

7 January 2020

The Manager
Market Announcements Office
Australian Securities Exchange
Level 5, 20 Bridge Street
SYDNEY NSW 2000
By electronic lodgement

**NOTICE OF EXTRAORDINARY GENERAL MEETING AND INDEPENDENT EXPERT'S
REPORT – BIR FINANCIAL LIMITED (ASX:BIR)**

Attached is a Notice of Extraordinary General Meeting for BIR Financial Limited, including an Independent Expert's Report and proxy form, which has been despatched to shareholders today.

The meeting is to be held at 11:00 am (Sydney time) on Thursday 6 February 2020 at the offices of Pulse Markets Pty Ltd, Level 24, Farrer Place (Governor Phillip Tower), Sydney NSW.

Yours faithfully


.....

Gregory Starr
Director and Chief Financial Officer
BIR Financial Limited

Notice of Extraordinary General Meeting

6 February 2020

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of BIR Financial Limited (**Company**) will be held on 6 February 2020 at 11.00am (Sydney time) at the offices of Pulse Markets Pty Ltd, Level 24/1 Farrer Place (Governor Phillip Tower), Sydney NSW 2000 (**Meeting**).

The business to be considered at the meeting is set out below. This Notice of Meeting should be read in conjunction with the accompanying Explanatory Memorandum, which contains information in relation to the following item of business, and Independent Expert Report. **The Independent Expert Report contains a conclusion that, for the purposes of Listing Rule 10.5.10, the Proposed Transaction is fair and reasonable to the holders of the Company's ordinary securities whose votes in favour are not to be disregarded under Listing Rule 14.11.** A Proxy Form also accompanies this Notice of Meeting.

Terms and abbreviations used but not defined in this Notice are defined in the Glossary of the Explanatory Memorandum.

ORDINARY BUSINESS

Resolution – Approval to enter into, and issue Convertible Notes under, the Convertible Note Subscription Agreement and the General Security Deed

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

"That for the purposes of Listing Rules 10.1 and 10.11, and for all other purposes, approval is given to the Company to enter into, and give effect to, the agreements described in the Explanatory Memorandum, for the issue of 2,000,000 secured Convertible Notes in the Company with a face value of \$1.00 per note, to Moshav Custodian Pty Ltd on the terms set out in the Explanatory Memorandum."

INDEPENDENT EXPERT'S REPORT

Shareholders should carefully consider the Independent Expert's Report prepared by Hall Chadwick NSW for the purposes of the shareholder approval required under Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the Proposed Transaction to the Shareholders in the Company who are not associated with Moshav Custodian Pty Ltd or its associates and has concluded that the Proposed Transaction is **fair and reasonable** to the holders of the Company's ordinary securities whose votes in favour are not to be disregarded under Listing Rule 14.11 in the absence of a superior proposal.

VOTING EXCLUSION STATEMENTS

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- Mr Tal Silberman;
- Moshav Custodians Pty Ltd; and
- any other person will obtain a material benefit as a result of the issue of securities under this Resolution (except a benefit solely by reason of being a holder of ordinary securities in the Company),

or any associates of those persons listed above.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - o the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - o the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

VOTING ENTITLEMENT

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001*, the Board has determined that, for the purposes of the Meeting, Shares will be taken to be held by the persons who are Shareholders at 11.00 am (Sydney time) on 4 February 2020. Transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

ADMISSION TO MEETING

Corporate representatives are required to bring appropriate evidence of appointment as a representative in accordance with the constitution of the represented company. Attorneys are requested to bring the original or certified copy of the power of attorney pursuant to which they were appointed. Proof of identity will also be required for corporate representatives and attorneys.

PROXIES

- Votes at the Meeting may be given personally, by proxy, attorney or representative;
- Each Shareholder has a right to appoint one or two proxies;
- A proxy need not be a Shareholder of the Company;
- Documents executed by Shareholders that are companies must be done under common seal or otherwise in accordance with the represented company's constitution and the Corporations Act;
- Where a Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise;
- If a Shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes;
- If a proxy has two or more appointments that specify different ways to vote on a resolution, the proxy must not vote on a show of hands; and
- A proxy must be signed by the Shareholder or his or her power of attorney who has not received any notice of revocation of the authority. Proxies given by companies must be signed in accordance with the represented company's constitution and the Corporations Act.

To be effective, proxy forms must be received by the Company's share registry (Security Transfer Australia Pty Ltd) no later than 48 hours before the commencement of the Meeting, that is no later than 11:00 am (Sydney time) on 4 February 2020. Any proxy form received after that time will not be valid for the Meeting. The proxy form does not need to be returned to the share registry if the votes have been lodged online at <http://www.securitytransfer.com.au>

Hand Delivery

Security Transfer Australia Pty Ltd
Suite 913, Exchange Tower
530 Little Collins Street
Melbourne, VIC 3000

By Mail

Security Transfer Australia Pty
Ltd
PO Box 52
Collins St West
VIC 8007

BY ORDER OF THE BOARD



Gregory B Starr

Director and Company Secretary

6 January 2020

Explanatory Memorandum

These Explanatory Notes set out information in connection with the business to be considered at the Meeting to be held on 6 February 2020.

ORDINARY BUSINESS

Resolution – Approval to enter into, and issue Convertible Notes under, the Convertible Note Subscription Agreement and the General Security Deed

The Resolution seeks the approval of Shareholders for the Company to enter into the:

- a) The Convertible Note Subscription Agreement with Moshav Custodian Pty Ltd (Moshav), a related party of the Company under Listing Rules 10.1 and 10.11, for the issue of 2,000,000 Convertible Notes to Moshav; and
- b) The General Security Deed with Moshav, securing the obligations of the Company under the Convertible Notes, over all of the Company's assets,

(together, the Agreements).

Background

Mr Tal Silberman, is a director of the Company, and also a shareholder and director of Moshav. Under the terms of the Agreements, and subject to shareholder approval in accordance with this Notice of Meeting, Moshav will provide up to \$2,000,000 to the Company to be used for the ongoing development of its Wealth Management subsidiary Pulse Markets Pty Ltd and other working capital purposes. In consideration, the Company will issue up to 4,000,000 secured Convertible Notes each at a face value of \$1 to Moshav. The issue price of the Convertible Notes is at a 50% discount to the face value of the Convertible Notes.

Initial Tranche

Under the terms of the Agreements, but subject to shareholder approval being granted, Moshav will subscribe for 2,000,000 secured Convertible Notes and provide \$1,000,000 to the Company within 7 days of shareholder approval being granted.

Additional Tranche

Subject to the receipt of a subscription notice from Moshav, the Company will seek a new shareholder approval to allow it to issue up to 2,000,000 additional secured Convertible Notes to Moshav.

Terms of Issue of Convertible Notes

The secured Convertible Notes accrue interest at 5% per annum on the face value of the Convertible Notes on issue. The effective rate of interest is 10% on the amount loaned, which is equivalent to 5% of the face value of the Convertible Notes. Any accrued interest is payable in full on the Maturity Date or on the date of Conversion (as those terms are defined in the Agreements), or in part in proportion to any prepayment of the Convertible Notes. However, if the Convertible Notes are repaid or redeemed prior to the Maturity Date, the Company is entitled to a 50% discount on the effective interest rate.

The Convertible Notes are secured over all of the assets of the Company.

If Shareholder approval is granted pursuant to this Resolution, and the Convertible Notes are not prepaid, or repaid in full by the Maturity Date (as that term is defined in the Agreements), Moshav may convert the Convertible Notes to Shares at a conversion price which is the aggregate Face Value of the Convertible Notes, divided by the 5 day volume weighted average price of the Shares as traded on the ASX as at the date immediately before Moshav provided the Notice of Conversion to the Company.

