

PS&C Limited

(ACN 164 718 361)

Notice of General Meeting

Notice is hereby given that a General Meeting of PS&C Ltd (ACN 164 718 361) ('Company') will be held at the time and location, and to conduct the business, specified below:

Date: Friday, 27 March 2020

Registration: 10.30am (AEDT)

Meeting Start Time: 11.00am (AEDT)

Location: Moore Stephens, Level 18, 530 Collins Street,
Melbourne, VIC., 3000

Business

The following business will be conducted:

- 1. Approval of share issue to Toon Consulting Pty Ltd and Analyst Recruitment Pty Ltd for Purchase of Respring Pty Ltd (trading as farmbuy.com)**

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution:

Resolution 1

"That, pursuant to and in accordance with item 7 of section 611 of the Corporations Act, Exception 8 of Listing Rule 7.2 and for all other purposes, shareholders approve the issue of 150,000,000 fully paid ordinary shares in the Company at an issue price of \$0.03 per share, for the purposes of issuing shares to the members of Toon Consulting Pty Ltd and Analyst Recruitment Pty Ltd as full consideration for the acquisition of Respring Pty Ltd, on the terms and conditions contained in the Explanatory Statement." (*Refer to the Explanatory Statement annexed for further details*).

An Independent Expert has determined that the Respring Share Purchase Transaction, the subject of the Resolution in this Notice of Meeting, is fair and reasonable to the non-associated Shareholders.

By order of the Board of Directors
21 February 2020

NOTES

The Explanatory Statement forms part of this Notice of General Meeting and should be read in conjunction with it.

VOTING ENTITLEMENTS

Pursuant to regulation 7.11.37 of the Corporations Regulations, the Board has determined that, for the purpose of voting at the meeting, members are those persons who are the registered holders of shares at 7.00 pm (AEDT) on Wednesday, 25 March 2020.

VOTING AT THE MEETING

Resolution 1 is to be voted on as ordinary resolution. Ordinary resolutions require a simple majority of votes cast by shareholders entitled to vote on the resolution.

The passing of Resolution 1 will be decided by a poll. Upon a poll, every person who is present in person or by proxy, corporate representative or attorney, will have one vote for each share held by that person.

PROXIES

In accordance with section 249L of the Corporations Act 2001 (Cth):

A member who is entitled to attend and vote at the General Meeting may appoint a proxy. A proxy can be either an individual or a body corporate. Should you appoint a body corporate as your proxy, that body corporate will need to ensure that it:

- (a) appoints an individual as its corporate representative to exercise its powers at meetings, in accordance with section 250D of the Corporations Act 2001 (Cth); and
- (b) provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If satisfactory evidence of appointment as corporate representative is not received before the meeting, then the body corporate (through its representative) will not be permitted to act as your proxy.

If a shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. If the proxy appointments do not specify the proportion of the member's voting rights that each proxy may exercise, each proxy may exercise half of the member's votes. A proxy need not be a member.

To be effective, the proxy form (and, if the appointment is signed by the appointer's attorney, the authority under which it was signed or a certified copy of the authority)

must be received by the Company's share registry, Boardroom Pty Limited, no later than 48 hours prior to the commencement of the General Meeting which will be held at 11.00 am (AEDT), on Friday, 27 March 2020.

If you appoint a proxy, the Company encourages you to direct your proxy how to vote on each item of business.

The Chairman of the Meeting intends to vote undirected proxies able to be voted in favour of all items of business.

The completed proxy form may be:

Mailed/delivered to the Company's share registry, Boardroom Pty Limited at:

Street Address:	Postal Address:	Street Address:
Boardroom Pty Limited	Boardroom Pty Limited	Boardroom Pty Limited
Level 12, 225 George Street, Sydney NSW 2000	GPO Box 3993, Sydney NSW 2001	+61 2 9290 9655

Or lodged online at <http://www.votingonline.com.au/pszgmmar2020>

CORPORATE REPRESENTATIVES

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act 2001 (Cth) in which case the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the Corporations Act 2001 (Cth). The Certificate must be lodged with the Company before the meeting or at the registration desk on the day of the meeting. The Company will retain the certificate.

