related party in the previous six months. Mr Crole is a director of both Sequoia and InterPrac. Therefore, for the purposes of the ASX Listing Rules, Mr Crole (and InterPrac) are related parties of the Company.
- 4.3 An asset is considered substantial "if its value; or the value of the consideration for it is, or in the ASX's opinion is 5% or more of the equity interest of the entity as set out in the latest financial statements given to the ASX".
- 4.4 Sequoia disclosed net assets of \$10.2 million and \$9.8 million as at 30 June 2017, and currently has 60.0 million shares on issue. Mr Crole (and his associates) will receive 10,461,500 Consideration Shares, representing greater than 5% of the Company's equity interests.
- 4.5 ASX Listing Rule 10.10 states that the notice for the shareholders' meeting required under ASX Listing Rule 10.1 must include a report on the transaction from an independent expert. The report must state whether, in the expert's opinion, the transaction is fair and reasonable to the Non-Associated Shareholders.
- 4.6 Accordingly, Sequoia is to hold a meeting of its Shareholders where it will seek approval for the Proposed Transaction, and the Company has engaged RSM, to prepare a report which sets out our opinion as to whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

Basis of Evaluation

- 4.7 In determining whether the Proposed Transaction is "fair and reasonable" we have given regard to the views expressed by the ASIC in RG 111.
- 4.8 RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.
- 4.9 RG 111 states that the expert's report should focus on:
 - the issues facing the security holders for whom the report is being prepared; and
 - the substance of the transaction rather than the legal mechanism used to achieve it.

- 4.10 RG 111.57 states that a proposed related party transaction is "fair" if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- 4.11 RG 111.58 states that where a proposed related party transaction consists of an asset acquisition by the entity, it is "fair" if the value of the financial benefit being offered by the entity to the related party is equal or less than the value of the assets being acquired.
- 4.12 RG 111 states that in relation to related party transactions, the expert's assessment of fair and reasonable should not be applied on a composite test – that is, there should be a separate assessment of whether the transaction is "fair and reasonable" as in a control transaction.
- 4.13 Consistent with the guidelines in RG 111, in assessing whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, the analysis undertaken is as follows:
- whether the Financial Benefit is equal to or less than the Market Value of a 100% equity interest in InterPrac, being the assessment of fairness; and
 - a review of other significant factors which Non-Associated Shareholders might consider prior to approving the Proposed Transaction, being the assessment of reasonableness.
- 4.14 As the Related Party Vendors are not acquiring a controlling interest in Sequoia, we have assessed the value of the Financial Benefit as the Market Value of a Sequoia Share on a non-controlling interest basis, multiplied by the number of Consideration Shares to be issued to the Related Party Vendors.
- 4.15 As Sequoia is acquiring a 100% equity interest in InterPrac, we have assessed the Market Value of InterPrac on a controlling basis.
- 4.16 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

5. Profile of Sequoia Financial Group Limited

Background

- 5.1 Sequoia is an Australian financial services company which was listed on the ASX on 19 September 2000.
- 5.2 The Company is a diversified and integrated financial services company providing products and services to self-directed retail and wholesale clients and those of third party professional service firms.
- 5.3 The Company is headquartered in Sydney, New South Wales, with an office in Melbourne, Victoria.
- 5.4 Sequoia is organised into seven operating segments. The principal products and services of each operating segments are as follows:
 - *Trading and Execution*
Provision of execution only, online trade services.
 - *Software Subscriptions*
Provision of financial market data and analysis tools for sophisticated investors.
 - *Capital Markets Advisory*
Provision of capital markets advice and related services.
 - *SMSF Administration*
Provision of complete market solutions for SMSF.
 - *Wealth Advisory*
Provision of client advisory services.
 - *Investment Solutions*
Provision of bespoke investment products.
 - *Finance News Services*
Provision of financial news services.
- 5.5 All products and services are provided predominantly to customers in Australia.
- 5.6 Sequoia's current directors are:
 - b) Michael Carter (Non-Executive Chairman);
 - c) Scott Beeton (Managing Director / CEO);
 - d) Marcel Collignon (Executive Director); and
 - e) Garry Crole (Non-Executive Director).

Financial information

- 5.7 The information in the following section provides a summary of the financial performance and financial position of Sequoia, extracted from the audited financial statements for the three years ended 30 June 2017.

Financial performance

5.8 The table below sets out Sequoia's consolidated financial performance for the three years ended 30 June 2017 (FY15, FY16 and FY17).

Sequoia Financial performance \$000s	FY15 Audited	FY16 Audited	FY17 Audited
Revenue	21,406	22,981	44,365
Data fees	(575)	(1,139)	(1,642)
Dealing and settlement	(2,099)	(6,498)	(10,562)
Payments to investors	(9,690)	(3,965)	(4,784)
Commission and hedging	(4,774)	(4,128)	(16,412)
Employee benefits	(2,815)	(4,103)	(6,598)
Occupancy	(307)	(379)	(482)
Administrative	(2,337)	(1,863)	(2,388)
Total expenses	(22,597)	(22,077)	(42,868)
EBITDA	(1,191)	903	1,497
<i>EBITDA margin</i>	-6%	4%	3%
Depreciation, amortisation and impairment	(17,131)	(161)	(235)
EBIT	(18,322)	742	1,262
<i>EBIT margin</i>	-86%	3%	3%

Source: Annual Reports

Table 3: Financial performance of Sequoia

5.9 The table below sets out Sequoia's revenue by operating segment for FY15, FY16 and FY17.

Sequoia Revenue breakdown \$000s	FY15 Audited	FY16 Audited	FY17 Audited
Trading and Execution	1,856	8,266	10,946
Software Subscriptions	685	1,292	1,241
Capital Markets Advisory	(282)	701	2,490
SMSF Administration	1,765	1,885	2,148
Wealth Advisory	1,401	1,520	2,936
Investment Solutions	16,346	8,723	23,126
Financial News Services	-	523	1,348
Other	(363)	71	130
Total revenue	21,406	22,981	44,365

Source: Annual Reports

Table 4: Revenue breakdown of Sequoia

- 5.10 Sequoia derives the majority of its revenue from Trading and Execution, Wealth Advisory and Investment Solutions, comprising 25%, 7% and 52% of total revenue for FY17, respectively.
- 5.11 Trading and Execution revenue increased by \$6.4 million from FY15 to total \$8.3 million for FY16, and increased by a further \$2.7 million from FY16 to \$10.9 million for FY17. Sequoia's wholly-owned subsidiary, D2MX Pty Ltd ("D2MX"), provides third-party stock broking execution solutions to AFSL holders. Investment in a third party software application has allowed D2MX's wholesale clients to offer a more customised solution to their customers, resulting in an overall increase in revenue and market recognition for D2MX's services.
- 5.12 Sequoia disclosed Capital Markets Advisory revenue of \$701,000 and \$2.5 million for FY16 and FY17, respectively, a reflection of the increase in exclusive mandates won.
- 5.13 Investment Solutions revenue decreased by \$7.6 million to total \$8.7 million in FY16 compared to \$16.3 million in FY15 due primarily to overall reduction in subscribers for the investment products offered during FY16.

- 5.14 Investment Solutions revenue increased by \$14.4 million to total \$23.1 million for FY17. The large increase was due primarily to a change in investment products offered, which was more popular amongst subscribers, as well as Sequoia marketing its products to its wholesale network.
- 5.15 Sequoia recorded positive earnings at the EBITDA level of \$903,000 in FY16, following the acquisition of Sequoia Wealth Group Pty Ltd in October 2015. EBITDA increased to \$1.5 million for FY17 due primarily to the overall increase in total revenue arising from the above acquisition. Sequoia disclosed EBITDA margins of 4% and 3% for FY16 and FY17, respectively.
- 5.16 Sequoia recorded losses at the EBIT level of \$18.3 million in FY15, due primarily to impairment losses of \$16.9 million recognised in FY15. The impairment losses primarily comprised one-off write downs of goodwill associated with the reverse takeover of the Company (then MDS Financial Group Limited) by Sequoia Financial Group Ltd in January 2015.
- 5.17 Sequoia disclosed earnings at the EBIT level of \$1.3 million for FY17 compared to \$742,000 for FY16.

Financial position

5.18 The table sets out the audited consolidated financial position of Sequoia as at 30 June 2015, 30 June 2016 and 30 June 2017.

Sequoia Financial Position \$000s	As at 30-Jun-15 Audited	As at 30-Jun-16 Audited	As at 30-Jun-17 Audited
Assets			
Current assets			
Cash and cash equivalents	614	813	6,177
Trade and other receivables	2,582	1,595	1,621
Derivative financial instruments	5,390	883	5,976
Other assets	4,341	3,027	8,933
Total current assets	12,927	6,318	22,708
Non-current assets			
Derivative financial instruments	5,500	5,279	19,335
Financial assets	1,213	1,837	1,426
Plant and equipment	30	155	268
Intangibles	7,655	8,813	8,719
Other assets	7,170	6,032	12,652
Total non-current assets	21,569	22,115	42,400
Total assets	34,496	28,433	65,107
Liabilities			
Current liabilities			
Trade and other payables	4,182	2,275	4,424
Borrowings	-	2,060	273
Derivative financial instruments	5,390	883	5,976
Employee benefits	268	370	457
Other liabilities	5,120	3,416	9,785
Total current liabilities	14,960	9,005	20,916
Non-current liabilities			
Borrowings	1,860	-	1,428
Derivative financial instruments	5,500	5,279	19,335
Employee benefits	13	33	31
Other liabilities	5,508	4,822	13,196
Total non-current liabilities	12,881	10,133	33,990
Total liabilities	27,841	19,138	54,905
Net assets	6,655	9,295	10,202
Equity			
Contributed equity	24,766	26,724	26,724
Reserves	(483)	177	408
Accumulated losses	(17,628)	(17,670)	(17,006)
Non-controlling interest	-	64	76
Total equity	6,655	9,295	10,202

Source: Annual Reports

Table 5: Historical financial position of Sequoia

5.19 At 30 June 2017, the Company disclosed net assets of \$10.2 million compared to \$9.3 million at 30 June 2016. The increase is due primarily to net profits disclosed for FY16 and FY17.

5.20 The derivative financial instruments assets and liabilities represent hedging instruments held to hedge Sequoia's exposure to fluctuations in the value of its investment and loan products. The hedge assets are selected so that the fair value of the hedged liabilities equates to the fair value of the hedged assets and loans.

- 5.21 Other assets (current) comprises of deferred costs of \$7.5 million, bonds of \$1.3 million, and prepayments of \$165,000 as at 30 June 2017. Deferred costs represent the recognition of deferred option premium expenses. The bonds of \$1.3 million mature on 17 March 2018.
- 5.22 At 30 June 2017, other assets (non-current) totalling \$12.7 million primarily comprised of deferred costs of \$6.7 million and deferred tax assets of \$5.7 million.
- 5.23 Non-current financial assets represent Sequoia's investment in listed and non-listed entities.
- 5.24 At 30 June 2017, other liabilities (current) comprised deferred revenue of \$8.9 million and current tax liabilities of \$850,000. Deferred revenue represents fees paid in advance for customer subscriptions and investment solutions.
- 5.25 Other liabilities (non-current) comprised of deferred revenue of \$8.7 million and deferred tax liabilities of \$4.5 million.
- 5.26 Sequoia disclosed net tangible assets of \$482,000 and \$1.5 million at 30 June 2016 and 30 June 2017, respectively.
- 5.27 Intangible assets totalling \$8.7 million at 30 June 2017 primarily consisted of goodwill of \$8.6 million. The balance of intangible assets is represented by Sequoia's website, customer list and regulator memberships and licenses of \$17,000, \$59,000 and \$36,000, respectively.
- 5.28 The below sets out the composition of goodwill by operating segment as at 30 June 2017.