The Company's capital structure before and after the issue of the Initial Tranche is:

Capital Structure		Fully Paid Ordinary Shares	Convertible Notes	Assumed Conversion Price (1)	Fully Paid Ordinary Shares converted	Moshav or related Party Ownership	
		#	#	A\$	#	\$	%
1	Before the issue of the Convertible Notes	81,250,370				9,024,386	11%
2	After the issue and allotment of the initial 2 million convertible notes	81,250,370	2,000,000			9,024,386	11%
3	Assuming all of the initial 2 million convertible notes are converted into shares	100,297,989		0.105	19,047,619	28,072,005	28%

SENSITIVITY

Total at different Conversion Prices

15% higher	97,779,296		0.121	16,528,926	25,553,312	26%
15% lower	103,228,392		0.091	21,978,022	31,002,408	30%

- (1) aggregate Face Value of the Notes, divided by the 5 day volume weighted average price of the Shares as traded on the Australia Stock Exchange as at the date immediately before the date of the Notice of Conversion
Annexure B shows the potential Capital Structure after the Additional Tranche.

If on conversion of the Convertible Notes, the voting power of Moshav and its associates in the Company will increase above 20%, then Moshav may require the Company to seek the approval of Shareholders to that conversion under section 611 item 7 of the Corporations Act.

Summary of Material Terms of the Convertible Note Subscription Agreement (“Note Agreement”)

Completion of the issue of and the subscription for the Initial Tranche of Convertible Notes is subject to the following conditions precedent:

- the preparation of a Notice of Meeting to obtain shareholder approval in a form satisfactory to Moshav – this has been satisfied;
- obtaining a report from an Independent Expert as to whether in the expert's opinion the Transactions are fair and reasonable to the holders of Shares whose votes in favour of the Transactions are not excluded by operation of law – this has been satisfied and Shareholders are referred to the Independent Expert's Report annexed to this Notice of Meeting;
- delivering to Moshav documentary evidence that the Resolution the subject of this Notice of Meeting has been passed by the Shareholders able to vote on the Resolution; and
- the Company complying with all relevant regulatory and statutory requirements for convening the meeting of the Company's Shareholders.

If the Resolution is not passed the third and fourth conditions precedent set out above will not be satisfied and Moshav will have no obligation to subscribe for \$2 million of Convertible Notes and no obligation to pay \$1 million to the Company, and the Company will not issue the Convertible Notes.

In the case of the Additional Tranche completion is subject to:

- the preparation of a further Notice of Meeting to obtain shareholder approval in a form satisfactory to Moshav;
- delivering to Moshav documentary evidence that the Additional Resolution the subject of this Notice of Meeting has been passed by the Shareholders able to vote on the Additional Resolution; and
- the Company complying with all relevant regulatory and statutory requirements for convening the meeting of the Company's Shareholders.

The Convertible Notes, if issued, do not confer a right to vote or attend general meetings of the Company, nor do they entitle Moshav to participate in dividends of the Company unless the Convertible Notes have been converted into Shares prior to the record date for the dividend.

Interest accrues daily on the outstanding Face Value of the Convertible Notes at the rate of 10% p.a. from the date of issue. Where any interest payment is made on or before the Maturity Date, other than on the occurrence of an Event of Default, the Company is entitled to a 50% discount on the interest payment.

The Company may redeem some or all of the Convertible Notes at any time before the Maturity Date without penalty by paying to Moshav:

- 50% of the Face Value of the Convertible Notes to be redeemed; and
- All interest accrued and outstanding on those Convertible Notes (subject to a 50% discount on the interest payment).

No later than 5 business days before the Maturity Date, the Company must give Moshav a notice that:

- a. It will redeem any outstanding Convertible Notes on the Maturity Date in which case it must pay to Moshav 50% of the Face Value of the outstanding Convertible Notes plus all accrued and outstanding interest subject to the 50% discount on the interest rate; or
- b. It will not redeem the outstanding Convertible Notes on the Maturity Date in which case Moshav may issue a Notice of Conversion. If Moshav fails to issue a Notice of Conversion, an Event of Default will have occurred.

If a Notice of Conversion is issued by Moshav, the Company must issue to Moshav the number of Shares to which Moshav is entitled at a conversion price which is the aggregate Face Value of the Convertible Notes, divided by the 5 day volume weighted average price of the Shares as traded on the ASX as at the date immediately before Moshav provided the Notice of Conversion to the Company. The issue of any Shares will be subject to such Shareholder approval or other action as may be required.

If an Event of Default occurs, the whole of the Convertible Notes become immediately redeemable and the Company must repay to Moshav 50% of the Face Value of the Convertible Notes together with all accrued but unpaid interest. If the Company fails to satisfy its obligations to redeem the Convertible Notes, Moshav may exercise its security under the General Security Deed.

Summary of Material Terms of the General Security Deed

The Convertible Note Subscription Agreement requires the Company to provide security to Moshav. Accordingly, the Company and Moshav have agreed, subject to Shareholder approval, to enter into a General Security Deed ("Deed").

The Deed secures the obligations of the Company to repay the Face Value of the Convertible Notes, at a 50% discount to the Face Value, plus any interest accruing on them.

If the Company fails to satisfy its obligations under the Convertible Note Agreement, Moshav may exercise its security under the Deed.

Under the Deed, the Company has granted a PPSA Security Interest over any PPSA Personal Property and a fixed and floating charge over all of the Company's assets.

The Deed ranks first in priority in relation to the Collateral.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 requires an entity to seek shareholder approval prior to issuing or agreeing to issue more than 15% of its issued capital in a 12month period. Exception 14 in Listing Rule 7.2 exempts an entity from complying with Listing Rule 7.1 if the shares are issued with the approval of shareholders under rule 10.11.

ASX Listing Rule 10.1

The Company is proposing to issue the Convertible Notes and grant a security over all the assets of the Company ("Transaction").

Listing Rule 10.1 provides that a listed company must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

10.1.1 a related party;

10.1.2 a child entity;

- 10.1.3 a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the company;
- 10.1.4 an associate of a person referred to in Listing Rules 10.1.1 to 10.1.3; or
- 10.1.5 a person whose relationship with the company or a person referred to in Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the issue or agreement should be approved by shareholders,

unless it obtains the approval of its shareholders.

As stated above Moshav is a related party of the Company.

A "substantial asset" is an asset whose value or the value of the consideration being paid or received by the entity (or in the opinion of ASX) is 5% or more of the equity interests of the entity as set out in the entity's last accounts lodged with ASX (under Listing Rule 10.2). The total equity interests stated in the Company's Annual Report for the year ended 30 June 2019 was \$4,754,320. 5% of that figure is equal to \$237,716.

Accordingly, the Transaction falls within Listing Rule 10.1.1 and involves the disposal of a substantial asset to a related party of the Company. It therefore requires the approval of the Company's shareholders under Listing Rule 10.1.

The Resolution seeks the required shareholder approval to the Transaction under and for the purposes of Listing Rule 10.1.

If the Resolution is passed, the Company will be able to proceed with the Transaction and it will have adequate funds to operate its business in the future.

If the Resolution is not passed, the Company will have to source funds from other sources which are likely to be of higher cost. As outlined in the September 2019 Appendix 4C, the Company had \$228,000 in cash at the end of September. Based on historical performance, without further funding, this cash balance level is not sufficient to maintain ongoing operations.

ASX Listing Rule 10.11

The Company is proposing to issue the Convertible Notes as part of the Transaction referred to above ("Issue"). Equity securities are defined to include Convertible Notes.

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be granted by its shareholders,

unless it obtains the approval of its shareholders.

The Issue falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's shareholders under Listing Rule 10.11.

A "related party" for the purposes of the Listing Rules is defined widely and includes a director of the public company or an entity controlled by a director of the public company. Mr Tal Silberman controls Moshav, and therefore Moshav, and any of its associates, are a "related party" of the Company. Accordingly, the Issue falls within Listing Rule 10.11.1.