EXPLANATORY STATEMENT

Introduction

This Explanatory Statement has been prepared for the shareholders of PS&C Ltd (**Company**) to provide information about the item of business to be considered at the General Meeting of shareholders to be held on Friday, 27 March 2020.

This Explanatory Statement is to assist shareholders in understanding the background to and the implications of the Notice and the reasons for the Resolution proposed. It should be read in its entirety and in conjunction with the Notice. Other than the information set out in this Explanatory Statement, the Directors believe that there is no other information that could reasonably be required by shareholders to consider Resolution 1.

ITEM 1 – Approval of share issue to Toon Consulting Pty Ltd and Analyst Recruitment Pty Ltd for Purchase of Respring Pty Ltd (trading as farmbuy.com)

General Background

To address the uncertainty relating to the company's going concern uncertainties disclosed in the Annual Report to Shareholders released to the market on 26 September 2019, the Board of the Company embarked on a program to divest certain assets to strengthen its Balance Sheet while maintaining a platform for future growth.

As of the date of this Notice of General Meeting, the Company has successfully divested its Security Segment as announced to the Market on 3 October 2019, successfully divested its Queensland operations, Glassandco Pty Ltd, as announced to the market on 19 December 2019 and, subject to Tesserent Ltd shareholder approval, divested its Canberra Operations as announced to the Market on 9 December 2019.

The divestment program has successfully strengthened the Company's Balance Sheet, affording the Company the ability to focus its energies on growing the Melbourne operations while pursuing strategic acquisitions that can create scalable income streams and provide opportunities for the Company to diversify its revenue base.

Acquisition of Respring

The acquisition of Respring supports the broader strategy to create scalable revenue streams and add Intellectual Property to the company's balance sheet. As part of the acquisition of Respring, PS&C also receives a 100% interest in the domain name and associated intellectual property of online website "***farmbuy.com***".

The Board of the Company has formed the opinion that the acquisition of Respring is in the best interests of shareholders as it provides:

- a) new revenue streams in a high growth online marketplace;
- b) creates tangible Intellectual Property on the company's balance sheet; and
- c) provides the opportunity to expand consulting services to new clients.

The Board believes the acquisition will have significant benefits for Shareholders over the long term if farmbuy.com maintains its leadership position in the rural sector and revenue verticals mature and come online.

The Proposed Transaction, subject to approval of the Resolution the subject of this Notice of General Meeting, has been affected via a Share Sale and Purchase Agreement ("**SSPA**") for 100% of the shares in Respring Pty Ltd. For completeness the shares of Respring Pty Ltd are held by the following entities:

- Toon Consulting Pty Ltd (ACN 620 516 172), which holds six (6) ordinary shares in Respring Pty Ltd; and
- Analyst Recruitment Pty Ltd (ACN 113 077 508), which holds six (6) ordinary shares in Respring Pty Ltd.

The Board has commissioned an Independent Expert Report to determine if the transaction is fair and reasonable and this report forms part of this Notice of Meeting.

The Board recommends Shareholders read this report in its entirety prior to voting on the Resolution.

Background to the Respring Share Purchase Transaction

(a) Share Purchase Agreement

On 6 February 2020, the Company entered in a Share Sale and Purchase agreement with Respring and its shareholders to acquire 100% of the share capital in Respring (**Share Purchase Transaction**). The Share Purchase Transaction is conditional upon the Company obtaining shareholder approval to the issue of shares to the Sellers of Respring as consideration for the acquisition.

The Directors approved the Company entering into the SSPA Contract and this was executed on 6 February 2020.

The key terms of the SSPA Contract are set out in paragraphs (i) to (viii) below. The SSPA Contract is otherwise on terms that are customary for agreements of this nature.

The material terms of the SSPA Contract are as follows:

- (i) (**Acquisition**): Upon issue and allotment of Sale Shares to each Seller, PS&C will acquire 100% of Respring Pty Ltd.