Sequoia Goodwill composition \$000s	As at 30-Jun-17 Audited
Investment Solutions	5,162
SMSF Administration	1,689
Software Subscriptions	531
Wealth Advisory	675
Finance News Services	551
Total goodwill	8,607

Table 6: Sequoia goodwill composition

Capital structure

5.29 As at the date of this Report, Sequoia had 60,028,525 ordinary shares on issue, with the top 20 shareholders representing 62.2% of the total issued capital. The list of the top 20 shareholders are set out below.

Rank	Name	Number	% of Units
1	BEETON ENTERPRISES PTY LTD <THE SCOTT & SALLY BEETON A/C>	10,896,184	18.2%
2	VISTA INVESTMENTS (NSW) PTY LTD	4,079,824	6.8%
3	PAMELA BEETON INVESTMENT PTY LTD	3,586,063	6.0%
4	MR PETER STIRLING + MRS ROS STIRLING	2,237,500	3.7%
5	HENRY MORGAN LIMITED	1,804,534	3.0%
6	MORRIS INVESTMENTS PTY LTD	1,562,500	2.6%
7	AUST EXECUTOR TRUSTEES LTD <KENTGROVE CAPITAL FUND>	1,500,000	2.5%
8	KALI GANDAKI INVESTMENTS PTY LTD <KALI GANDAKI INVESTMENTS A/C>	1,491,908	2.5%
9	COJONES PTY LTD <JONES FAMILY NO 2 A/C>	1,047,066	1.7%
10	SOPHAT PTY LTD <MATOPHIE SUPER FUND A/C>	1,000,100	1.7%
11	MR GARRY CROLE VIA TOTAL LEGEND SUPER P/L <TOTAL LEGEND SUPER A/C> and MRS MARINA CROLE	940,000	1.6%
12	BENJAMIN HORNIGOLD LIMITED	937,500	1.6%
13	J P MORGAN NOMINEES AUSTRALIA LIMITED	937,500	1.6%
14	INTERASIA FINANCIAL PLANNING PTY LTD	910,500	1.5%
15	VONETTA PTY LTD <TRBC S/F A/C>	793,238	1.3%
16	NATIONAL NOMINEES LIMITED	781,251	1.3%
17	BURATU PTY LTD <CONNOLLY SUPER FUND A/C>	750,000	1.2%
18	MANLY LANE PTY LTD <SCOTT & SALLY BEETON SUP A/C>	740,155	1.2%
19	VALUEAD PTY LTD	734,450	1.2%
20	MOONAH CAPITAL PTY LTD	625,000	1.0%
Totals: Top 20 shareholders		37,355,273	62.2%
Total remaining shareholders		22,673,252	37.8%
Total number of shares on issue		60,028,525	100.0%

Table 7: Sequoia capital structure

5.30 Sequoia had 48,798,775 ordinary shares on issue as at 30 June 2017.

5.31 Between 4 September 2017 to 25 September 2017, the Company issued a further 11,229,750 new ordinary shares in relation to the following:

- 9,667,250 shares issued to professional and sophisticated investors to raise \$3.1 million at \$0.32 per share, before costs of the share placements; and
- the issue of 1,562,500 shares at \$0.32 per share to acquire Morrison Securities Pty Ltd ("Morrison") on 18 September 2017, an Australian private company providing execution, clearing and settlement solutions to retail and wholesale clients via an online trading platform. The consideration paid to acquire Morrison comprised both cash and the 1,562,500 in new ordinary shares.

Share price performance

5.32 A summary of Sequoia's recent share price movements are set out below.

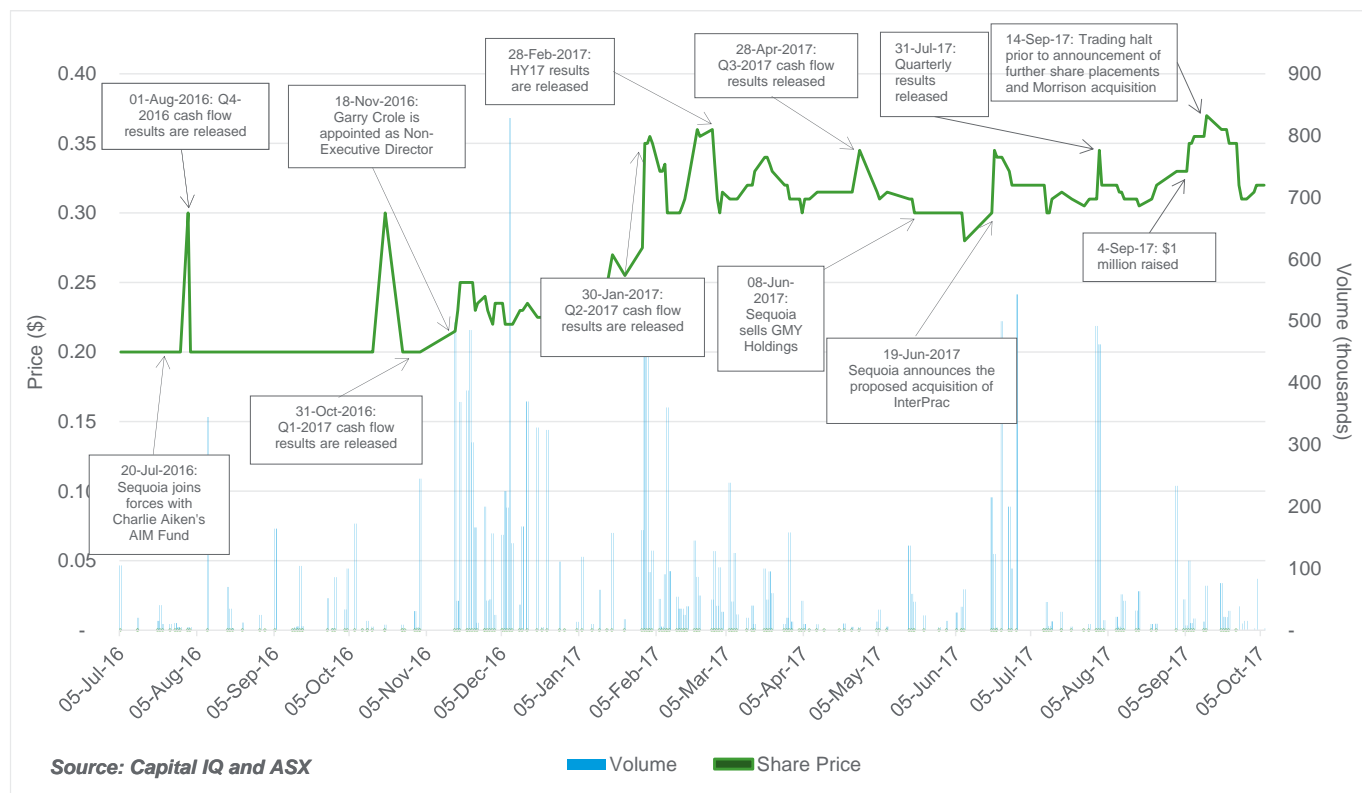


Figure 2: Sequoia's share trading history

5.33 We make the following comments with regard to the Company's recent share price performance:

- On 20 July 2016, Sequoia entered into an exclusive agreement with Charlie Aitken's AIM Fund to provide retail investors with exposure to the wholesale only fund. Sequoia's share price increased from \$0.20 to \$0.30 between 20 July 2016 and 1 August 2016.
- On 1 August 2016, Sequoia released its fourth quarter consolidated statement of cash flows for FY16. Sequoia disclosed a negative net operating cash flow of \$1.3 million. The share price decreased from \$0.30 to \$0.20.
- On 31 October 2016, Sequoia released its first quarter consolidated statement of cash flows for FY17. Sequoia disclosed positive net operating cash flow of \$527,000. The share price increased from \$0.20 to \$0.23 between 31 October 2016 and 14 November 2016.
- On 18 November 2016, Garry Crole was appointed as Non-Executive Director. Garry holds director roles at numerous ASX-listed companies and is a current director of InterPrac.
- On 30 January 2017, Sequoia released its second quarter consolidated statement of cash flows for FY17. Sequoia disclosed a positive net operating cash flow of \$586,000. The share price increased from \$0.28 to \$0.35 between 30 January 2017 and 31 January 2017.
- On 28 February 2017, Sequoia released its HY17 results. Sequoia disclosed a profit after tax of \$481,000 for the six months ended 31 December 2016, compared with \$3,000 for the six months ended 31 December 2016.
- On 28 April 2017, Sequoia released its third quarter consolidated statement of cash flows for FY17. Sequoia disclosed a positive net operating cash flow of \$516,000. The share price increased from \$0.28 to \$0.35 between 30 January 2017 and 31 January 2017.
- On 8 June 2017, Sequoia realised \$466,000 from the sale of its 100% equity interest in Goldfields Money Limited (ASX: GMY).

- On 19 June 2017, Sequoia announced the proposed acquisition of InterPrac. The share price increased from \$0.30 to \$0.35 between 19 June 2017 and 20 June 2017, and thereafter traded at a low of \$0.30 to a high of \$0.37 to 6 October 2017.
- On 4 September 2017, Sequoia announced the issue of 3,394,750 new ordinary shares to professional and sophisticated investors at \$0.32 per share to raise \$1.1 million.
- On 14 September 2017, the Company requested a trading halt pending the announcement of a further capital raise and a potential acquisition by the Company.
- On 19 September 2017, Sequoia announced the acquisition of Morrison as well as a share placement to raise a further \$1.9 million at \$0.32 per share as set out in paragraph 5.31 above, with a further \$60,000 raised on 25 September 2017, also at \$0.32 per share. The funds raised in September totalling \$3.1 million (before costs of the capital raising), will be used to partially fund the acquisition of Morrison, and to maintain working capital and strengthen the Company's balance sheet to ensure that Sequoia meets the capital requirements for clearing activities.
- The Company also announced that it had secured a further \$2.9 million in debt funding on 12 month terms.

6. Profile of InterPrac Limited

Background

- 6.1 InterPrac is a financial planning and financial services company with a network of authorised representatives comprising financial planners operating throughout Australia.
- 6.2 InterPrac is an unlisted public company and was incorporated on 11 May 2001.
- 6.3 InterPrac operates from South Melbourne, Victoria.
- 6.4 InterPrac supports accounting firms and provides a range of financial services in the following areas:
 - *Financial planning*
Provision of financial planning advice.
 - *Vehicle and equipment finance*
Provision of finance broking services for accountants and their clients.
 - *Property and business loans*
Provision of mortgage and business loans to accountants and their clients.
 - *General insurance*
Primary Manager of the National Tax and Accountants' Association's ("NTAA") Professional Indemnity Insurance scheme. The general insurance division also provides office insurance and audit insurance cover for accounting practices.
 - *Life insurance and superannuation*
Provision of life insurance and superannuation advice to accounting practices.
 - *Self-managed super fund (SMSF) administration*
Provision of back office and SMSF administration, audit and actuarial certificates to NTAA members.