Approval for the entry into the Agreements, and issue of the secured Convertible Notes to Moshav, is sought in accordance with Listing Rule 10.11. As stated above, Shareholder approval will not be required for the Resolution under Listing Rule 7.1 if approval is given under Listing Rule 10.11. If approval is given, the Company intends to allot 2,000,000 of the Convertible Notes, subject to the receipt of an executed subscription notice from Moshav in accordance with the Agreements, not more than one (1) month after the date of the Meeting. Subject to the receipt of a further subscription notice from Moshav, the Company will seek further approval from Shareholders before allotting and issuing the Additional Tranche. The Company believes all information required pursuant to Listing Rules 10.5 and 10.13 is contained in the Notice of Meeting and this Explanatory Memorandum. The terms and conditions of the Convertible Notes are as set out in Annexure A accompanying this Notice.

Exception 7 in Listing Rule 10.12 provides that an issue of Shares on conversion of the Convertible Notes are exempt from compliance with Listing Rule 10.11. The Company will subsequently not be required to seek approval of Shareholders for the issue of Shares on conversion of the Convertible Notes to Moshav.

Chapter 2E of the Corporations Act

Section 208 of the Corporations Act provides that a public company must not, subject to certain exceptions, give a financial benefit to a related party without approval of the company's members. Section 228 of the Corporations Act defines a "related party" for the purposes of Chapter 2E to include:

- directors of the public company (section 229(2)(a)); and
- an entity controlled by directors of the public company (section 228(4)).

Moshav is a related party of the Company for the purposes of Chapter 2E of the Corporations Act. A "financial benefit" is defined in section 229 of the Corporations Act and includes issuing securities or granting an option to a related party. The nature of the financial benefit to be given to Moshav is the interest in the ordinary shares upon conversion of the Convertible Notes which are to be issued to Moshav.

Section 210 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party, where the financial benefit is on terms which would be reasonable in the circumstances if the public company and the related party were dealing at arm's length.

Accompanying this Notice is an Independent Expert's Report prepared by Hall Chadwick (NSW). The Independent Expert's Report considers whether the potential acquisition of Shares by Moshav through the future conversion of the Convertible Notes (Proposed Transaction) is **fair and reasonable** to the Shareholders not associated with Moshav.

The report concludes that the Proposed Transaction is **fair and reasonable** to the holders of the Company's ordinary securities whose votes in favour are not to be disregarded under Listing Rule 14.11.

The Company considers that the Proposed Transaction will be on arm's length and as such the Company considers that the proposed issue falls within one of the exceptions set out in section 210 of the Corporations Act.

Directors' Recommendation

Mr Tal Silberman declines to make a recommendation on the Resolution because he has a material personal interest in the outcome of the Resolution.

The Board (other than Mr Silberman) unanimously recommends that Shareholders vote in favour of the Resolution as it allows the Company to raise necessary finance for its continuing operations.

GLOSSARY

\$	means Australian dollars.
Agreements	Means the Note Agreement and the General Security Deed together.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by the ASX Limited (as the context requires).
Board	means the current board of BIR Financial Limited.
Business Day	means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.
Chair	means the chair of the Meeting.
Collateral	means: <ul style="list-style-type: none"> (a) all the present and future assets, and all present and after acquired property, of the Company of any nature or description, situated anywhere in Australia or overseas; and (b) all the legal and beneficial right, title and interest of the Company to or in each of those assets at any time
Company	means BIR Financial Limited ACN (074 009 091).
Convertible Note	means the secured convertible notes issued in accordance with the Convertible Note Subscription Agreement between Moshav Custodian Pty Ltd and BIR Financial Limited on or about 18 December 2019.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Deed	means the General Security Deed entered into between the Company and Moshav, subject to Shareholder approval
Directors	means the current directors of BIR Financial Limited.
Explanatory Statement	means the explanatory statement accompanying the Notice of Meeting.
Listing Rules	means the Listing Rules of the ASX.
Maturity Date	means 5pm (Sydney time) on the day that is the one calendar year anniversary of the issue date as set out in the Note Agreement.
Meeting	means the meeting convened by the Notice of Meeting.
Note Agreement	Means the Convertible Note Subscription Agreement between the Company and Moshav subject to Shareholder approval.
Noteholder or Moshav	means Moshav Custodian Pty Ltd (ACN 622 162 994).
Notice	means this notice of general meeting including the Explanatory Statement and the Proxy Form.
PPS Law	means: <ul style="list-style-type: none"> (a) the Personal Property Securities Act 2009 (Cth) (PPSA Act) and the regulations made under the PPSA Act, as amended from time to time; and (b) any amendment made to any other legislation as a consequence of the PPSA Act including amendments to the Corporations Act 2001 (Cth).
PPSA Personal Property	means personal property as defined in PPS Law.
PPSA Security Interest	means any security interest relating to PPSA Personal Property as defined in, PPS Law, including: <ul style="list-style-type: none"> (a) any interest of a transferee under a transfer of an account or chattel paper; (b) the interest of a consignor who delivers goods to a consignee under a commercial assignment; and

Proxy Form	(c) the interest of a lessor or bailor of goods under a PPS lease, but excluding any security interest to the extent that that security interest relates to Excluded PPSA Property or Unconnected Property. means the proxy form accompanying the Notice.
Related Party	has the meaning given in the Listing Rules.
Resolution	means the resolution sought to be passed at the Meeting.
Share	means a fully paid share in the capital of the Company.
Shareholder	means a person who is registered as holding Shares.

ANNEXURE A

TERMS OF CONVERTIBLE NOTES

The following is a broad summary of the rights, privileges and restrictions attaching to the convertible notes. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Noteholder.

TERM	DESCRIPTION
Subscription Amount (A\$)	Up to \$2,000,000
Number of Convertible Notes	Up to 4,000,000 (at a 50% discount to the face value)
Face Value	\$1.00
Interest Rate (%)	Interest accrues daily at the rate of 10% p.a. on the outstanding Face Value of the convertible notes from the date of issue and (i) where the Company prepays some or all of the Convertible Notes, the interest is payable in part on the portion of the Convertible Notes prepaid, and (ii) otherwise any accrued and outstanding interest is payable in full on the Maturity Date or the date of Conversion (as applicable)
Security	The Convertible Notes are secured over all of the assets of the Company under a General Security Deed
Ranking	The Convertible Notes rank equally in all respects among other secured notes issued by the Company from time to time, but ahead of any unsecured notes issued by the Company, even if they are issued on different dates
Rights as noteholder	The Convertible Notes do not entitle Moshav to vote at or attend general meetings of the Company, nor to participate in dividends unless the convertible notes are converted into Shares and the record date for the dividend is on or after the date of issue of Shares following receipt by the Company of a Notice of Conversion
Maturity Date	5pm (Sydney time) on the day that is the one calendar year anniversary of the issue date. The Maturity Date may be extended on notice solely at Moshav's election
Prepayment	The Company may prepay some or all of the Convertible Notes at any time before the Maturity Date without penalty. Where the Company prepays the Convertible Notes, it will be entitled to a 50% discount to the Face Value of the Convertible Notes
Repayment	The Convertible Notes are repayable in full on the Maturity Date. Where the Company repays the Convertible Notes on or before the Maturity Date, it will be entitled to a 50% discount to the Face Value of the Convertible Notes
Conversion Rights	If the Company has not repaid the Convertible Notes, together with any accrued and outstanding interest, in full on the Maturity Date, Moshav may convert the outstanding Notes, and any accrued but unpaid interest, by providing a Notice of Conversion to the Company. Moshav may require the Company to convene a meeting to obtain the approval of shareholders under section 611 item 7 of the Corporations Act, in the event that on conversion of the Convertible Notes, the voting power of Moshav and its associates will increase above 20%
Conversion Rate	The aggregate Face Value of the convertible notes, divided by the 5 day volume weighted average price of the Shares as traded on the Australian Stock Exchange as at the date immediately before the date of the Notice of Conversion