- (ii) (**Consideration**): The consideration payable by PS&C for the shares in Respring Pty Ltd is issue of 150,000,000 ordinary shares in the capital of PS&C, to be issued and allotted 75,000,000 to Toon Consulting and 75,000,000 to Analyst Recruitment in accordance with Clause 2 SSPA.
- (iii) (**Continuity of business**): The transaction is subject to Respring operating as a going concern and in the ordinary and normal course of business at the time of Completion.
- (iv) (**Not to alter capital**): The transaction is subject to the Sellers ensuring that Respring does not alter its capital at any time without written consent of PS&C.
- (v) (**Conditions precedent**): Completion is conditional on and will not proceed unless, on or prior to 31 March 2020, the shareholders of the Buyer, validly approve at a general meeting, in a form acceptable to the Sellers (and in the manner required by the relevant parts of the Corporations Act and the Listing Rules) and completion of the Independent Expert Report.
- (vi) (**Approval**): The transaction is subject to approval by Shareholders as soon as practicable after the SSPA Contract is executed.
- (vii) (**Completion**) The parties intend that Completion will occur on 31st March 2020.
- (viii) (**Capital Return**): The Sellers agree not to participate in any Capital Return, meaning a return of capital by the Buyer on or before 31 December 2020 by way of a selective share buy-back and cancelation of shares in the capital of the Buyer which is offered to all shareholders of the Buyer other than the Sellers pursuant to section 257D(1) of the Corporations Act and which return is completed no later than 31 December 2020.

Each Seller agrees to enter into or to procure that its relevant nominees enter into a voluntary escrow agreement (on terms reasonably agreed between the Sellers and the Buyer) in respect of the Company's shares that will set out escrow restrictions as follows:

- (a) Twenty Five percent (25%) of the total number of Consideration Shares are to be escrowed from the Completion Date for a period of six (6) months;
- (b) Twenty Five percent (25%) of the total number of Consideration Shares are to be escrowed from the Completion Date for a period of twelve (12) months;
- (c) Twenty Five percent (25%) of the total number of Consideration Shares are to be escrowed from the Completion Date for a period of eighteen (18) months; and
- (d) Twenty Five percent (25%) of the total number of Consideration Shares are to be escrowed from the Completion Date for a period of twenty four (24) months.

Details of Respring

Respring Pty Ltd, owns and operates farmbuy.com, one of Australia's leading dedicated rural property real estate web portals. It was founded in 2009, by Philip Sondhu, who saw an opportunity to establish a specialist rural and lifestyle property portal and subsequently position farmbuy.com as a market leader in this space.

In late 2018, the original entity which farmbuy.com operated through - Farmbuy Pty Ltd, part of the wider Bauer Media Group, ceased its operations. As a result, part of the former leadership, namely Keith Falconer, of Farmbuy Pty Ltd incorporated a new entity, Respring Pty Ltd, and purchased the domain names farmbuy.com, farmbuy.com.uk, farmbuy.co.nz, farmbuy.com.au and all the Intellectual Property associated thereto.

Since taking ownership of farmbuy.com, Respring has reestablished farmbuy.com as a leading dedicated rural & lifestyle property real-estate web portal with close to 3,000 listed properties and a current traffic base of more than 4,000,000 page views from 398,000+ unique visitors in the past 12 months.

As at the date of this Notice of Meeting, farmbuy.com has over 200 real estate offices listing properties on the portal.

The opportunity exists to bring other industry verticals into the platform including, farm machinery clearing sales, livestock clearing sales, mortgage broking and rural consumables such as fertilizers. The addition of these verticals provides significant long-term growth opportunities.

Independent Expert's Report

Refer to Appendix A for Independent Expert's Report

Resolution 1 – Approval of issue of shares to Toon Consulting and Analyst Recruitment in accordance with the Share Purchase Transaction

(a) General

ASX Listing Rule 7.1 restricts the Company to issuing a maximum of 15% of its issued capital in any 12 month period unless it obtains shareholder approval for the issue.

The Company now seeks its shareholder approval to the issue of the Shares to finance the acquisition of Respring.

ASX Listing rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issues by the entity during the previous 12 months, exceed 15% of the number of the securities at the commencement of that 12 month period.