6.5 InterPrac's group structure is set out below.

InterPrac entities	Percentage ownership	Type
InterPrac Ltd	n/a	Parent
InterPrac Mortgage Management Pty Ltd	100%	Operating
InterPrac Finance Services Pty Ltd (holder of an Australian Credit Licence)	100%	Operating
InterPrac Securities Pty Ltd	100%	Operating
SMSF Engine Pty Ltd	100%	Operating
Sage Capital Group Pty Ltd	100%	Operating
InterPrac Financial Planning Pty Ltd (holder of an AFSL)	100%	Operating
InterPrac General Insurance Pty Ltd	90%	Operating
InvestorFirst Pty Ltd	100%	Non-operating
Investor1st Pty Ltd	100%	Non-operating
Property Engine Pty Ltd	100%	Non-operating

Source: *InterPrac management*

Table 8: InterPrac group structure

6.6 InterPrac's current directors are:

- Roger Craig Cotton (Non-Executive Chairman);
- Garry Peter Crole (Joint Managing Director);
- Brent David Jones (Joint Managing Director and Secretary); and
- Kevin James Pattison (Non-Executive Director).

Financial information

- 6.7 InterPrac Ltd and InterPrac Financial Planning Pty Ltd prepare audited financial statements on a standalone basis. InterPrac Ltd is not required to prepare consolidated audited financial statements. However, consolidated accounts are prepared for management reporting purposes.
- 6.8 The information in the following section provides a summary of the consolidated financial performance and consolidated financial position of InterPrac, extracted from the unaudited financial statements for the three years ended 30 June 2017.

Financial performance

6.9 The table below sets out InterPrac's unaudited consolidated financial performance for FY15, FY16 and FY17.

InterPrac Consolidated financial performance \$000s	FY15 Unaudited	FY16 Unaudited	FY17 Unaudited
Corporate revenue	1,935	2,014	1,918
Financial planning revenue	8,736	12,473	19,091
Other revenue	1,808	2,174	1,615
Total revenue	12,479	16,660	22,625
Employee benefits expense	(1,686)	(2,410)	(3,013)
Royalties and commission	(7,310)	(10,371)	(16,133)
Rent expenses	(188)	(189)	(267)
Other expenses	(1,596)	(1,324)	(1,453)
Total expenses	(10,781)	(14,294)	(20,866)
EBITDA	1,699	2,366	1,759
<i>EBITDA margin</i>	<i>14%</i>	<i>14%</i>	<i>8%</i>
Depreciation and amortisation	(132)	(159)	(281)
EBIT	1,567	2,207	1,478
<i>EBIT margin</i>	<i>13%</i>	<i>13%</i>	<i>7%</i>

Source: Management accounts

Table 9: Financial performance of InterPrac

- 6.10 Corporate revenue represents fees derived from the management of NTAA's corporate business. Corporate revenue remained relatively consistent at circa \$2 million for FY15, FY16 and FY17.
- 6.11 Financial planning revenue increased by \$3.7 million to \$12.5 million from FY15 to FY16, and by \$6.6 million to \$19.1 million for FY17, reflecting an increase in market demand for InterPrac's services.
- 6.12 Other revenue includes revenue derived from the provision of leasing, mortgage, SMSF, securities and other investment services, as well as income derived from InterPrac's investments in listed share portfolios.
- 6.13 Employee benefits expense as a percentage of total revenue remained relatively consistent from FY15 to FY17, representing circa 13% of total revenue.
- 6.14 Royalties and commission expense represents the remuneration paid to financial planners in respect of financial planning revenue generated. Royalties and commission expense increased from \$10.4 million in FY16 to \$16.1 million for FY17. This is primarily due to an increase in financial planner headcount and the corresponding increase in revenue.
- 6.15 InterPrac disclosed a consistent EBIT margin of 13% for FY15 and FY16, respectively. EBIT margin decreased to 7% in FY17. This is primarily due to the increase in royalties and commission expenses relative to total revenue in FY17.
- 6.16 InterPrac disclosed earnings at the EBIT level of \$2.2 million and \$1.5 million for FY16 and FY17, respectively.

Financial position

6.17 The table below sets out a summary of the unaudited consolidated financial position of InterPrac as at 30 June 2015, 30 June 2016 and 30 June 2017.

InterPrac Consolidated financial position \$000s	As at 30-Jun-15 Unaudited	As at 30-Jun-16 Unaudited	As at 30-Jun-17 Unaudited
Assets			
Current Assets			
Cash	1,017	1,304	857
Receivables	1,287	1,776	2,609
Inventory	27	30	11
Other assets	227	333	340
Current tax assets	-	-	303
Total Current Assets	2,558	3,443	4,120
Non Current Assets			
Financial Assets	1,118	2,345	1,847
Property Plant and Equipment	164	283	242
Intangible Assets	2,206	2,501	3,270
Deferred Tax Assets	14	14	14
Total Non-Current Assets	3,502	5,143	5,373
Total Assets	6,060	8,586	9,493
Liabilities			
Current Liabilities			
Payables	1,146	2,004	2,851
Current Tax Liabilities	89	210	-
Provisions	130	186	237
Total Current Liabilities	1,365	2,400	3,088
Non-current Liabilities			
Interest Bearing Liabilities	54	29	132
Total Non-Current Liabilities	54	29	132
Total Liabilities	1,419	2,429	3,220
Net Assets	4,641	6,157	6,273
Equity			
Issued Shares	1,509	1,509	532
Retained Earnings	2,031	2,925	4,422
Current Year Earnings	1,101	1,723	1,319
Total Equity	4,641	6,157	6,273

Source: Management accounts

Table 10: Financial position of InterPrac

- 6.18 Net assets increased by \$116,000 from 30 June 2016 to 30 June 2017. This was represented by \$1.1 million profit after tax for FY17, offset by a \$977,000 decrease in issued shares as a result of a share buy-back during May 2017.
- 6.19 At 30 June 2017, InterPrac disclosed \$1.85 million of financial assets, primarily comprising investments in listed share portfolios held by Sage Capital Group Pty Ltd of \$1.3 million, InterPrac Financial Planning Pty Ltd of \$185,000 and InterPrac Limited of \$324,000.
- 6.20 Intangible assets as at 30 June 2017 primarily comprised goodwill, computer software and customer lists totalling \$1.5 million, \$920,000 and \$530,000, respectively.

7. Valuation Approach

Valuation methodologies

- 7.1 In assessing the Market Value of the Financial Benefit compared to the Market Value of a 100% interest in InterPrac, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow (“DCF”) method and the estimated realisable value of any surplus assets;
 - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
 - the amount which would be available for distribution on an orderly realisation of assets;
 - the quoted price for listed securities; and
 - any recent genuine offers received.
- 7.2 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

- 7.3 Market based methods estimate the Market Value by considering the market value of a company’s securities or the market value of comparable companies. Market based methods include;
- the quoted price for listed securities; and
 - industry specific methods.
- 7.4 The recent quoted price for listed securities method provides evidence of the fair market value of a company’s securities where they are publicly traded in an informed and liquid market.
- 7.5 Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income based methods

- 7.6 Income based methods estimate value by calculating the present value of a company’s estimated future stream of earnings or cash flows. Income based methods include:
- Capitalisation of maintainable earnings; and
 - Discounted cash flow methods.
- 7.7 The capitalisation of earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings (“FME”) of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.
- 7.8 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company’s cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

Asset based methods

- 7.9 Asset based methodologies estimate the Market Value of a company’s securities based on the realisable value of its identifiable net assets. Asset based methods include:
- orderly realisation of assets method;
 - liquidation of assets method; and

- net assets on a going concern basis.

- 7.10 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 7.11 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame.
- 7.12 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

Selection of Valuation Methodologies

Valuation of the Financial Benefit

- 7.13 In assessing the Market Value of a Sequoia share prior to the Proposed Transaction we have utilised the Capitalisation of FME as our primary methodology. In our opinion, it is the most appropriate methodology for the following reasons:
- the Company does not prepare budgets or forecasts for a forecast period exceeding 12 months;
 - the Company has generated profits for FY16 and FY17; and
 - there are adequate publicly listed companies with sufficiently similar operations as Sequoia to provide meaningful analysis.
- 7.14 We have also utilised the quoted market price methodology as a secondary valuation methodology. Sequoia's shares are listed on the ASX which means there is a regulated and observable market for its shares. However, consideration must be paid to adequate liquidity and activity in order to rely on the quoted market price method.
- 7.15 Notwithstanding the low liquidity of Sequoia's shares (discussed in further detail in section 8), we have utilised the quoted market price as our secondary methodology in valuing a Sequoia share.

Valuation of InterPrac (on a controlling basis)

- 7.16 In assessing the Market Value of InterPrac prior to the Proposed Transaction we have utilised the Capitalisation of FME as our primary methodology. In our opinion, it is the most appropriate methodology for the following reasons:
- InterPrac has historically generated reasonably consistent earnings; and
 - there are adequate publicly listed companies with sufficiently similar operations as InterPrac to provide meaningful analysis.

8. Valuation of a Sequoia share (on a non-controlling basis)

- 8.1 As stated at Section 7, we have assessed the Market Value of a Sequoia share using the Capitalisation of FME methodology and have also considered the quoted price of its listed securities. Both valuations have been assessed on a non-controlling basis on the basis that the Related Party Vendors will be acquiring a minority interest in Sequoia.

Capitalisation of FME methodology

- 8.2 The table below sets out our assessment of value of a Sequoia share on a non-controlling basis.

Sequoia Valuation under the capitalisation of FME methodology	Low \$000s	High \$000s	Preferred \$000s
FME (assessed at the EBIT level)	2,100	2,100	2,100
Assessed EBIT multiple	6.25	6.75	6.50
Enterprise Value (non-controlling basis)	13,125	14,175	13,650
Add net cash	4,900	4,900	4,900
Equity Value (non-controlling interest)	18,025	19,075	18,550
Shares on issue (number)	60,029	60,029	60,029
Value per share (non-controlling interest) (\$)	0.30	0.32	0.31

Table 11: Valuation of a Sequoia share (FME methodology)

- 8.3 We have assessed the Market Value of a Sequoia share (on a non-controlling interest) to be in the range of \$0.30 and \$0.32, with a preferred valuation at the midpoint of \$0.31.
- 8.4 We have considered and determined the following variables when assessing the value of Sequoia share:
- future maintainable earnings;
 - appropriate Capitalisation Multiple;
 - current level of net cash/debt;
 - working capital requirements; and
 - value of surplus assets.

Future maintainable earnings

- 8.5 We have adopted EBIT as an appropriate measure of FME because multiples based on EBIT are less sensitive to different financing structures and effective tax rates than multiples based on other earnings measures such as profit before tax or net profit after tax. In our opinion, this approach allows a better comparison with earnings multiples of other companies.
- 8.6 In assessing the Sequoia's FME, we have considered the following:
- Sequoia's audited financial performance for FY15, FY16 and FY17;
 - our review of Management's budgeted financial performance for the year ending 30 June 2018, prepared for internal reporting purposes;
 - our review of abnormal or non-recurring income statement items and other normalisation adjustments;
 - our review of the historical performance and growth trend in Sequoia's revenue and earnings;
 - the market conditions and outlook of the industry Sequoia operates in; and
 - our discussions with Management regarding the Company's assessed level of a more stable level of earnings after the completion of its restructuring activities during FY15 and FY16.
- 8.7 On the above basis, we have adopted a future maintainable EBIT of \$2.1 million having regard to Sequoia's overall growth in earnings for FY16 and FY17.