Redemption	<p>The whole of the Convertible Notes become immediately repayable on the occurrence of an Event of Default.</p> <p>On the occurrence of an Event of Default:</p> <ul style="list-style-type: none"> the Company shall redeem the Convertible Notes by the issue of a holding statement recording the redemption; and the Company must repay to the noteholder 50% of the Face Value of the Convertible Notes, together with all accrued but unpaid interest, by electronic funds transfer into the noteholder's nominated bank account
Events of default	<p>The key Events of Default are:</p> <ul style="list-style-type: none"> an event causing the Company to become Insolvent (including but not limited to its liquidation or an external administrator being appointed in respect of the Company or any of its property); the Company failing to repay the Convertible Notes on the Maturity Date; or the Company breaching any of its obligations under the Convertible Note terms, and failing to remedy such breach to the reasonable satisfaction of the noteholder within 30 days of demand by the noteholder requiring the Company to remedy the breach
Reorganisation	<p>If the Company reorganises its capital in any way while the Convertible Notes are on issue (such as a share split or share consolidation), the number of Shares to be issued on conversion will be reorganised so that the noteholder will not receive a benefit that the holders of Shares do not receive and vice versa</p>
Shares upon conversion	<p>Shares issued upon conversion of the Convertible Notes will be fully paid, will be unencumbered and will rank <i>pari passu</i> in all respects with the fully paid ordinary shares in the Company on issue at the time of the conversion</p>
Transferability	<p>The Convertible Notes are not transferable unless the Company consents in writing to the transfer</p>
ASX Listing	<p>The Convertible Notes will not be quoted on the ASX or any other securities exchange</p>

ANNEXURE B

Capital Structure of both Tranches.

The Initial Tranche – subject to passing of the resolution at this meeting and the Additional Tranche subject to the passing of a resolution at a separate meeting.

THE INITIAL TRANCHE – SUBJECT TO PASSING OF THE RESOLUTION AT THIS MEETING

Capital Structure		Fully Paid Ordinary Shares	Convertible Notes	Assumed Conversion Price (1)	Fully Paid Ordinary Shares converted	Moshav or related Party Ownership	
		#	#	A\$	#	\$	%
1	Before the issue of the Convertible Notes	81,250,370				9,024,386	11%
2	After the issue and allotment of the 2 million convertible notes	81,250,370	2,000,000			9,024,386	11%
3	Assuming all of the 2 million convertible notes are converted into shares	100,297,989		0.105	19,047,619	28,072,005	28%

SENSITIVITY

3	15% higher	97,779,296		0.121	16,528,926	25,553,312	26%
3	15% lower	103,228,392		0.091	21,978,022	31,002,408	30%

- (1) aggregate Face Value of the Notes, divided by the 5 day volume weighted average price of the Shares as traded on the Australia Stock Exchange as at the date immediately before the date of the Notice of Conversion

THE ADDITIONAL TRANCHE – SUBJECT TO A SEPARATE SHAREHOLDER MEETING RESOLUTION

Capital Structure		Fully Paid Ordinary Shares	Convertible Notes	Assumed Conversion Price (2)	Fully Paid Ordinary Shares converted	Moshav or related Party Ownership	
		#	#	A\$	#	\$	%
1	Before the issue of the Convertible Notes	100,297,989				28,072,005	28%
2	After the issue and allotment of the 2 million convertible notes	100,297,989	2,000,000			28,072,005	28%

Capital Structure		Fully Paid Ordinary Shares	Convertible Notes	Assumed Conversion Price (2)	Fully Paid Ordinary Shares converted	Moshav or related Party Ownership	
3	Assuming all of the 2 million convertible notes are converted into shares	119,345,608		0.105	19,047,619	47,119,624	39%

SENSITIVITY

3	15% higher	114,308,222		0.121	16,528,926	44,600,931	39%
3	15% lower	125,206,414		0.091	21,978,022	50,050,027	40%

- (2) aggregate Face Value of the Notes, divided by the 5 day volume weighted average price of the Shares as traded on the Australia Stock Exchange as at the date immediately before the date of the Notice of Conversion

17 December 2019

The Directors
BIR Financial Limited
'Exchange Tower', Suite 9013
530 Little Collins Street
Melbourne VIC 3000

Dear Sirs,

**Independent Expert's Report on the proposed issue of a
Convertible Notes in the Company**

1. INTRODUCTION

Background

- 1.1 BIR Financial Limited ("BIR" or "the Company") is an Australian public listed financial services company.
- 1.2 BIR has entered into a Convertible Note Subscription Agreement ("Agreement") with Moshav Custodian Pty Ltd ("Moshav"), a company affiliated with Mr Tal Silberman, a director of the Company.
- 1.3 Moshav intends to invest up to \$2,000,000 in the Company through the subscription for Convertible Notes ("Notes").
- 1.4 The granting of the Notes, and the issue of Shares on conversion of the Notes ("Note Conversion") is referred to in this report as the "Transaction", which is subject to BIR obtaining Shareholder approval.

Purpose of Report

- 1.5 You have requested Hall Chadwick Corporate (NSW) Limited ("HCC") to prepare an Independent Expert's Report to advise the shareholders of BIR other than those associated with the proposed issue of BIR shares to Moshav ("Non-Associated Shareholders"), whether the proposed Transaction is fair and reasonable when considered in the context of the interests of Non-Associated Shareholders and to set out the reasons for our conclusions.
- 1.6 HCC understands and has agreed that this report will accompany the notice to convene a meeting of BIR shareholders, to assist the Non-Associated Shareholders in their consideration of the resolutions to be put at a General Meeting.

HALL CHADWICK
CORPORATE (NSW) LIMITED

ACN 080 462 488

SYDNEY

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Opinion

- 1.7 In our opinion, the proposed Transaction is ***fair and reasonable*** to the Non-Associated Shareholders of BIR.
- 1.8 The ultimate decision however on whether to accept the proposed Transaction should be based on BIR shareholders own assessment of their circumstances.

2. THE PROPOSED TRANSACTION

- 2.1 The Company is proposing to enter into a Convertible Note Subscription Agreement with Moshav Custodian Pty Ltd (“Moshav”). The Company’s obligations will be secured by way of a General Security Deed over all of the Company’s assets (the Agreements).
- 2.2 Mr Tal Silberman, is a director of the Company, and also a shareholder and director of Moshav. Under the terms of the Agreements, Moshav will provide up to \$2,000,000 to the Company to be used for the ongoing development of its Wealth Management subsidiary Pulse Markets Pty Ltd and other working capital purposes. In consideration, the Company will issue up to 4,000,000 secured Convertible Notes each at a face value of \$1 to Moshav.
- 2.3 Under the terms of the Agreements, but subject to shareholder approval being granted, Moshav will subscribe for 2,000,000 secured Convertible Notes and provide \$1,000,000 to the Company within 7 days of shareholder approval being granted. The Company has sought a waiver of Listing Rule 10.13.5 from ASX (**Waiver**) to allow it to issue up to 2,000,000 additional secured Convertible Notes to Moshav more than one month after the date of the shareholder approval. If ASX does grant the Waiver, the additional secured Convertible Notes would be issued in accordance with the Agreements and therefore on the same terms and conditions as the initial secured Convertible Notes. If ASX does not grant the Waiver, then subject to receipt of a subscription notice from Moshav, the Company will further seek the approval of the Shareholders to issue the Convertible Notes.
- 2.4 If Shareholder approval is granted pursuant to this Resolution, Moshav may at any time before the Maturity Date convert the Notes to Shares at a conversion price which is the aggregate Face Value of the Notes, divided by the 5 day volume weighted average price of the Shares as traded on the Australia Stock Exchange (“ASX”) as at the date immediately before Moshav provided the Notice of Conversion to the Company (“Conversion Price”).
- 2.5 The Notes will accrue interest at 5% per annum on the face value of the Notes on issue, payable in full on the Maturity Date or on the date of Conversion. As the amount loaned is 50% of the total face value of the Notes, the effective interest rate on the amount loaned is 10% per annum.
- 2.6 The Maturity Date for the Notes is one year after the Issue Date, at which point the Notes are converted to Shares, subject to any Event of Default occurring before this date.
- 2.7 Moshav may at any time before the Maturity Date convert the Notes to Shares by providing to the Company a duly completed Notice of Conversion requesting that the Company convert the Notes the subject of the Notice of Conversion to Shares.
- 2.8 It is only if an Event of Default occurs that Moshav can request that the Notes be redeemed. The whole of the Notes become immediately repayable if, on the occurrence of an Event of Default, the Subscriber gives the Company written notice that the Notes have become redeemable. An Event of Default means an event causing the Company to become Insolvent; or the Company breaching any of its obligations under the Note terms, and failing to remedy such breach to the reasonable satisfaction of the Subscriber within 30 days of demand by the Subscriber requiring the Company to remedy the breach.
- 2.9 If the Notes are redeemed (i.e. repaid in cash in the event of default) the repayment amount is 50% of the Face Value of the Notes (i.e. the \$2,000,000 loaned) plus accrued interest. If