The Company will be seeking to rely on Exception 8 of Listing Rule 7.2 which allows for an issue that has been approved for the purposes of section 7 of s 611 of the

Corporations Act to exceed the restriction of issuing a maximum 15% of its issued capital in any 12 month period.

This resolution ensures that, for the purposes of item 7 of section 611 of the Corporations Act, Exception 8 of Listing Rule 7.2 and for all other purposes (including to the extent required, Exception 6 of Listing Rule 10.12) approval has been obtained by Shareholders.

Item 7 of section 611 of the Corporations Act serves as an exemption to the takeover provisions contained in section 606 of the Corporations Act. The effect of these provisions in the context of this transaction is that it will ensure that the Seller will not breach the takeover prohibitions should they be deemed to be effectively in control of more than 20% of PS&C's equity capital – being a situation where they are deemed related parties.

In accordance with item 7 of section 611 of the Corporations Act, the following information is important to Shareholders. The issue of shares will be split 75,000,000 to Toon Consulting and/or such of its nominees as are set out by Toon Consulting, and 75,000,000 to Analyst Recruitment and/or such of its nominees as are set out by Analyst Recruitment. This puts their respective controlling interest at approximately 16% of outstanding equity. As these companies may be deemed related, they potentially have approximately 32% of the controlling interest in PS&C between them.

Director recommendations and voting intentions

The Directors have no personal interest in the outcome of the Resolution and unanimously recommend that Shareholders vote **IN FAVOUR** of the Resolution.

In relation to the Resolution in which each Director gives a recommendation and in consideration of the findings of the Independent Expert's Report, each Director is of the opinion that the Farm Buy Share Sale Transaction contemplated by the Resolution is in the best interests of Shareholders for the reasons outlined in more detail throughout this Explanatory Statement.

Each Director intends to vote all of their (or their associates) shares in the Company in favour of the Resolution in which they (or their associate) are entitled to vote.

Glossary

ASX means the Australian Securities Exchange;

Board means the board of Directors of the Company;

Company means PS&C Limited ACN 164 718 361;

Corporations Act means Corporations Act 2001 (Cth);

Director means a director of the Company;

Explanatory Statement means the explanatory statement comprising part of this Notice of Meeting;

Share Purchase Transaction means the purchase of 100% of the shares in Respring by PS&C from the Sellers pursuant to the SSPA Contract;

Independent Expert means Findex Group Ltd ACN 128 588 714;

Independent Expert's Report means the report of the Independent Expert accompanying this Explanatory Statement;

Listing Rules means the ASX Listing Rules as amended from time to time and available on the ASX website;

Meeting means the general meeting to be held in accordance with the Notice of Meeting;

Notice of Meeting means the notice of meeting attached to, and forming part of, this document;

PS&C means PS&C Limited ACN 164 718 361;

Resolution means the ordinary resolution proposed to approve the Respring Share Purchase Transaction, as set out in the Notice of Meeting;

Respring means Respring Pty Ltd ACN 624 218 015;

Seller means Toon Consulting Pty Ltd ACN 620 516 172 and Analyst Recruitment Pty Ltd ACN 113 077 508

Sale Shares means all the shares in the capital of Respring Pty Ltd;

Shareholder means the registered holder of a Share in the Company; and

SSPA Contract means the Share Sale and Purchase Agreement dated 6 February 2020 for the purchase of 100% of the issued capital of Respring by PS&C referred to in page 7 of this Explanatory Statement;

Voting Form means the voting form relating to the Meeting in the form accompanying this Explanatory Statement and the Notice of Meeting

Appendix A - Independent Expert Report

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PS&C Limited
ABN 50 164 718 361
ACN 164 718 361

INDEPENDENT EXPERT'S REPORT

We conclude the Proposed Transaction is Fair and Reasonable for the non-associated shareholders of PS&C Limited whose votes are not to be disregarded.