Capitalisation Multiple

- 8.8 In selecting an appropriate EBIT multiple to value Sequoia, we have considered the trading multiples of publicly listed companies whose operations are sufficiently comparable to Sequoia.
- 8.9 The table below summarises the historical and forecast EBIT multiples of publicly listed comparable companies. A brief description of each comparable company is set out in Appendix E.

In millions (A\$) Comparable companies	Country	Net Assets \$m	Turnover \$m	EBIT \$m	Forecast EBIT \$m	Market Cap. \$m	Enterprise Value \$m	Ratios Historical EV/EBIT	Forecast EV/EBIT
Legg Mason, Inc.	United States	6,097	3,884	646	736	4,460	7,156	11.1	9.7
Cohen & Steers, Inc.	United States	437	477	190	206	2,247	1,989	10.5	9.7
Waddell & Reed Financial, Inc.	United States	1,137	1,524	289	266	1,963	1,071	3.7	4.0
Diamond Hill Investment Group, Inc.	United States	246	187	86	-	833	644	7.4	-
Guardian Capital Group Limited	Canada	611	150	49	-	697	670	13.8	-
Sequoia Financial Group Limited	Australia	10	44	1	-	21	17	12.7	-
Fiducian Group Limited	Australia	28	41	11	17	136	126	11.5	7.3
Countplus Limited	Australia	58	120	7	-	74	83	11.2	-
EQT Holdings Limited	Australia	245	80	26	33	367	324	12.6	9.9
Spring FG Limited	Australia	17	12	2	-	27	25	15.2	-
Yellow Brick Road Holdings Limited	Australia	73	220	15	-	41	44	2.9	-
Average (all)								10.2	8.1
Median (all)								11.2	9.7
Min (all)								2.9	4.0
Max (all)								15.2	9.9

Source: Capital IQ and RSM analysis

Table 12: Sequoia summary of comparable companies

- 8.10 In relation to the above trading multiples, we note that share prices of listed companies represent the market value of those companies on a non-controlling basis.
- 8.11 Using a comparable EBIT multiple of 10 times, we consider an appropriate EBIT multiple for Sequoia to be in the range of 6.25 times to 6.75 times, as calculated below.

Sequoia Assessed capitalisation multiple	Low	High	Preferred
Comparable listed EBIT multiple on a non-controlling basis	10.00	10.00	10.00
Implied discount for size factors	(37.5%)	(32.5%)	(35.0%)
Assessed EBIT multiple	6.25	6.75	6.50

Table 13: Sequoia assessed EBIT multiple

- 8.12 In calculating the appropriate EBIT multiple for Sequoia, we considered that Sequoia is significantly smaller than the majority of publicly listed comparable companies with respect to revenue and EBIT, with the exception of Fiducian Group Limited ("Fiducian"), EQT Holdings Limited and Spring FG Limited.
- 8.13 We have assessed Sequoia's discount for size and other risk factors to be in the range of 32.5% to 37.5%.
- 8.14 As a cross-check, we have had particular regard to the forecast EBIT multiple of 7.3 times disclosed by Fiducian in our assessment of an appropriate multiple to be applied to Sequoia.

- 8.15 Fiducian disclosed total revenue and EBIT of circa \$41 million and \$11 million, respectively as at the date of this Report. Whilst still larger and more profitable than Sequoia's current operations, we consider that a smaller discount for size would be applicable when utilising Fiducian as a comparable listed entity to Sequoia. The preferred multiple of 6.5 as set out in the table above represents an 11% discount to Fiducian's forecast EBIT multiple of 7.3.

Working capital requirements

- 8.16 At 30 June 2017, Sequoia recognised total deferred revenue of \$17.6 million. Deferred revenue represents fees paid in advance for customer subscriptions and investment solutions and forms a normal part of Sequoia's operations.
- 8.17 We have undertaken a review of the Company's historical working capital requirements and movements in operating cash flows.
- 8.18 Based on the above, we consider Sequoia's working capital at 30 June 2017 to be reflective of Sequoia's current normal working capital requirements.

Net debt / Net cash

- 8.19 As we are valuing a share in Sequoia, the valuation should reflect the value of the underlying business, and its capital and financing structure. Because we have adopted EBIT which excludes the impact of the business's debt structure as the FME measure, Sequoia's net debt or net cash is therefore deducted from or added to Sequoia's Enterprise Value to arrive at the Equity Value.
- 8.20 As at 30 June 2017, Sequoia disclosed cash of \$6.2 million, bonds of \$1.3 million, and total borrowings of \$1.7 million, resulting in a net cash position of \$5.8 million at 30 June 2017.
- 8.21 However, as set out in paragraphs 5.31 and 5.32, Sequoia raised \$3.1 million in September 2017 and also secured a further \$2.9 million in debt funding on 12 month terms. At the date of this Report, Sequoia disclosed total cash of circa \$7.2 million, bonds of \$1.3 million and total borrowings of \$3.6 million. Accordingly, we consider the Company's net cash position to be \$4.9 million.
- 8.22 We have added the \$4.9 million in net cash to Sequoia's Enterprise Value to arrive at its Equity Value (on a non-controlling interest).

Assessment of surplus assets

- 8.23 If a company or business has assets that do not contribute to the operating cash flows of the core business, the value of these "surplus assets" (net of any realisation costs and tax payable on realisation) should be added to the value of the company or business determined using the earnings or cash flow methodology.
- 8.24 A review of the balance sheet has identified no surplus assets in Sequoia as at 30 June 2017. Therefore, no adjustment is necessary.

Quoted Price of Listed Securities (secondary method)

8.25 In order to provide a comparison and cross check to our valuation of Sequoia under the Capitalisation of FME methodology, we have considered the recent quoted market price for Sequoia shares on the ASX prior to the announcement of the Proposed Transaction.

Analysis of recent trading in Sequoia shares

8.26 The figure below sets out a summary of Sequoia's closing share price and volume of shares traded in the 12 months prior to the Proposed Transaction.

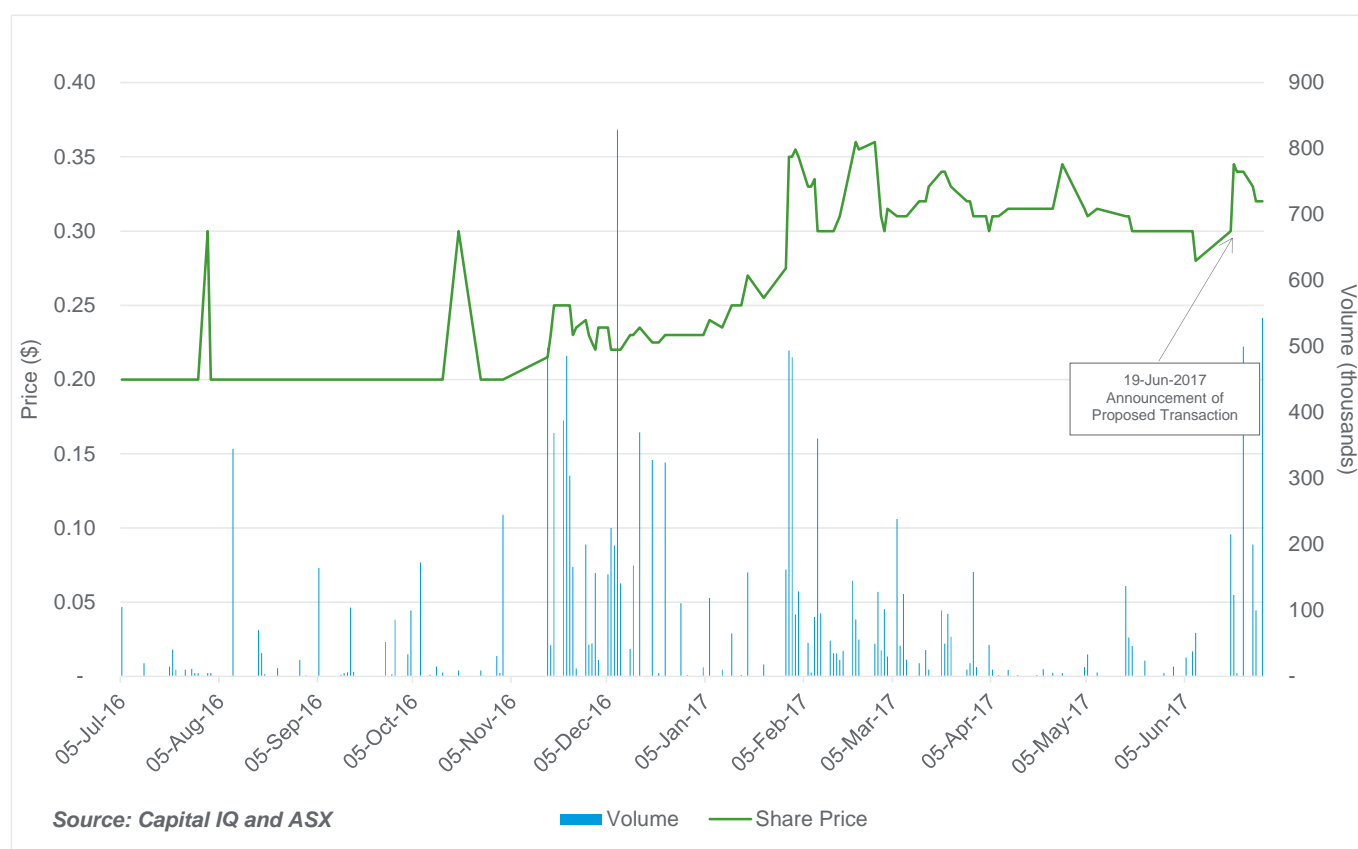


Figure 3: Sequoia daily closing share price and traded volumes

8.27 During the 12 month period prior to the announcement of the Proposed Transaction Sequoia's shares traded at between \$0.20 and \$0.36 per Share. Trade volumes peaked at 829,000 shares on 8 December 2016, but were rarely traded at greater than 1% of total volume on any given day.

8.28 RG 111.69 indicates that for the quoted market share price methodology to represent a reliable indicator of Market Value, there needs to be an active and liquid market for the securities. The following characteristics may be considered to be representative of a liquid and active market:

- regular trading in the company's securities;
- approximately 1% of a company's securities traded on a weekly basis;
- the bid/ask spread of a company's shares must not be so great that a single majority trade can significantly affect the market capitalisation of the company; and
- there are no significant but unexplained movements in the share price.

8.29 The Proposed Transaction was announced on 19 June 2017. To provide further analysis of the quoted market prices for Sequoia's shares, we have considered the VWAP over a number of trading day periods to 16 June 2017, being the last trading day prior to the announcement of the Proposed Transaction. An analysis of the volume in trading in Sequoia's shares for the 1, 10, 30, 60, 90, 120 and 180 day trading periods is set out in the following table.

Calendar days	Share price Low \$	Share price High \$	No. of days traded	Volume traded	Value traded \$	VWAP \$	Percentage of issued capital %
5 days	0.28	0.28	-	-	-	-	0.00%
10 days	0.28	0.30	2	103,900	29,850	0.29	0.21%
30 days	0.28	0.31	8	281,640	83,762	0.30	0.58%
60 days	0.28	0.35	16	495,270	150,354	0.30	1.01%
90 days	0.28	0.35	29	1,073,700	337,620	0.31	2.20%
120 days	0.28	0.36	45	2,253,880	722,110	0.32	4.62%
180 days	0.23	0.36	71	5,524,300	1,691,746	0.31	11.32%

Source: Capital IQ and RSM analysis

Table 14: Traded volumes of Sequoia shares to 16 June 2017

8.30 The table above indicates low volume and low liquidity in Sequoia shares immediately prior to the announcement of the Proposed Transaction. Over a 180 day trading period, circa 11% of the total shares on issue were traded. This is indicative of an inactive and illiquid market.