the Notes are converted and repaid in the form of shares, the repayment amount is \$4,000,000 (i.e. the Face Value) plus accrued interest.

2.10 The Company's capital structure before and after the issue of the Convertible Notes is shown in the table below:

Capital Structure		Fully Paid Ordinary Shares	Convertible Notes	Assumed Conversion Price (1)	Fully Paid Ordinary Shares converted	Moshav or related Party Ownership	
						\$	%
1	before the issue of the Convertible Notes	81,250,370				9,024,386	11%
2	after the issue and allotment of the initial 2 million convertible	81,250,370	2,000,000			9,024,386	11%
3	assuming all of the initial 2 million convertible notes are converted into shares	100,297,989		0.105	19,047,619	28,072,005	28%
4	assuming all of the additional 2 million convertible notes are issued	100,297,989	2,000,000			28,072,005	28%
5	all of the additional 2 million convertible notes are converted into shares	100,297,989		0.105		28,072,005	28%
		119,345,608			19,047,619	47,119,624	39%

(1) aggregate Face Value of the Notes, divided by the 5 day volume weighted average price of the Shares as traded on the Australia Stock Exchange as at the date immediately before the date of the Notice of Conversion

STRUCTURE OF REPORT

Our report is set out under the following headings:

- 3 PURPOSE OF REPORT
- 4 OPINION
- 5 BASIS OF EVALUATION
- 6 OVERVIEW OF BIR
- 7 ASSESSMENT OF NOTES AND IMPACT OF TRANSACTION
- 8 ADVANTAGES AND DISADVANTAGES OF THE TRANSACTION
- 9 CONCLUSION AS TO FAIRNESS AND REASONABLENESS

APPENDICES

- I SOURCES OF INFORMATION
- II STATEMENT OF DECLARATION & QUALIFICATIONS
- III FINANCIAL SERVICES GUIDE

3 PURPOSE OF REPORT

- 3.1 The purpose of this report is to advise the Non-Associated Shareholders of BIR of the fairness and reasonableness of the Transaction.
- 3.2 This report provides an opinion on whether or not the terms and conditions in relation to the Transaction are fair and reasonable to the BIR shareholders whose votes are not to be disregarded in respect of the transaction (that is, the Non-Associated Shareholders).
- 3.3 The ultimate decision whether to accept the terms of the Transaction should be based on each shareholders' assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Transaction or matters dealt with in this report, shareholders should seek independent professional advice.
- 3.4 For the Transaction to be fair, the BIR Notes must be issued on arms-length market terms and provide no additional benefit to the Subscriber. To be reasonable the shareholders must obtain an overall benefit if the Transaction proceeds.
- 3.5 This report has been prepared to satisfy the requirements of the ASX Listing Rules.
- 3.6 ASX Listing Rule 10.1 requires shareholder approval for an entity to acquire a "substantial asset" from, or dispose of a substantial asset to, a related party (amongst others). Moshav is a related party under Listing Rule 10.11. A "substantial asset" is an asset whose value or the value of the consideration being paid or received by the entity (or in the opinion of ASX) is 5% or more of the equity interests of the entity as set out in the entity's last accounts lodged with ASX (under Listing Rule 10.2). The issue of the Convertible Notes, and the grant of a security over all of the assets of the Company, are each deemed to be the disposal of an asset by the Company, exceeding 5% of BIR equity.
- 3.7 Listing Rule 10.11 requires shareholder approval for a company to issue equity securities to a related party. Equity securities are defined to include Convertible Notes. A "related party" for the purposes of the Listing Rules is defined widely and includes a director of the public company or an entity controlled by a director of the public company. Mr Tal Silberman controls Moshav, and is therefore a "related party" of the Company. Approval for the entry into the Agreements, and issue of the secured Convertible Notes to Moshav, is sought in accordance with Listing Rule 10.11.
- 3.8 Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 "Content of Experts Reports" requires, amongst other things, that directors of a company need to provide shareholders with an analysis of whether a proposed transaction is fair and reasonable, when considered in the context of the interests of the non-associated shareholders. Regulatory Guide 111 recommends that this analysis should include an independent expert's report. The independent expert is required to state whether, in their opinion, the proposal is fair and reasonable having regard to the interests of non-associated shareholders and state the reasons for forming that opinion. This report provides such an opinion.

4. OPINION

4.1 In our opinion, the proposed Transaction is *fair and reasonable* to the Non-Associated Shareholders of BIR.

4.2 Our opinion is based solely on information available as at the date of this report. The principal factors that we have considered in forming our opinion are summarised below.

Fair

4.3 In assessing the fairness of the Transaction, we must consider the initial issue of the Notes as well as the Conversion Shares issued to Moshav on receipt of a Notice of Conversion.

4.3.1 The Notes are being issued on arms-length commercial terms with a 12-month term and interest accruing at 5% of the Face Value of the Notes (10% per annum on the amount loaned) payable in full on the Maturity Date or on the date of Conversion. We have assessed these terms, including the effective interest rate of 10%, as being on arms-length market terms, as detailed at section 7.

4.3.2 The Notes also have a right attached, representing an option to convert Notes to Shares at a Conversion Price equivalent to the aggregate Face Value of the Notes, divided by the 5 day volume weighted average price of the Shares as traded on the ASX as at the date immediately before the date of the Notice of Conversion.

4.3.3 Valuing a right to acquire shares is based on the current value of the share and assumptions relevant to how the share value is likely to vary over the exercise period. However in this case the exercise price is not fixed and the Notes will convert to Shares at a variable price equivalent to the market price of the shares at the time of conversion. Therefore there is no additional value attributed to the right to convert the Notes to Shares.

4.3.4 Therefore, for the reasons detailed below, we are of the opinion that the Transaction is *fair*:

- a) The Notes are being issued at arms-length commercial terms; and
- b) The Conversion Price is a market-based price immediately prior to conversion, therefore no additional value is being attributed to the right to convert the Notes to Shares.

Reasonable

4.4 ASIC Regulatory Guide 111 states that a transaction is reasonable if:

- The Transaction is fair; or
- Despite not being fair the expert believes that there are sufficient reasons for security holders to accept the Transaction.

4.4.1 We have concluded that the Transaction is reasonable. In forming our opinion we have considered the following relevant factors:

- The funds received from the issue of the Notes will contribute to the ongoing development of the Company's wealth management subsidiary, Pulse Markets Pty Ltd, and other working capital purposes.
- The subsequent Note Conversion results in a reduction in debt associated with the initial issue of the Notes and associated interest costs;

- The Transaction will provides an opportunity for BIR to increase shareholder value and put the Company in a better financial position due to the cash injection from the Notes;
- The BIR Board are of the opinion that the Transaction is in the best interests of the Company's Shareholders.