11 February 2020



11 February 2020

The Independent Directors
PS&C Limited
Level 10, 410 Collins Street
MELBOURNE VIC 3000

The Independent Directors,

Findex Corporate Finance (Aust) Ltd
ABN 95 001 508 363
AFSL No. 239170
Level 17, 181 William Street
Melbourne VIC 3000 Australia
Tel +61 3 9258 6700
Fax +61 3 9258 6722
findex.com.au

RE: INDEPENDENT EXPERT'S REPORT (THE "REPORT")

1 Introduction

1.1 Overview of the Proposed Transaction

On 26 September 2019, PS&C Limited (ASX: PSZ) ("**PS&C**" or "**the Company**") issued its Annual Report to its shareholders. Subsequent to the issue of the Annual Report, it was resolved by the board of PS&C, based on the matter of uncertainty related to the going concern of PS&C, that it would realise some of the company's assets. Since the resolution made by the board, the Company has taken action to realise three of its assets.

The first realisation was the announcement of the sale of the PS&C Security Division to ASX listed Tesseract (ASX: TNT). This was announced on 3 October 2019.

The second realisation was the announcement of the sale of Nth. Consulting Pty Ltd (a wholly owned subsidiary of PS&C) to TNT Cyber Services Pty Ltd (a wholly owned subsidiary of ASX: TNT). This was announced on 10 December 2019, and is currently subject to shareholder approval of the acquirer (i.e. TNT Cyber Services Pty Ltd).

The third realisation was the sale of GlassandCo Pty Ltd which made up the Discovery + Insights Division of PS&C. This was announced on 19 December 2019.

Following on from the divestments mentioned above, the PS&C board has been prudent in attempting to identify other assets and ways to diversify its revenue streams to assist in building the intellectual property within, making use of and enhancing its current delivery capabilities.

Consequently, PS&C are considering the potential purchase of Respring Pty Ltd ("**Farmbuy.com**"), as at 11 February 2020 ("**Valuation Date**") for a fixed consideration of \$4.5 million, payable by way of issuing circa 150,000,000 PS&C shares ("**Proposed Transaction**").

For completeness it is important to note that Respring Pty Ltd, is the entity which owns the domain name and intellectual property which is otherwise known as online website: *Farmbuy.com*. For the purposes of this Report, the terms Farmbuy.com and Respring Pty Ltd are interchangeable.

The Proposed Transaction is intended to be affected via a Share Sale and Purchase Agreement ("**SSPA**") for 100% of the shares in Respring Pty Ltd. For completeness the shares of Respring Pty Ltd are held by the following entities:

- Toon Consulting Pty Ltd (ACN 620 516 172), which holds six (6) ordinary shares in Respring Pty Ltd; and
- Analyst Recruitment Pty Ltd (ACN 113 077 508), which holds six (6) ordinary shares in Respring Pty Ltd.

The Proposed Transaction is subject to a condition precedent, in particular shareholder approval is required on or around 17 March 2020. On 6th February 2020 PS&C announced on the ASX that the Share Sale and Purchase Agreement ("**SSPA**") has been executed by the parties noting that the acquisition is subject to shareholder approval.

1.2 Purpose of the Report

As outlined above, the Proposed Transaction relates to the fixed price acquisition of Farmbuy.com for \$4.5 million, in exchange for circa 150,000,000 new shares to be issued in PS&C. For completeness we note that the as at the Valuation Date, the market capitalisation of PS&C is approximately \$10.18 million¹.

PS&C does not have any directors in common with Farmbuy.com, and it does not have more than 30% of the voting shares in Farmbuy.com. There is no legal requirement for an independent expert's report in respect of the Proposed Transaction, as prescribed under Section 640 of the Corporations Act 2001 ("**Section 640**").

However, on the advice of its lawyers, the board of directors of PS&C ("**the Directors**") have requested that Findex Corporate Finance ("**Findex**") provide an independent expert's report advising whether, in our opinion, the Proposed Transaction is fair and reasonable to the non-associated shareholders, to assist them to form a view as to whether or not to approve the Proposed Transaction. Accordingly, PS&C is seeking approval of the Proposed Transaction under ASX Listing Rule 7.1.

This independent expert's report has been prepared in a manner consistent with Section 640 to assist the non-associated shareholders in their consideration of the Proposed Transaction.

We have prepared this report having regard to Section 640 and Australian Securities and Investments Commission ("**ASIC**"), Chapter 10 of the Listing Rules, Chapter 2E of the Corporations Act, ASIC Regulatory Guide 111, ASIC Regulatory Guide 112 and ASIC Regulatory Guide 76.