Value of Sequoia Share on a non-controlling basis

8.31 In our opinion, the weighted average share price of Sequoia over the last 120 days is the most reflective of the underlying value of a Sequoia Share. As such, we consider a range of values of between \$0.29 and \$0.32 (1 – 120 day VWAP) best reflects the quoted market price valuation of a Sequoia Share on a non-controlling basis prior to the Proposed Transaction.

Valuation summary and conclusion

8.32 A summary of our assessed values of an ordinary Sequoia Share on a non-controlling basis, derived under the two methodologies, is set out in the table below.

Market Value of one (1) Sequoia Share (non-controlling basis)	Low \$	High \$	Preferred \$
Capitalisation of FME methodology (primary method)	0.30	0.32	0.31
Quoted market price	0.29	0.32	0.31

Table 15: Summary of valuation methods

8.33 We note the following with regards to Sequoia's recent trading history:

- the liquidity of Sequoia shares has historically been relatively low. As set out in Table 14 above, only 4.6% of the Company's shares were traded in the 120 days prior to the announcement of the Proposed Transaction; and
- the bid/ask spread is often used to measure market efficiency. For the quarter ended 30 June 2017, the closing bid/ask spread of Sequoia averaged 6% of the mid-point price. On the basis that, over a comparable time period, all stocks trading on the ASX had an average bid/ask spread of 0.190%¹, we consider the bid/ask spread of Sequoia to be relatively large.

8.34 Notwithstanding the low liquidity of Sequoia's shares, we consider that:

- our assessment of the Market Value of a Sequoia Share (on a non-controlling interest) in the range of \$0.30 to \$0.32, with a preferred value of \$0.31, is reflective of Sequoia's share price prior to the announcement of the Proposed Transaction;

¹ Equity market data for the quarter ended 30 June 2017 – ASIC

- the overall increase in Sequoia's share price from circa \$0.23 at the beginning of 2017 to circa \$0.33 at the date of this Report, to be reflective of the market's positive reaction to Sequoia's overall growth in earnings disclosed over the 2017 financial year; and
- the recent capital raising conducted by Sequoia to raise \$3.1 million (before costs of the raising) at \$0.32 per share in September 2017 to be reflective of positive investor confidence in Sequoia's acquisition of Morrison and the proposed acquisition of InterPrac.

9. Valuation of InterPrac (on a controlling basis)

9.1 As stated at Section 7, we have assessed the Market Value of InterPrac prior to the Proposed Transaction using the Capitalisation of FME methodology. As Sequoia is acquiring 100% of the issued capital in InterPrac, the valuation has been assessed on a controlling interest basis.

Capitalisation of FME methodology

9.2 The table below sets out our assessment of InterPrac's equity value on a controlling interest basis.

InterPrac Valuation under the capitalisation of FME methodology	Low \$000s	High \$000s	Preferred \$000s
FME (assessed at the EBIT level)	1,400	1,400	1,400
Assessed EBIT multiple	6.25	6.75	6.50
Enterprise Value (non-controlling basis)	8,750	9,450	9,100
Control premium	20%	20%	20%
Enterprise Value (control basis)	10,500	11,340	10,920
Add: net cash	725	725	725
Add: surplus assets	1,850	1,850	1,850
Equity Value (100% interest)	13,075	13,915	13,495

Table 16: Valuation summary of InterPrac (FME methodology)

- 9.3 We have assessed the Market Value of InterPrac (on a controlling basis) to be in the range of \$13.1 million to \$13.9 million, with a preferred valuation at the midpoint of \$13.5 million.
- 9.4 We have considered and determined the following variables when assessing the value of InterPrac:
- future maintainable earnings;
 - appropriate Capitalisation Multiple;
 - current level of net cash/debt;
 - working capital requirements;
 - value of surplus assets; and
 - an appropriate premium for control.

Future maintainable earnings

- 9.5 Consistent with our valuation of a Sequoia share in Section 8, we have adopted EBIT as an appropriate measure of FME.
- 9.6 In assessing the InterPrac's FME, we have considered the following:
- InterPrac's unaudited consolidated financial performance for FY15, FY16 and FY17;
 - our review of InterPrac management's budgeted financial performance for the year ending 30 June 2018, prepared for internal reporting purposes;
 - our review of abnormal or non-recurring income statement items and other normalisation adjustments;

- our review of the historical performance and trend of InterPrac's revenue and earnings;
- the market conditions and outlook of the industry InterPrac operates in; and
- our discussions with Management.

- 9.7 As set out in paragraphs 9.27 to 9.29 below, at 30 June 2017, InterPrac disclosed a breakdown of investments in listed securities totalling \$1.85 million. The shares represent InterPrac's share portfolio that is reviewed annually, and is not part of the ordinary operations of InterPrac. On this basis, we have assessed this as a surplus asset.
- 9.8 To normalise earnings at the EBIT level, we have deducted the earnings attributable to the investments in listed securities as set out in the table below.

InterPrac Adjustments to EBIT \$000s	FY15 Unaudited	FY16 Unaudited	FY17 Unaudited
EBIT	1,567	2,207	1,478
Deduct earnings attributable to investments in listed securities	(351)	(882)	5
Adjusted EBIT	1,216	1,325	1,483

Table 17: Assessment of InterPrac's FME

- 9.9 Based on the above, we have adopted a future maintainable EBIT of \$1.4 million.

Capitalisation Multiple

- 9.10 In selecting an appropriate EBIT multiple to value InterPrac, we have considered the trading multiples of publicly listed companies whose operations are sufficiently comparable to InterPrac.
- 9.11 Consistent with the comparable companies utilised in our assessment of an appropriate EBIT multiple to be applied to Sequoia's FME, the table below summarises the historical and forecast EBIT multiples of publicly listed comparable companies. A brief description of each comparable company is set out in Appendix E.

In millions (A\$) Comparable companies	Country	Net Assets \$m	Turnover \$m	EBIT \$m	Forecast EBIT \$m	Market Cap. \$m	Enterprise Value \$m	Ratios Historical EV/EBIT	Forecast EV/EBIT
Legg Mason, Inc.	United States	6,097	3,884	646	736	4,460	7,156	11.1	9.7
Cohen & Steers, Inc.	United States	437	477	190	206	2,247	1,989	10.5	9.7
Waddell & Reed Financial, Inc.	United States	1,137	1,524	289	266	1,963	1,071	3.7	4.0
Diamond Hill Investment Group, Inc.	United States	246	187	86	-	833	644	7.4	-
Guardian Capital Group Limited	Canada	611	150	49	-	697	670	13.8	-
Sequoia Financial Group Limited	Australia	10	44	1	-	21	17	12.7	-
Fiducian Group Limited	Australia	28	41	11	17	136	126	11.5	7.3
Countplus Limited	Australia	58	120	7	-	74	83	11.2	-
EQT Holdings Limited	Australia	245	80	26	33	367	324	12.6	9.9
Spring FG Limited	Australia	17	12	2	-	27	25	15.2	-
Yellow Brick Road Holdings Limited	Australia	73	220	15	-	41	44	2.9	-
Average (all)								10.2	8.1
Median (all)								11.2	9.7
Min (all)								2.9	4.0
Max (all)								15.2	9.9

Source: Capital IQ and RSM analysis

Table 18: InterPrac summary of comparable companies EBIT multiples

- 9.12 In relation to the above trading multiples, we note that share prices of listed companies represent the market value of those companies on a non-controlling basis.
- 9.13 Based on our analysis, we consider the appropriate comparable EBIT multiple is 10 times.

- 9.14 Using a comparable EBIT multiple of 10 times, we consider an appropriate EBIT multiple for InterPrac to be in the range of 6.25 times to 6.75 times, calculated as below.

InterPrac Assessed capitalisation multiple	Low	High	Preferred
Comparable listed EBIT multiple on a non-controlling basis	10.00	10.00	10.00
Implied discount for size factors	(37.5%)	(32.5%)	(35.0%)
Assessed EBIT multiple	6.25	6.75	6.50

Table 19: InterPrac assessed EBIT multiple (non-controlling basis)

- 9.15 In calculating the appropriate EBIT multiple for InterPrac, we considered the following:

- InterPrac is significantly smaller than the majority of publicly listed comparable companies with respect to revenue and EBIT; and
- as a smaller business, InterPrac inherently carries greater risk as it has less diversified revenue streams, less geographic diversifications, lack economies of scale, relatively less efficient processes and systems, and limited access to debt and equity markets.

- 9.16 On the above basis, and having regard to the comparable size of InterPrac's operations with Sequoia, we have assessed InterPrac's discount for size and other risk factors to be in the range of 32.5% to 37.5%.

Control premium

- 9.17 Earnings multiples of listed companies do not reflect the market value of a controlling interest in the company as they are derived from market prices which usually represent the buying and selling of non-controlling portfolio holdings (small parcels of shares).
- 9.18 Premiums for control are considered to range from 15% to 25% for entities operating in the bank and diversified financials sector², which are applied at the equity value level.
- 9.19 On the above basis and having regard to gearing levels within the industry, we have adopted a control premium of 20% at the Enterprise Value level in our valuation of InterPrac.

Working capital requirements

- 9.20 As at 30 June 2017, InterPrac disclosed a positive working capital position of \$175,000 (calculated as receivables, inventory and other assets, less payables, current tax liabilities and provisions).
- 9.21 InterPrac disclosed a negative working capital position of \$261,000 at 30 June 2016, and a positive working capital position of \$176,000 at 30 June 2015.
- 9.22 Based on a review of monthly working capital requirements, we consider that InterPrac discloses working capital in the range of negative to positive working capital levels of circa \$150,000.
- 9.23 Based on the above, we consider InterPrac's working capital at 30 June 2017 to be reflective of normal working capital requirements.

Net debt / Net cash

- 9.24 The valuation of InterPrac should reflect the value of the underlying business, and its capital and financing structure. Because we have adopted EBIT which excludes the impact of the business's debt structure as the FME measure, InterPrac's net debt or net cash is therefore deducted from or added to InterPrac's Enterprise Value in arriving at its equity's Equity Value.
- 9.25 As at 30 June 2017, InterPrac disclosed cash and cash equivalents of \$857,000, related party loans receivable and borrowings of \$132,000, representing a net cash position of \$725,000 (rounded).
- 9.26 Accordingly, we have added the \$725,000 to InterPrac's Enterprise Value to arrive at its Equity Value.

² RSM Control Premium Study 2017

Assessment of surplus assets

- 9.27 If a company or business has assets that do not contribute to the operating cash flows of the core business, the value of these “surplus assets” (net of any realisation costs and tax payable on realisation) should be added to the value of the company or business determined using the earnings or cash flow methodology.
- 9.28 As set out in paragraph 6.19, at 30 June 2017, InterPrac disclosed a breakdown of investments in listed securities totalling \$1.85 million. The shares represent InterPrac’s share portfolio that is reviewed annually, and is not part of the ordinary operations of InterPrac. On this basis, we have assessed this as a surplus asset.
- 9.29 Accordingly, we have added the \$1,850,000 (rounded) of surplus assets to InterPrac’s Enterprise Value to arrive at its Equity Value.