4.5 *Accordingly, in our opinion, the Transaction is fair and reasonable to the Non-Associated Shareholders of BIR.*

5 BASIS OF EVALUATION

- 5.1 In our assessment of whether the Transaction is fair and reasonable to BIR Non-Associated Shareholders, we have given due consideration to the Regulatory Guides issued by the ASIC, in particular, Regulatory Guide 74 “Acquisitions Agreed to by Shareholders”, Regulatory Guide 111 “Content of Experts Reports” and Regulatory Guide 112 “Independence of Experts Reports”.
- 5.2 ASIC Regulatory Guide 74 requires, amongst other things, that shareholders are provided with sufficient information to make an effective, informed decision on whether the proposed Transaction is fair and reasonable. Under Regulatory Guide 111, a transaction is “fair” if the value of the asset is equal to or greater than the value of the instrument or securities being issued. Additionally, under Regulatory Guide 111 an offer is “reasonable” if it is fair. It is possible for an offer to be reasonable despite being unfair, if after considering other non-financial factors the shareholders should still accept the Transaction.
- 5.3 Our report has compared the likely advantages and disadvantages to Non-Associated Shareholders if the Transaction is agreed to, with the advantages and disadvantages to those shareholders if it is not.
- 5.4 Normal valuation practice is to determine the fair market value of an asset assuming a counter party transaction between a willing and not anxious buyer and a willing but not anxious seller, clearly at arm’s length. We have adopted this approach in determining market values for this Transaction.
- 5.5 In evaluating the Transaction, we have considered the terms of the Notes being issued, including the terms of conversion. We consider that the Transaction will be fair and reasonable if, on balance, the Non-Associated Shareholders in BIR will be better off if the Transaction is approved. We will also consider the Non-Associated Shareholder’s interests should the Transaction not proceed.
- 5.6 In our assessment of the Transaction we have considered, in particular the following:
- The operational and financial position of BIR;
 - The value of the Note and BIR shares; and
 - The advantages and disadvantages associated with approving the Transaction.
- 5.7 The documents and information relied on for the purpose of this valuation are set out in Appendix I. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Transaction is fair and reasonable. However, in assignments such as this, time is limited and we do not warrant that our enquiries have identified or verified all of the matters which an audit or more extensive examination might disclose. None of these additional tasks have been undertaken.
- 5.8 We understand the accounting and other financial information that was provided to us has been prepared in accordance with generally accepted accounting principles.

- 5.9 An important part of the information used in forming an opinion of the kind expressed in this report is the opinions and judgement of management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 5.10 The auditors of BIR are Hall Chadwick Chartered Accountants and Business Advisors Sydney Partnership (“HC Sydney”) The partners of HC Sydney have a 100% interest in HCC. The staff that worked on this report are different to staff involved in the audit of BIR. HCC adopts internal procedures and structures to safeguard our independence and manage any perceived conflict of interest arising from the role of HC Sydney as auditor of BIR. We have analysed and reviewed information provided by the Directors and management of BIR and made further enquiries where appropriate.
- 5.11 This report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this report which may impact upon this report or which may impact upon the assumptions referred to in the report.

6. OVERVIEW OF BIR

6.1 Business Overview

- 6.1.1 BIR is an Australian public listed company, which through its subsidiary, Pulse Markets Pty Ltd (“Pulse Markets”), operates as a financial services company in Australia.
- 6.1.2 BIR completed the acquisition of Pulse Markets on 28 June 2018 and during the 2019 financial year, was re-quoted on the ASX.
- 6.1.3 Pulse Markets is a diversified financial services business operating since 2001 with products and services encompassing equity capital markets (including corporate advisory services) and securities trading. Pulse Markets has over 800 clients in Australia consisting of retail, institutional, corporate and private clients.
- 6.1.4 Pulse Markets is driving the growth of its business through maintaining and growing its core business offerings, while introducing new and innovative financial products and services both to existing Pulse Markets’ clients and through new partnered distribution channels (Business-to-business (**B2B**) and wholesale).
- 6.1.5 Pulse Markets currently provides the following products and services:
- Core, foundational business: equity capital markets (**ECM**) (including corporate advisory services and capital raisings) and securities trading (equities and derivatives, and fixed income) services; and
 - New, innovative product: Managed Discretionary Account (**MDA**) services.
- 6.1.6 Equity Capital Markets consists of two parts, corporate advisory services and capital raisings for companies. Corporate advisory involves the provision of strategic, due diligence and financial advice in relation to transactions such as mergers and acquisitions, equity capital markets (initial public offerings (IPOs) and other capital raisings), restructuring, recapitalisations and other corporate matters. Pulse Markets provides corporate advisory services to ASX listed and privately-owned companies. Corporate advisory services are usually, but not always, offered as a prelude to a capital raising (i.e., ECM services).
- 6.1.7 Pulse Markets provides management and underwriting services to ASX listed companies and private companies seeking to raise capital and list on ASX. In the provision of these services, Pulse Markets acts as lead manager managing key aspects of a securities issue such as conducting due diligence of an entity's operations, management, business plans, legal aspects and facilitating drafting and design of disclosure documents. Pulse Markets also occasionally acts as underwriter to a capital raising.
- 6.1.8 MDA is a service provided to a client under a legal agreement (MDA Services Agreement) whereby a portfolio of investments is maintained for the client and the client provides discretion to the MDA service provider to make decisions about that portfolio on behalf of the client in accordance with a specified investment plan. In this way, the client delegates to the MDA service provider the day to day decision making about the client’s investment portfolio in accordance with the parameters of the investment plan.

- 6.1.9 Pulse Markets is authorised under its AFSL to provide MDA services. Pulse Markets' target clients for MDA services are primarily domestic retail and wholesale (i.e. high net worth) investors, including clients of financial planners and financial planner groups.
- 6.1.10 As announced to the market on 31 October 2019, BIR will also be launching its MNotes trading platform in November 2019. Pulse Markets has entered into an exclusive distributor partnership agreement with Moshav Financial Wholesale Pty Limited (AFSL: 439903) (a company affiliated with Mr Tal Silberman, a director of the Company) for Pulse Markets to be the exclusive distributor of a proposed new financial product, called MNotes.
- 6.1.11 An MNote is a secured mortgage investment instrument which gives the note holder the opportunity to fund loans to creditworthy borrowers through a fractionalised loan structure. Each loan is secured by a registered first ranking mortgage over real property and is typically provided for construction funding and short-term finance (for example, 2 years). MNotes will be structured to pay regular returns to investors, often at a rate higher than that offered by institutional banks for savings or term deposit accounts, subject to the terms of the investment. The proposed platform for the distribution of MNotes will allow investors to select which MNote instrument(s) they wish to hold, and therefore which underlying loans they wish to invest in.

6.2 Financial Information

- 6.2.1 Set out below is the Audited Consolidated Profit and Loss Statements of BIR for the financial years ended 30 June 2018 ("FY2018") and 30 June 2019 ("FY2019"). BIR did not have any operations in FY2018 and completed the acquisition of Pulse Markets on 28 June 2018.

BIR FINANCIAL LIMITED		
CONSOLIDATED PROFIT AND LOSS STATEMENT		
	FY2018	FY2019
Revenues	-	851,190
Other income	-	4,544
Operating expenses	-	(504,573)
Salaries and employee benefits expense	-	(1,045,053)
Depreciation	-	(13,447)
Corporate and administration costs	(602,372)	(1,548,568)
Loss on sale of plant and equipment	-	(70,338)
Loss before income tax	(602,372)	(2,326,246)
Income tax benefit	-	-
Net loss after income tax expense	(602,372)	(2,326,246)

- 6.2.2 Set out below is the Audited Consolidated Statement of Financial Position of BIR as at 30 June 2019.