This Report is to be included in the notice of the meeting to be held on or around 18 March 2020 to approve the Proposed Transaction ("**Notice of Meeting**") and Explanatory Notes ("**Explanatory Notes**") to be sent to shareholders. Shareholders will be required to vote on the Proposed Transaction in a General Meeting to be held on or around 18 March 2020.

1.3 Approach to Our Assessment

In undertaking the work associated with this report, we have had regard to ASIC Regulatory Guide 111 in relation to the content of expert's report and ASIC Regulatory Guide 112 in respect of the independence of experts. The Regulatory Guide prescribes standards of best practice in the preparation of independent expert's reports pursuant to Section 640.

ASIC Regulatory Guide 111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of s611 of the Corporation Act 2001, a selective capital reduction or selective buy back under Chapter 2J.

Accordingly, we are required to assess the fairness and reasonableness of the Proposed Transaction.

We assessed the fairness of the Proposed Transaction. Furthermore, we also considered the reasonableness of the Proposed Transaction by considering the advantages and disadvantages of the Proposed Transaction in forming our opinion, as set out below.

In forming our opinion on whether or not the Proposed Transaction is fair for PS&C non-associated shareholders, we compared:

- The equity value of Farmbuy.com on a controlling and non-marketable basis; to
- The fixed consideration payable by PS&C in the Proposed Transaction.

Based on the intended timing of the Proposed Transaction, we adopted a Valuation Date of 11 February 2020 for the purpose of this Report ("**Valuation Date**"), as a reasonable proxy for the value as at the date of the General Meeting.

¹ <https://www.capitaliq.com/CIQDotNet/company.aspx?companyId=249242732>

Under Regulatory Guide 111, an offer is deemed to be "reasonable" if it is fair, however, an offer might also be reasonable if, despite being "not fair", the expert believes that there are sufficient reasons for non-associated shareholders to accept the offer in the absence of a superior alternative.

We also note that whilst the consideration payable is a fixed amount of \$4.5 million (which as at the date of this Report, equates to 150,000,000 new shares in PS&C issued at a price of \$0.03 per share), we have also considered the reasonableness of the consideration payable by PS&C to the shareholders of Farmbuy.com via a share price analysis, as set out in **Section 8**.

In assessing whether the Proposed Transaction is reasonable, we first considered whether the Proposed Transaction is fair. Additionally, we have compared the potential advantages and disadvantages of the Proposed Transaction to PS&C non-associated shareholders and assessed whether the advantages outweigh the disadvantages. The advantages and disadvantages in relation to the Proposed Transaction are discussed in detail in **Section 9.5**.

Additionally, we have given due consideration to relevant matters in other guidelines, including Regulatory Guide 112 'Independence of Experts' ("**Regulatory Guide 112**") issued by ASIC.

The values determined in this Report are consistent with the concept of fair market value, modified for specific requirements of Regulatory Guide 111 (for example, in respect of how control premiums and minority discounts are to be applied). Fair market value is the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length.

Fair market value does not incorporate any buyer-specific special value. Buyer-specific special value is the additional value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special (synergistic) value that they expect to realise from the acquisition to the seller.

1.4 The Proposed Transaction is Fair

Summarised below is a comparison of the assessed value of the equity in Farmbuy.com on a controlling and non-marketable basis (refer to **Section 6** and **Section 7**) with comparison to the fixed consideration to be paid under the Proposed Transaction.

Table 1: Fairness Assessment

Farmbuy.com			
Fairness Assessment - Controlling & Non-Marketable Basis (\$)			
	Low	Mid	High
Assessed Equity value	4,427,279	4,646,310	4,865,342
Consideration Payable by PS&C	4,500,000	4,500,000	4,500,000
Value Differential	(72,721)	146,310	365,342

Source: Findex calculations

In accordance with the requirements of Regulatory Guide 111, we are required to consider the Proposed Transaction as a control transaction in forming our opinion.