10. Is the Proposed Transaction Fair to Sequoia Shareholders?

- 10.1 To determine whether the Proposed Transaction is “fair” to the Non-Associated Shareholders, we have compared:

- the Financial Benefit; to
- the Market Value of a 100% equity interest in InterPrac.

- 10.2 Our assessment is set out in the table and figure below.

Proposed Transaction fairness assessment	Low	High	Preferred
Market Value of one (1) Sequoia Share (\$)	0.30	0.32	0.31
Number of Consideration Shares (thousands)	42,777	42,777	42,777
Financial Benefit (\$000s)	12,833	13,689	13,261
Market Value of 100% interest in InterPrac (\$000s)	13,075	13,915	13,495

Table 20: Valuation summary

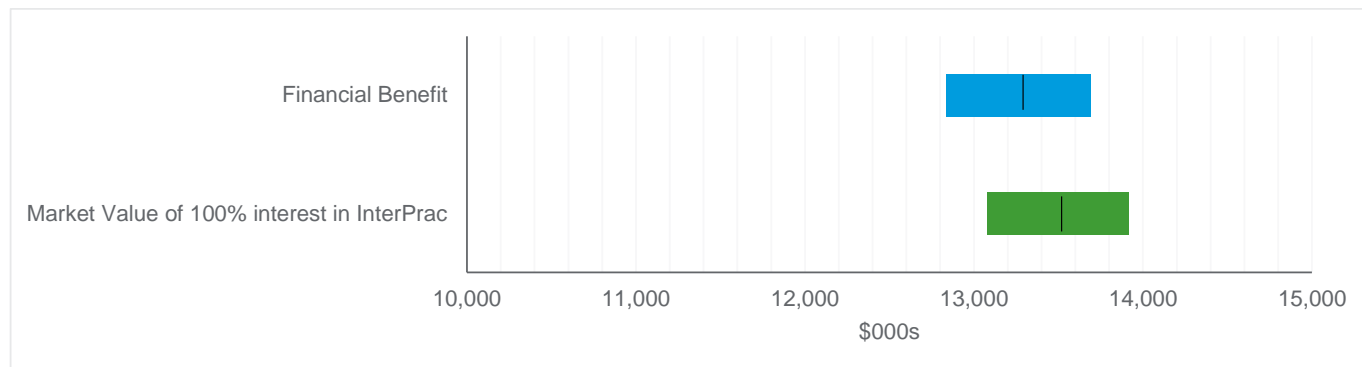


Figure 4: Valuation summary graphical representation

- 10.3 In accordance with the guidance set out in ASIC RG 111 and in the absence of any other relevant information, for the purposes of complying with ASX Listing Rule 10.1, we consider the Proposed Transaction to be **fair** to the Non-Associated Shareholders of Sequoia as the Market Value of the Financial Benefit (Consideration Shares), is less than the Market Value of a 100% equity interest in InterPrac.

11. Is the Proposed Transaction Reasonable?

11.1 RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- the future prospects of Sequoia if the Proposed Transaction does not proceed;
- the trading of Sequoia shares following the announcement of the Proposed Transaction; and
- other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Future prospects of Sequoia if the Proposed Transaction does not proceed

11.2 If the Proposed Transaction does not proceed then the Company intends to continue to develop the organic growth of its existing business and seek other strategic opportunities which can complement Sequoia's existing financial services offering.

Response of the Market to the Announcement of the Proposed Transaction

11.3 The chart below sets out the share price and volumes traded of Sequoia shares from the date of the announcement of the Proposed Transaction to 6 October 2017.

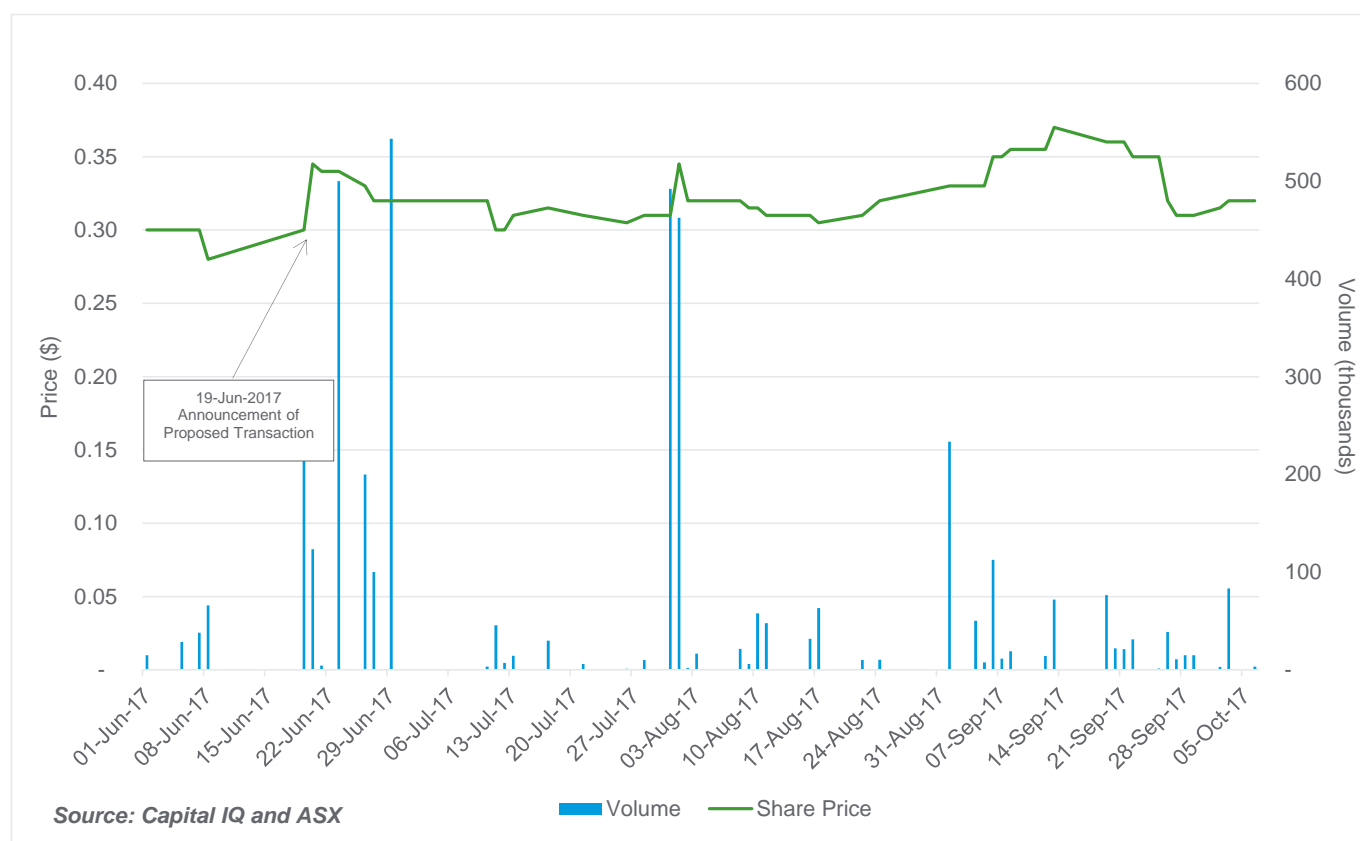


Figure 5: Sequoia post announcement share price volume chart

11.4 The table below sets out the VWAP of Sequoia's shares from the date of the announcement of the Proposed Transaction to 6 October 2017.

Calendar days from 19-Jun-17	Share price Low \$	Share price High \$	No. of days traded	Volume traded	Value traded \$	VWAP \$	Percentage of issued capital %
110 days	0.30	0.37	47	3,867,800	1,273,664	0.33	7.54%

Table 21: VWAP of Sequoia Shares after the announcement of the Proposed Transaction

11.5 Volume of shares traded remained low post the announcement of the Proposed Transaction. The VWAP of \$0.33 is 14% higher than the 10 day VWAP of \$0.29 and 3% higher than the 120 day VWAP of \$0.32 prior the announcement of the Proposed Transaction.

11.6 Notwithstanding the Company's low liquidity of shares traded, we consider that the market has reacted favourably to the announcement of the Proposed Transaction.

Advantages and disadvantages of approving the Proposed Transaction

11.7 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceed, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of approving the Proposed Transaction

- *The Proposed Transaction is fair*
- *InterPrac is complementary to the existing business of the Company*
The Proposed Transaction may provide the Company with internal and organic growth via expansion into complementary sections that enhance Sequoia's offering as an integrated financial services company.
- *Continued involvement of InterPrac's joint managing directors*
The Company will benefit through the continued involvement of InterPrac's joint managing directors, Garry Crole and Brent Jones.
- *Consideration for the Proposed Acquisition*
The Proposed Acquisition will be paid for by the issue of Consideration Shares, thereby eliminating a cash cost.
- *Potential to enhance Shareholder value*
Given the current low investor sentiment in small capitalised companies, it is expected that there is a greater likelihood of increasing Shareholder value through the bolt-on acquisition of InterPrac, a business relatively comparable in size to Sequoia.
- *Operational savings*
Significant operational savings have been identified with shared offices, administration expenses, personnel resources and infrastructure costs.
- *Access to other clients/synergies*
The combined group will be able to access cross-selling opportunities across the client and adviser bases of the current Sequoia and InterPrac businesses.
- *Risk of decrease in current share price*
The VWAP of Sequoia shares traded in the period after the announcement of the Proposed Transaction on 19 June 2017 to 6 October 2017 was \$0.33, 14% and 3% higher than the 10 and 120 day VWAP of shares traded prior to the announcement, of \$0.29 and \$0.32, respectively. There is a risk that Sequoia's share price will decline in the event that the Proposed Transaction is not approved.

Disadvantages of approving the Proposed Transaction

■ *Dilution on Non-Associated Shareholders*

The Proposed Transaction will result in the issue of the Consideration Shares to the Vendors. Current Non-Associated Shareholders' interest in the Company will be reduced from circa 98% to 57% immediately after the Proposed Transaction.

■ *Key employee risk*

InterPrac's performance is dependent on its joint managing directors Garry Crole and Brent Jones' decisions and actions. If either was unable or unwilling to continue to operate InterPrac, following the Proposed Acquisition, it is likely that this would have a negative impact on InterPrac. The Company has sought to mitigate this risk by entering into 3 year employment agreements with each of Garry Crole and Brent Jones with 12 month notice provisions.

■ *Operational risk*

Whilst InterPrac is an established operating business, there is no guarantee that the increase in scale and forecast growth prospects will translate to future economic benefits to Non-Associated Shareholders.

Alternative Proposals

- 11.8 We are not aware of any alternative proposal at the current time which might offer the Non-Associated Shareholders of Sequoia a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

- 11.9 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of Sequoia.
- 11.10 An individual Shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, Shareholders should consult an independent advisor.

Yours faithfully

RSM CORPORATE AUSTRALIA PTY LTD

G YATES



Director

J CROALL



Director



APPENDICES

A. DECLARATIONS AND DISCLAIMERS

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Mr Jason Croall and Mr Glyn Yates are directors of RSM Corporate Australia Pty Ltd. Both Mr Croall and Mr Yates are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and Management of Sequoia Financial Group Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Jason Croall, Glyn Yates, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM Australia Pty Ltd has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd is expected to receive a fee of approximately \$30,000 (excluding GST) based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless whether Sequoia Financial Group Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Annual General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd has been involved in the preparation of the Notice of Annual General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of Annual General Meeting and Explanatory Memorandum.