BIR FINANCIAL LIMITED	
STATEMENT OF FINANCIAL POSITION	
AS AT 30 JUNE 2019	
<u>CURRENT ASSETS</u>	
Cash and cash equivalents	943,251
Trade and other receivables	107,304
Indemnified deferred tax liability	80,988
Financial assets	29,827
Other assets	362,881
	1,524,252
<u>NON-CURRENT ASSETS</u>	
Indemnified acquisition cost	270,000
Plant and equipment	26,411
Intangible assets	3,836,331
	4,132,742
TOTAL ASSETS	5,656,994
<u>CURRENT LIABILITIES</u>	
Trade and other payables	341,587
Provisions	477,000
Borrowings	3,099
	821,686
<u>NON-CURRENT LIABILITIES</u>	
Indemnified income tax liability	80,988
	80,988
TOTAL LIABILITIES	902,674
NET ASSETS	4,754,320
<u>EQUITY</u>	
Issued capital	27,888,293
Accumulated losses	(23,133,973)
TOTAL EQUITY	4,754,320

- 6.2.3 Intangible assets comprises goodwill arising from the acquisition by BIR of Pulse Markets.
- 6.2.4 The Audit Report for BIR contained a material uncertainty related to going concern due to the net losses incurred and net cash outflow from operations.

6.3 Share trading information

6.3.1 Following is a graph of the trading of BIR shares over the last twelve months.



6.3.2 The last trading day to the date of this report was 25 October 2019, where shares traded at \$0.10.

6.3.3 The table below sets out the movement of BIR share price and trading volumes up to and including 25 October 2019 when the Company's shares last traded to the date of this report:

	Low \$	High \$	VWAP (1)	Volume
1 month	0.100	0.100	0.100	41,320
2 months	0.100	0.105	0.101	61,320
3 months	0.100	0.110	0.103	153,210
6 months	0.100	0.120	0.109	344,740
12 months	0.100	0.190	0.130	576,770

(1) The VWAP was calculated using the total value of all transactions divided by the total trading volume in the time period considered.

7. ASSESSMENT OF NOTES AND IMPACT OF TRANSACTION

7.1 Arms-length terms of Notes

- 7.1.1 In assessing the fairness and reasonableness of the Transaction we have considered the terms of the Notes and whether they are considered arms-length commercial terms.
- 7.1.2 The Notes will accrue interest at 5% per annum on the face value of the Notes on issue, payable in full on the Maturity Date or on the date of Conversion. As the amount loaned is 50% of the total face value of the Notes, the effective interest rate on the amount loaned is 10% per annum.
- 7.1.3 We have considered current interest rates in the market from both bank and non-bank lenders. Based on the following data analysed ¹, we are of the opinion that the 10% interest rate attributed to the Notes is a fair market rate:
- Secured loans above \$1 million with a one-year term have comparison rates ranging from 5.61% to 13.09%;
 - Personal loan comparison rates range from 7.16% to 13.56%;
 - Private first mortgage rates can range between 9% and 13%;
 - Based on research undertaken and our knowledge of financial markets, a 10% interest rate is consistent with similar convertible note instruments issued in the market.
- 7.1.4 The BIR board of Directors, based on their many years' experience in the finance industry, considered the interest rate to be standard for a transaction of this nature.
- 7.1.5 The balance of the terms of the Notes have also been reviewed and are considered standard commercial terms for a transaction of this nature.

7.2 Impact of Cash Injection and Conversion Terms

- 7.2.1 In determining that the terms of the Notes are commercial and at arms-length, we have considered the fact that the Transaction enables the Company to obtain working capital within a relatively short timeframe and we are advised that there is a lack of alternate funding options.
- 7.2.2 We have also considered that the Conversion Price, being based on the 5-day volume weighted average price of the Shares as traded on the ASX immediately before the date of the Notice of Conversion, is a fair representation of market value. The market value of the shares listed on the ASX reflects all publicly available information on the Company and therefore we believe it is a reliable reflection of the market value of the Company's shares and it is likely would continue to be.

¹ canstar.com.au, ratecity.com.au, easysettlefinance.com.au

8. ADVANTAGES & DISADVANTAGES OF THE TRANSACTION

8.1 Approach to assessing Fairness and Reasonableness

HCC has followed the guidelines of ASIC Regulatory Guide 111 in assessing the fairness and reasonableness of the Transaction. In forming its conclusions in this report, HCC compared the advantages and disadvantages for Non-Associated Shareholders if the Transaction proceeds.

8.2 Advantages of the Transaction

- 8.2.1 The funds received from the issue of the Notes will contribute to the working capital required of the Company.
- 8.2.2 The Notes are being issued on arms-length commercial terms with a 12-month term and interest accruing at 5% of the Face Value of the Notes (10% per annum on the amount loaned) payable in full on the Maturity Date or on the date of Conversion. We have assessed these terms as being on arms-length market terms.
- 8.2.3 The subsequent Note Conversion results in a reduction in debt associated with the initial issue of the Notes and associated interest costs;
- 8.2.4 The Notes will convert to Shares at a variable price equivalent to the market price of the shares at the time of conversion, therefore there is no additional value being attributed to the right to convert.
- 8.2.5 The Transaction will provides an opportunity for BIR to increase shareholder value and put the Company in a better financial position due to the cash injection from the Notes.

8.3 Disadvantages of the Transaction

- 8.3.1 The Transaction may result in the dilution of Non-Associated Shareholders ownership interest in BIR. If the Notes are converted, the Shares issued on conversion of the Notes will represent up to 31.9% of the post-Transaction shares on issue, assuming the full face value of \$4 million is converted and no other shares are issued to the date of conversion.
- 8.3.2 If there is an Event of Default the Notes become immediately repayable and the Subscriber can give the Company written notice that the Notes have become redeemable. An Event of Default means an event causing the Company to become Insolvent; or the Company breaching any of its obligations under the Note terms, and failing to remedy such breach to the reasonable satisfaction of the Subscriber within 30 days of demand by the Subscriber requiring the Company to remedy the breach.
- 8.3.3 In the event that the Notes are not converted into Shares and are repayable by BIR, the Company must repay to the Subscriber the Subscription Value (being 50% of the Face Value of the Notes), together with all accrued but unpaid interest.

9. CONCLUSION AS TO FAIRNESS AND REASONABLENESS


9.1 Fairness

- 9.1.1 In assessing the fairness of the Transaction, we must consider the initial issue of the Notes as well as the Conversion Shares issued to Moshav on receipt of a Notice of Conversion.
- 9.1.2 The Notes are issued on arms-length commercial terms with a 12-month term and interest accruing at 5% of the Face Value of the Notes (10% per annum on the amount loaned) payable in full on the Maturity Date or on the date of Conversion. We have assessed these terms, including the effective interest rate of 10%, as being on arms-length market terms.
- 9.1.3 The Notes also have a right attached, representing an option to convert Notes to Shares at a Conversion Price equivalent to the aggregate Face Value of the Notes, divided by the 5 day volume weighted average price of the Shares as traded on the ASX as at the date immediately before the date of the Notice of Conversion.
- 9.1.4 Valuing a right to acquire shares is based on the current value of the share and assumptions relevant to how the share value is likely to vary over the exercise period. However in this case the exercise price is not fixed and the Notes will convert to Shares at a variable price equivalent to the market price of the shares at the time of conversion. Therefore there is no additional value attributed to the right to convert the Notes to Shares.
- 9.1.5 Therefore, for the reasons detailed below, we are of the opinion that the Transaction is *fair*:
- a) The Notes are being issued at arms-length commercial terms; and
 - b) The Conversion Price is a market-based price immediately prior to conversion, therefore no additional value is being attributed to the right to convert.

9.2 Reasonableness

- 9.2.1 ASIC Regulatory Guide 111 states that a transaction is reasonable if the Transaction is fair, or despite not being fair, the expert believes that there are sufficient reasons for security holders to accept the Transaction.
- 9.2.2 We have concluded that the Transaction is fair and therefore also reasonable, after considering the advantages and disadvantages of the Transaction detailed at section 8.
- 9.2.3 Having considered the above, in our opinion the Non-Associated Shareholders of BIR should benefit if the Transaction proceeds and therefore, in our opinion the Transaction is reasonable.