B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Draft and final copies of the Notice of Meeting;
- The audited consolidated financial statements for Sequoia for the three years ended 30 June 2017;
- The unaudited consolidated financial statements of InterPrac for the three years ended 30 June 2017;
- Sequoia and InterPrac budgets for the year ending 30 June 2018 prepared for internal reporting purposes;
- ASX announcements of Sequoia;
- S&P Capital IQ database; and
- Discussions with Management of Sequoia and InterPrac.

C. GLOSSARY OF TERMS

Term or Abbreviation	Definition
\$	Australian dollars
Act or Corporations Act	Corporations Act 2001 (Cth)
AFSL	Australian Financial Services License
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
Company or Sequoia	Sequoia Financial Group Limited
Consideration Shares	Ordinary shares in Sequoia to be issued to the Vendors of InterPrac to acquire a 100% equity interest in InterPrac
Control basis	As assessment of the Market Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held, and has the power to direct the management and policies of the entity
Directors	Directors of the Company
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBIT	Earnings before interest and tax
Enterprise Value (EV)	Market value of a business on a cash free basis
Equity	The owner's interest in a company after deduction of all liabilities
Equity Value	Market Value of the owner's interest in a company after the deduction of all liabilities
Explanatory Memorandum	The explanatory memorandum accompanying the Notice of Meeting
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FY15	Financial Year ended 30 June 2015
FY16	Financial Year ended 30 June 2016
FY17	Financial Year ended 30 June 2017
HY17	The Half Year period ended 31 December 2016
IER	This Independent Expert Report
InterPrac	InterPrac Limited
Management	The management of Sequoia
Market Value or Fair Value	The estimated amount for which an asset should exchange, on the date of valuation, between a willing buyer and a willing seller in an arms' length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion
Non-Associated Shareholders or Shareholders	Shareholders of Sequoia who are not a party, or associated to a party, to the Proposed Transaction
Non-controlling interest or minority interest	An assessment of the fair value of an equity interest, which assumes the holder or holders do not have control of the entity in which the equity is held
Notice of Meeting or NOM	The notice of annual general meeting to vote on, inter alia, the Proposed Transaction
NTAA	National Tax and Accountants' Association
Proposed Transaction	The proposed acquisition by Sequoia of a 100% equity interest in InterPrac contemplated in Resolutions 16, 17 and 18 of the Notice of Meeting
Report	This Independent Expert's Report prepared by RSM
Resolution	The resolutions set out in the Notice of Meeting
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RSM	RSM Corporate Australia Pty Ltd
S&P Capital IQ	An entity of Standard and Poor's which is a third party provider of company and other financial information
Share	Ordinary fully paid share in the capital of the Company
Shareholder	A holder of a Share in the Company
VWAP	Volume weighted average share price

D. INDUSTRY OVERVIEW

Sequoia operates in the Investment Banking and Securities Brokerage, and the Financial Planning and Investment Advice industries in Australia. A summary of these industries is set out below.

The Investment Banking and Securities Brokerage in Australia³

Firms in the Investment Banking and Securities Brokerage industry provide corporate finance and advisory, underwriting and principal trading services, and trading of stocks and other financial assets on a commission or transaction fee basis.

Industry revenue is expected to increase at an annualised rate of 5.9% over the five years through 2016-17, to reach an estimated \$5.8 billion. The industry benefitted from positive business confidence and stability in domestic equity markets as the fallout from the global financial crises subsided. Industry revenue from the investment banking side increased due to increases in mergers and acquisitions ("M&A") deal volumes and size. This was offset by increases in compliance costs and competition from online trading platforms on the industry's securities brokerage side.

Demand for the industry's products and services is influenced by:

- volume of M&A activity;
- corporate investment;
- volume of funds under management held by institutional investors; and
- economic and financial market conditions in Australia;

IBISWorld expects the industry to grow at an annualised 6.5% over the five years to 2021-22, to reach an estimated \$8.0 billion.

The key external drivers which can influence the industry are:

- number of stock market trades;
- All Ordinaries index;
- amount of equity capital raising;
- business confidence index; and
- the cash rate.

The key success factors which can influence the industry are:

- market research and understanding;
- having a high market profile;
- producing premium goods and services;
- providing a related range of goods and services; and
- a good reputation.

The Financial Planning and Investment Advice Industry in Australia⁴

Firms in the Financial Planning and Investment Advice industry provide financial planning and investment advice to clients.

Industry revenue is expected to grow at an annualised rate of 1.7% over the five years through 2016-17, to reach an estimated \$4.7 billion. As Australia recovered from the economic downturn and investors regained their confidence, demand for financial planning and investment advice increased. The industry's main concern over the past five years has been the uncertain regulatory environment due to the introduction of the Future of Financial Advice (FOFA) legislation in 2013.

³ IBISWorld Industry Report K6411a – Investment Banking and Securities Brokerage in Australia, October 2016

⁴ IBISWorld Industry Report K6419b – Financial Planning and Investment Advice in Australia, January 2017

Demand for the industry's products and services is influenced by:

- amount of funds being placed into superannuation funds;
- number of individuals seeking advice on superannuation matters;
- ageing population;
- superannuation legislation;
- household income available for investment; and
- financial literacy rates among consumers.

IBISWorld expects the industry to grow at an annualised 4.1% over the five years through 2021-22, to reach an estimated \$5.7 billion.

The key external drivers which can influence the industry are:

- high income earners;
- real household disposable income;
- All Ordinaries index; and
- Australian population aged 50 and older.

The key success factors which can influence the industry are:

- the ability to effectively communicate and negotiate;
- having a loyal customer base;
- market research and understanding;
- qualified work force; and
- compliance with licence requirements.

E. COMPARABLE COMPANIES

Comparable Companies	
Legg Mason, Inc.	Legg Mason, Inc. is a publicly owned asset management holding company. Through its subsidiaries, the firm provides investment management and related services to company-sponsored mutual funds and other investment vehicles including pension funds, foundations, endowments, sovereign wealth funds, insurance companies, private banks, family offices, individuals, as well as to global, institutional, and retail clients. It launches and manages equity, fixed income, and multi-asset customized portfolios through its subsidiaries. The firm also launches and manages mutual funds and exchange traded funds for its clients through its subsidiaries. It invests in private and public equity, fixed income, and multi asset markets across the globe through its subsidiaries. Through its subsidiaries, the firm also invests in alternative markets. It also employs a combination of fundamental and quantitative research to make its investments through its subsidiaries. Legg Mason, Inc. was founded in 1899 and is based in Baltimore, Maryland.
Cohen & Steers, Inc.	Cohen & Steers, Inc. is a publicly owned asset management holding company. Through its subsidiaries, the firm provides its services to institutional investors, including pension funds, endowments, and foundations. It manages separate client-focused equity, fixed income, multi-asset, and commodity portfolios through its subsidiaries. The firm launches and manages equity, fixed income, balanced, and multi-asset mutual funds through its subsidiaries. Through its subsidiaries, it also launches and manages hedge funds. The firm invests in public equity, fixed income, and commodity markets across the globe through its subsidiaries. Through its subsidiaries, it invests in companies operating in the real estate sector, including real estate investment trusts, infrastructure sector, and natural energy resources sector for its equity and fixed income investments. The firm also invests in preferred securities for its fixed income investments through its subsidiaries. Cohen & Steers, Inc. was founded in 1986 and is based in New York, with additional offices in London, United Kingdom; Central, Hong Kong; Tokyo, Japan; and Seattle, Washington.
Waddell & Reed Financial, Inc.	Waddell & Reed Financial, Inc., through its subsidiaries, provides investment management and advisory, investment product underwriting and distribution, and shareholder services administration to mutual funds, and institutional and separately managed accounts in the United States. The company acts as an investment adviser for institutional and other private investors, and provides sub advisory services to other investment companies; and underwrites and distributes registered open-end mutual fund portfolios. It also offers fee-based asset allocation investment advisory products to advisors channel customers; distributes business partners' variable annuity products, and retirement and life insurance products to advisors channel customers; and sells life insurance and disability products underwritten by various carriers. The company distributes investment products through its wholesale channel comprising other broker/dealers, various retirement platforms, and registered investment advisors, as well as through independent financial advisors; and markets investment advisory services to institutional investors directly or through consultants. Waddell & Reed Financial, Inc. was founded in 1937 and is based in Overland Park, Kansas.
Diamond Hill Investment Group, Inc.	Diamond Hill Investment Group, Inc., together with its subsidiaries, provides investment advisory and fund administration services in the United States. It sponsors, distributes, and offers investment advisory and related services to a range of clients, such as corporations, mutual funds, retirement plans, public pension funds, endowments, foundations, financial institutions, and high net worth individuals. The company also provides fund administration services, including portfolio and regulatory compliance, treasury and financial oversight, and general business management and governance of the mutual fund complex, as well as oversight of back-office service providers, such as the custodian, fund accountant, and transfer agent. It offers investment advisory services to third-party financial intermediaries comprising independent registered investment advisors, brokers, financial planners, and wealth advisers; and fund administration services primarily to investment advisers and mutual funds. The company was founded in 1990 and is based in Columbus, Ohio.
Guardian Capital Group Limited	Guardian Capital Group Limited, through its subsidiaries, operates as a diversified financial services company in Canada, the United Kingdom, the United States, and the Caribbean. The company operates through Investment Management and Financial Advisory segments. It manages institutional assets for pension plans, insurers, foundations, endowments, third-party mutual funds, and ETFs; and provides private wealth management services to individuals, families, and charitable organizations. The company also offers trust and corporate administration, investment management, and banking services for international clients; and an integrated wealth management platform for financial advisors to deliver professional advice on mutual funds, securities, and insurance. In addition, it engages in the provision of commissions from the sale of life insurance products, mutual funds, and other securities. Guardian Capital Group Limited was founded in 1962 and is headquartered in Toronto, Canada.