Yours faithfully
Hall Chadwick Corporate (NSW) Limited



DREW TOWNSEND

APPENDIX I - SOURCES OF INFORMATION

- BIR Financial Limited Audited Financial Report for the years ended 30 June 2018 and 30 June 2019;
- Convertible Note Subscription Agreement between BIR Financial Limited and Moshav Custodian Pty Ltd;
- BIR Financial Limited Notice of General Meeting and Explanatory Memorandum;
- BIR Company registry details;
- Publicly available information on BIR;
- Regulatory Guide 74 ‘Acquisitions Agreed to by Shareholders’;
- Regulatory Guide 111 ‘Content of Expert Reports’;
- Regulatory Guide 112 ‘Independence of Expert’s Reports’; and
- APES 225 ‘Valuation Services’.

APPENDIX II - STATEMENT OF DECLARATION & QUALIFICATIONS

Confirmation of Independence

Prior to accepting this engagement HCC determined its independence with respect to BIR with reference to ASIC Regulatory Guide 112 (RG 112) titled “Independence of Expert’s Reports”. HCC considers that it meets the requirements of RG 112 and that it is independent of BIR.

Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with BIR, its related parties or associates that would compromise our impartiality.

Mr Drew Townsend, a director of Hall Chadwick Corporate (NSW) Limited, who is a registered company auditor, has prepared this report. Neither he nor any related entities of Hall Chadwick Corporate (NSW) Limited have any interest in the promotion of this Transaction nor will Hall Chadwick Corporate (NSW) Limited receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. Our fee is not contingent upon the success or failure of the proposed transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, HCC does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

HCC provided a draft copy of this report to the Directors and management of BIR for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of HCC alone. Changes made to this report, as a result of the review by the Directors and management of BIR have not changed the methodology or conclusions reached by HCC.

Reliance on Information

The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this report HCC has relied upon information provided on the basis it was reliable and accurate. HCC has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. HCC evaluated the information provided to it by BIR as well as other parties, through enquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base the report. Accordingly, we have taken no further steps to verify the accuracy, completeness or fairness of the data provided.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards. HCC does not imply and it should not be construed that it has audited or in anyway verified any of the information provided to it, or that its enquiries could have verified any matter which a more extensive examination might disclose.

The sources of information that we relied upon are outlined in Appendix I of this report.

BIR has provided an indemnity to HCC for any claims arising out of any mis-statement or omission in any material or information provided by BIR to HCC in preparation of this report.

Qualifications

Hall Chadwick Corporate (NSW) Limited ("HCC") carries on business at Level 40, 2 Park Street, Sydney NSW 2000. HCC holds Australian Financial Services Licence No. 227902 authorising it to provide financial product advice on securities to retail clients. HCC's representatives are therefore qualified to provide this report.

Consent and Disclaimers

The preparation of this report has been undertaken at the request of the Directors of BIR. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the report should be used for any other purpose than to accompany the Notice of General Meeting to be sent to BIR shareholders. In particular, it is not intended that this report should be used for any purpose other than as an expression of HCC's opinion as to whether or not the Proposed Transaction is fair and reasonable. HCC consent to the issue of this report in the form and context in which it is included in the Notice of General Meeting to be sent to BIR shareholders.

Shareholders should read all documents issued by BIR that consider the proposed Transaction in its entirety, prior to proceeding with a decision. HCC had no involvement in the preparation of these documents, with the exception of our report.

This report has been prepared specifically for the Non-Associated Shareholders of BIR. Neither HCC, nor any member or employee thereof undertakes responsibility to any person, other than a Non-Associated Shareholder of BIR, in respect of this report, including any errors or omissions howsoever caused. This report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS).

Our opinions are 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. Furthermore, financial markets have been particularly volatile in recent times. Accordingly, if circumstances change significantly, subsequent to the issue of the report, our conclusions and opinions may differ from those stated herein. There is no requirement for HCC to update this report for information that may become available subsequent to this date.

APPENDIX III - FINANCIAL SERVICES GUIDE

Dated 17 December 2019

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Hall Chadwick Corporate (NSW) Limited ABN 28 080 462 488, Australian Financial Services Licence Number 227902 (HCC).

This FSG includes information about:

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

This FSG forms part of an Independent Expert's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of dealing in the particular financial product.

Financial services that HCC is authorised to provide

HCC holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

HCC's responsibility to you

HCC has been engaged by the independent directors of BIR Financial Limited ("BIR" or the "Client") to provide general financial product advice in the form of a Report to be included in the Notice of Meeting (Document) prepared by BIR in relation to the proposed Transaction.

You have not engaged HCC directly but have received a copy of the Report because you have been provided with a copy of the Document. HCC nor the employees of HCC are acting for any person other than the Client.

HCC is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As HCC has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees HCC may receive

HCC charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay HCC \$14,000 (excluding GST and out of pocket expenses) for preparing the Report. HCC and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

HCC officers and representatives receive a salary or a partnership distribution from Hall Chadwick Sydney professional advisory and accounting practice (the Hall Chadwick Sydney Partnership). Remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

HCC does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures HCC is controlled by and operates as part of the Hall Chadwick Sydney Partnership. HCC's directors may be partners in the Hall Chadwick Sydney Partnership. Mr Drew Townsend, a director of HCC and partner in the Hall Chadwick Sydney Partnership, has prepared this report. The financial product advice in the Report is provided by HCC and not by the Hall Chadwick Sydney Partnership.

From time to time HCC, the Hall Chadwick Sydney Partnership and related entities (HC entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

HC entities have provided, and continue to provide, a range of audit, tax and advisory services to the Client for which professional fees are received.

No individual involved in the preparation of this Report holds a substantial interest in or is a substantial creditor of the Client or has other material financial interests in the Transaction.

Complaints resolution

If you have a complaint, please let HCC know. Formal complaints should be sent in writing to:
The Complaints Officer
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Drew Townsend, on 02 9263 2600 and he will assist you in documenting your complaint.

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

External complaints resolution process

If HCC cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Australian Financial Complaints Authority (AFCA). AFCA provides free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at their website www.afca.org.au or by contacting them directly at:

Australian Financial Complaints Authority Limited
GPO Box 3, Melbourne Victoria 3001
Telephone: 1800 931 678
Facsimile (03) 9613 6399
Email: info@afca.org.au

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

Compensation arrangements

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

Contact Details

You may contact HCC at:
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001
Telephone: 02 9263 2600
Facsimile: 02 9263 2800

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BIR FINANCIAL LIMITED

ACN: 074 009 091

«Company_code» «Sequence_number»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

REGISTERED OFFICE:

Security Transfer Australia Pty Ltd
"Exchange Tower" Suite 913
530 Little Collins Street
Melbourne VIC 3000

SHARE REGISTRY:

Security Transfer Australia Pty Ltd

All Correspondence to:

PO BOX 52
Collins Street West VIC 8007
Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000
T: 1300 992 916

E: registrar@securitytransfer.com.au

W: www.securitytransfer.com.au

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Code:

BIR

Holder Number:

«HOLDER_NUM

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

VOTE ONLINE

Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Extraordinary General Meeting of the Company to be held at 11:00am (Sydney time) on Thursday 6 February 2020 at Pulse Markets Pty Ltd, Level 24/1 Farrer Place (Governor Phillip Tower), Sydney NSW 2000 and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions.

In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION

1. Approval to enter into, and issue Convertible Notes under, the Convertible Note Subscription Agreement and the General Security Deed

For

☐

Against

☐

Abstain*

☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Sole Director & Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 11:00am (Sydney time) on Tuesday 4 February 2020.

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BIR

BIRPX2060220

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Name:

()

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

Email registrar@securitytransfer.com.au

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.