Comparable Companies

Sequoia Financial Group Limited	Sequoia Financial Group Limited, an integrated financial services company, provides financial products and services to retail and wholesale clients, and third party professional service firms in Australia and the Asia-Pacific region. The company operates through Trading and Execution, Software Subscriptions, Capital Markets Advisory, SMSF Administration, Wealth Advisory, Investment Solutions, and Finance News Services segments. It offers general and personal advisory, corporate advisory, institutional equity sales, and wholesale broking services to retail investors, and institutional and wholesale broker dealer groups; and online execution-only trading and software solutions for clients investing in equities, options, and warrants, as well as develops, sells, and supports The Bourse market data platform. The company also provides investment products to retail and other wholesale investors; stock broking execution solutions to AFSL holders, such as financial planners, financial advisors, banks, building societies, and trading educators; and SMSF portfolio administration solutions to financial planners, stock brokers, mortgage brokers, and accountants. In addition, it produces and distributes financial news content, as well as offers digital communications and productions services to ASX-listed companies and managed funds; and unit trust and managed schemes to retail investors. The company was formerly known as MDS Financial Group Limited and changed its name to Sequoia Financial Group Limited in November 2015. Sequoia Financial Group Limited is headquartered in Sydney, Australia.
Fiducian Group Limited	Fiducian Group Limited, through its subsidiaries, operates as a financial services company in Australia. The company offers funds management and investment services, including wrap platforms and client portfolio administration; wealth management and financial planning services; information technology solutions for financial planners and their clients; and accounting and accountancy resourcing services. It also manages various investment funds, such as Fiducian, Fiducian diversified, Fiducian sector, and Fiducian specialist funds. In addition, the company offers portfolio services, including portfolio administration, superannuation, investment, technical, and dealer services; systems and software solutions comprising FORCE, an integrated dealer and financial planning software platform; and financial advisory services. Further, it provides business services consisting of bookkeeping, year-end accounting and compliance, self-managed super funds, self-managed super fund audits, risk insurance, financing, financial planning mentoring program, and succession planning. Fiducian Group Limited was founded in 1996 and is headquartered in Sydney, Australia.
Countplus Limited	Countplus Limited, together with its subsidiaries, provides accounting and business advisory services in Australia. It offers accounting, tax, and audit services; financial advice related to personal insurance, investment, and superannuation; broking services for home and investment loans, business loans, and leasing/hire purchase; and property broking services for new residential property. The company also invests in technology based solutions; and provides corporate recovery and insolvency solutions, financial planning services, and human resource solutions. In addition, it assist clients in selecting various lending products, such as housing loans, commercial property loans, vehicle finance, plant and equipment loans, insurance premium funding, cash flow finance/debtor funding, and banking facility restructures. Countplus Limited was founded in 2006 and is headquartered in Sydney, Australia.
EQT Holdings Limited	EQT Holdings Limited, together with its subsidiaries, provides philanthropic, trust, and estate services in Australia. It operates through Trustee & Wealth Services and Corporate Trustee Services segments. The Trustee & Wealth Services segment offers a range of private client, philanthropic, and superannuation services, including estate planning and management; charitable, compensation, indigenous, and personal trust services; and wealth management, and aged care advisory and placement services, as well as asset management services. The Corporate Trustee Services segment provides a range of responsible entity and trustee services for managed investment trusts on behalf of local and international fund managers and sponsors, as well as specialized trustee services for corporates and structured multi-party transactions. The company also offers portfolio management, funds management, investment administration and custody, executor, and financial planning services, as well as financial services. EQT Holdings Limited was founded in 1888 and is headquartered in Melbourne, Australia.
Spring FG Limited	Spring FG Limited provides financial planning and investment advice, insurance and superannuation, finance, tax and accounting, and mortgage advice services in Australia. The company offers financial advice and solutions to retail and wholesale clients across a range of services, including superannuation investments, insurance, finance, equities, direct, and residential and commercial properties; researches and helps identify residential property solutions for the group's clients; and provides finance and mortgage advice services through agreements with various mortgage brokers and aggregators. It also provides home loan solutions; advices and deals in Australian equities; offers portfolios augmented with optional risk-mitigation and income strategies; and publishes and distributes a range of approximately 90 financial education eBooks. The company operates a CBD retail branch in Melbourne. Spring FG Limited was incorporated in 2014 and is headquartered in Sydney, Australia.

Comparable Companies

Yellow Brick Road Holdings Limited	Yellow Brick Road Holdings Limited, a wealth management company, provides investment and wealth management, general insurance, accounting, and mortgage broking and aggregation and management services in Australia. It offers cash and investment services; arranges insurance, such as small business, life, income protection, and loan insurance; and advises on retirement planning and superannuation funds. The company also provides mortgage broker services, including arrangement of home loans. It serves customers through a network of 140 branches. The company was formerly known as ITS Capital Investments Limited and changed its name to Yellow Brick Road Holdings Limited in May 2011. Yellow Brick Road Holdings Limited was founded in 2007 and is based in Sydney, Australia.
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Source: *Capital IQ*

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RSM Australia Pty Ltd is a member of the RSM network and trades as RSM.
RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 11 Old Jewry, London EC2R 8DU.

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Annexure C – Auditor Nomination

26/09/2017

From: SOPHAT PTY LTD ATF MATOPHIE SUPER FUND
C/O Matthew Lindh
26 Beauty Gully Road
Warrandyte Vic 3113

To: The Company Secretary
Sequoia Financial Group Limited
Level 36, 50 Bridge St
Sydney NSW 2000

Dear Sirs

Nomination of Auditor

In accordance with section 328B(1) of the Corporations Act 2001 (Cth), we, Sophat Pty Ltd ACN 608 717 602 , being a shareholder of Sequoia Financial Group Limited ACN (Company), hereby nominate That William Buck Audit (Vic) Pty Ltd of Level 20, 181 William Street, Melbourne VIC 3000, for appointment as auditor of the Company as and from the 2017 Annual General Meeting

Yours faithfully

A handwritten signature in black ink, appearing to be 'ML' followed by a stylized flourish.

Matthew Lindh as a Director of SOPHAT PTY LTD ATF MATOPHIE SUPER FUND



Investor Name
C/O Example Ltd
PO BOX 0000
MELBOURNE
VIC
3000

SAVE TIME & VOTE ONLINE:

 registrydirect.com.au/investor

To find out your options on how to lodge this form,
see the voting instructions at the end of this form.

Sequoia Financial Group Ltd
ABN 90 091 744 884

SRN/HIN: <SRN/HIN>

VOTE / PROXY FORM

The meeting will take place at:

K&L Gates, Level 31, 1 O'Connell Street, Sydney NSW 2000
at 2:00 p.m. AEDT on 30/11/2017

Please complete this form in order to direct your proxy (Proxy) how to vote. While it is not compulsory to vote, if you do not complete this form (directly or online) or vote in person at the meeting, then your vote will be deemed to be 'abstained'. By default, by executing this form you appoint the chairman of the meeting (Chairman) to be your Proxy. If you wish to appoint a party other than the Chairman to act as your Proxy, please provide their details below. Please indicate overleaf how you would like your votes directed.

Proxy appointments will be valid and accepted only if they are signed and received no later than 2:00 p.m. AEDT on 28/11/2017.

APPOINT ALTERNATE PROXY (OPTIONAL)

PROXY NAME:

Full Name/Body Corporate Name

MOBILE/TELEPHONE NUMBER:

ABN/ACN (If proxy is a body corporate):

EMAIL ADDRESS:

If your Proxy is a body corporate, please arrange for the body corporate to bring an executed Appointment of Corporate Representative Form to the meeting.
To download form: www.registrydirect.com.au/wp-content/uploads/2016/05/appointment_of_corporate_representative.pdf

APPOINT MULTIPLE PROXIES OR SPLIT VOTING DIRECTION (OPTIONAL)

To appoint more than one Proxy or split the voting directions, please print and complete an additional copy of this form. Please indicate in the space provided below the number of securities in which the Proxy is authorised to vote. No Proxy may be authorised to exercise votes which any other Proxy has been authorised to exercise. Multiple Proxy appointments and split voting directions should be returned together in the same envelope/email to the Registrar.

Number of securities Proxy is authorised to vote:

If left blank then all securities held

Resolution 1

ADOPTION OF THE
REMUNERATION REPORT
Resolution type: **Non binding**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 2

RE-ELECTION OF DIRECTOR –
MARCEL COLLIGNON
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Disclaimer: The board's recommendation excludes Mr Marcel Collignon.

Resolution 3

ELECTION OF DIRECTOR –
GARRY CROLE
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Disclaimer: The board's recommendation excludes Mr Garry Crole.

Resolution 4

ISSUE OF PERFORMANCE RIGHTS
TO MR MARCEL COLLIGNON
UNDER THE EMPLOYEE
INCENTIVE PLAN
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 5

ISSUE OF OPTIONS TO MR
SCOTT BEETON UNDER THE
EMPLOYEE INCENTIVE PLAN
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 6

APPROVAL FOR ADDITIONAL
PLACEMENT CAPACITY
Resolution type: **Special**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 7

APPROVAL OF THE ISSUE OF
SHARES TO BEETON
INVESTMENTS PTY LTD
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PROXY'S DISCRETION

☐

Disclaimer: The board's recommendation excludes Mr Scott Beeton.

Resolution 8

RATIFICATION OF PREVIOUS
SHARE ISSUE
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PROXY'S DISCRETION

☐

Resolution 9

RATIFICATION OF PREVIOUS
SHARE ISSUE
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PROXY'S DISCRETION

☐

Resolution 10

RATIFICATION OF PREVIOUS
SHARE ISSUE
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PROXY'S DISCRETION

☐

Resolution 11

RATIFICATION OF PREVIOUS
SHARE ISSUE
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PROXY'S DISCRETION

☐

Resolution 12

RATIFICATION OF PREVIOUS
CONVERTIBLE NOTE ISSUE
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PROXY'S DISCRETION

☐

Resolution 13

RATIFICATION OF PREVIOUS
CONVERTIBLE NOTE ISSUE
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PROXY'S DISCRETION

☐

Resolution 14

RATIFICATION OF PREVIOUS
CONVERTIBLE NOTE ISSUE
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 15

APPOINTMENT OF NEW AUDITOR
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 16

APPROVAL OF THE INTERPRAC
ACQUISITION
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Disclaimer: The board's recommendation excludes Mr Garry Crole.

Resolution 17

APPROVAL OF THE ISSUE OF
10,461,500 CONSIDERATION
SHARES
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Disclaimer: The board's recommendation excludes Mr Garry Crole.

Resolution 18

APPROVAL OF THE ISSUE OF
32,315,500 CONSIDERATION
SHARES
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Disclaimer: The board's recommendation excludes Mr Garry Crole.

Resolution 19

APPROVAL OF THE ISSUE OF
1,750,000 OPTIONS TO ACN 139
919 305 PTY LTD
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 20

APPROVAL OF THE ISSUE OF
1,750,000 OPTIONS TO
FACTOTUM CAPITAL PTY LTD
Resolution type: **Ordinary**

Board recommendation: **For**
Chairman voting intention: **For**

FOR

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AGAINST

☐

ABSTAIN

☐

PROXY'S DISCRETION

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If the person/body corporate named as your Proxy fails to attend the meeting, or if no person/body corporate is named, the Chairman, as my/our Proxy is permitted to vote for me/us on my/our behalf in accordance with the directions above or if no directions have been given, as the Proxy sees fit at the Meeting and at any adjournment or postponement of the Meeting or at any other meeting of the Company to consider the same or substantially similar resolutions to those proposed to be put at the Meeting.

SIGNATURE OF SHAREHOLDERS - MUST BE COMPLETED

Shareholder 1 (individual)

Sole Director & Sole Company Secretary

Joint Shareholder 2 (individual)

Director/Company Secretary(Delete one)

Joint Shareholder 3 (individual)

Director

Date

SIGNING INSTRUCTIONS: This form should be signed by the unit holder. If a joint holding, all unit holders should sign. If signed by the unit holder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth) (or for New Zealand companies, the Companies Act 1993).

HOW TO LODGE THIS FORM

ONLINE:


 registrydirect.com.au/investor

Login to the Registry Direct website, click on the 'Votes' tab to find a meeting and follow the prompts to lodge your vote.

If you do not have an account, go to registrydirect.com.au/registration-page and fill out the registration form.

To register, you will need a "Holder Number" (Securityholder Reference Number (SRN), a Holder Identification Number (HIN) or Share Certificate Number as shown on the front of the Proxy Form).


POST:

 PO Box 18366 Collins Street East
Melbourne
VICTORIA 8003

EMAIL:

 registry@registrydirect.com.au

FAX:

 +61 3 9111 5652