1.4.1 Conclusion on Fairness

The fact that the assessed equity value on a midpoint basis (controlling and non-marketable) of Farmbuy.com is greater than the fixed consideration payable by PS&C under the Proposed Transaction at the midpoint and high basis, indicates in our opinion that the Proposed Transaction is fair for PS&C's non-associated shareholders.

1.5 The Proposed Transaction is Reasonable

Notwithstanding that fact that the Proposed Transaction is fair, in our opinion, the advantages of the Proposed Transaction outweigh the disadvantages of the Proposed Transaction, and accordingly, the Proposed Transaction is reasonable.

1.5.1 Advantages to PS&C shareholders from the Proposed Transaction

The primary advantages to the shareholders of PS&C in proceeding with the Proposed Transaction are as follows:

- a) *The Proposed Transaction aligns with the PS&C Boards resolution to undertake a realisation of the Company's assets and the diversification of its revenue streams, keeping in mind the audit opinion received at 30 June 2019***

As outlined in the 2019 PS&C Annual Report, the auditors for the Company (Moore Stephens) indicated that there was material uncertainty surrounding the going concern of the organisation. This was due to the fact that the PS&C Group incurred a consolidated net loss of \$53.5 million and its current assets versus current liabilities position was negative \$12.7 million.

As a result of the above, the PS&C board resolved to undertake a realisation of the Company's assets and has been diligent in identifying new revenue streams to assist in building the intellectual property within the Company and to enhance its current delivery capabilities. The Proposed Transaction aligns with the PS&C board's resolution and strategy. Furthermore, the Proposed Transaction will allow PS&C to make a 'Platform Play'. Given the capabilities that PS&C have, they believe that they can complement the current platform of Farmbuy.com, and enhance it, to see Farmbuy.com solidify its position as a leading rural property listing platform.

- b) *The Proposed Transaction will increase the wider PS&C Group's revenue and EBITDA***

Based on forecast financial information provided by Farmbuy.com, it is expected that in FY21(f) and FY22(f) the business will deliver \$3.128 million and \$8.426 million in revenue respectively and \$1.003 million and \$5.466 million in EBITDA respectively. In the short term the revenue and EBITDA contributions are not as strong but the long-term growth prospects for PS&C are expected to be promising.

- c) *Ability for shareholders to participate in the future growth of PS&C***

Non-associated shareholders have the ability to participate in the future growth and development of PS&C, which is expected to be positive, following renewed focus on the future direction of the Company. This may increase the value of a share in PS&C in the future.

- d) *No superior alternatives exist***

The Directors of PS&C have explored a number of other strategic alternatives, which either did not progress, or it was determined were not in the best interests of PS&C shareholders. At the date of this Report, the Directors of PS&C were not aware of any superior alternatives to the Proposed Transaction.

1.5.2 Disadvantages to PS&C shareholders from the Proposed Transaction

The primary disadvantages to the shareholders of PS&C in proceeding with the Proposed Transaction are as follows:

- a) *The Proposed Transaction may leave some shareholders disgruntled***

Some current shareholders may not agree with the Proposed Transaction. The main reason for this is that some shareholders may have invested in PS&C because they viewed the current revenue streams as sufficient (i.e. primarily IT Consulting services). With the diversification of the revenue streams comes a level of 'uncertainty' which may leave some shareholders uncomfortable.

b) The Proposed Transaction will result in the shareholders of Farmbuy.com owning a large portion of the shares in PS&C

The Proposed Transaction attracts a fixed consideration of \$4.5 million, which is fully payable in PS&C shares. Based on the market capitalisation of PS&C as at the date of this Report, the \$4.5 million consideration of shares would represent a large portion of the market capitalisation of the entire PS&C shareholding. This may result in the shareholders of Farmbuy.com to have a level of control and influence in PS&C which may not be seen favourable by some shareholders.

c) The Proposed Transaction will result in the dilution of shares for the existing shareholders in PS&C

The Proposed Transaction will result in the issue of circa 150,000,000 new shares in PS&C which will sum to the fixed consideration of \$4.5 million. As a result of, as at the Valuation Date, there will be a dilution factor applicable to the existing shareholders of PS&C. Based on the analysis completed in the table below, as at the Valuation Date (using 4 February 2020, as a point of reference date), the share dilution factor is 29.93%. This may result in some shareholders being displeased with their shareholdings diluting by almost a third. For completeness, we have only undertaken a high-level analysis of the share dilution and confirmed with the Management of PS&C there are no options outstanding:

Table 2: Reasonableness Assessment - Share Dilution Analysis

PS&C Reasonableness Assessment - Share Dilution Analysis	
Current Market Capitalisation	
Number of shares at 04.02.2020	351,103,515
Closing Price at 04.02.2020	0.03
Market Capitalisation at 04.02.2020 (\$)	10,533,105.45
Revised Market Capitalisation	
Fixed Consideration Amount (\$)	4,500,000
Closing Price at Valuation Date	0.03
Number of newly issued Shares At 04.02.2020	150,000,000
Revised Total number of shares at 04.02.2020	501,103,515
Dilution Factor	29.93%

Source: Findex Calculations

Table 3: Reasonableness Assessment - Share Dilution Analysis

PS&C Reasonableness Assessment - Shareholding Dilution Analysis as at 04.02.2020				
	Pre-Proposed Transaction		Post-Proposed Transaction	
	Number of Shares	% Total Holding	Number of Shares	% Total Holding
Top 10 Shareholders				
BLVD PTY LTD <BLVD A/C>	18,750,000	5.34%	18,750,000	3.74%
FIP INVESTMENTS (VIC) PTY LTD <FIP INVESTMENT A/C>	17,821,189	5.08%	17,821,189	3.56%
MASAL PTY LTD	16,992,885	4.84%	16,992,885	3.39%
MR BLAIR CAMERON GOWANS	15,927,882	4.54%	15,927,882	3.18%
KANDO CORPORATION PTY LTD	15,592,886	4.44%	15,592,886	3.11%
IITCA PTY LTD <THE HOGELAND FAMILY A/C>	13,725,492	3.91%	13,725,492	2.74%
MRS LAURA CATHERINE GOWANS	12,052,032	3.43%	12,052,032	2.41%
AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	8,836,000	2.52%	8,836,000	1.76%
MR EDWARD WATTS & MRS SARAH WATTS <THE WATTS SUPER FUND A/C>	7,700,000	2.19%	7,700,000	1.54%
GLENNFIELD PTY LTD <GLENNFIELD FAMILY A/C>	7,687,742	2.19%	7,687,742	1.53%
Total Shares as at 04.02.2020	351,103,515	38.47%	501,103,515	26.96%
Total Shares issued under Proposed Transaction			150,000,000	
Revised Total number of shares post Proposed Transaction			501,103,515	
Dilution Factor				29.93%

Source: Findex Calculations

d) Potential emergence of a superior alternative

The non-associated shareholders of PS&C may consider that a superior alternative opportunity to the Proposed Transaction will emerge. Notwithstanding, the Directors have explored a number of alternatives, including further divestment of existing assets and will continue to be on the lookout for future opportunities that will enhance the organisation long-term strategy. At the date of this Report, the Directors were not aware of any superior alternatives to the Proposed Transaction. In addition, the available time for viable alternative opportunities to emerge is imperative, given the concerns of the auditors that there is material uncertainty surrounding the going concern of the business.

1.6 Other

This letter is a summary of Findex's opinion on the Proposed Transaction. This letter should be read in conjunction with the detailed Report and appendices as attached. Unless the context requires otherwise, references to "we", "our" and similar terms refer to Findex.

Our limitations and reliance on information, is set out in **Section 2.4.1**.

For the avoidance of doubt:

- The term "FY" refers the years ended 30 June; and
- All figures are in "AUD" unless otherwise stated

Yours faithfully,



FINDEX CORPORATE FINANCE (AUST) LTD

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2 Scope of Report

2.1 Purpose of the Report

As outlined in **Section 1**, there is no legal requirement for an independent expert's report in respect of the Proposed Transaction, as prescribed under Section 640 of the Corporations Act 2001. However, on the advice of its lawyers, the Directors have requested that Findex provide an independent expert's report advising whether, in our opinion, the Proposed Transaction is fair and reasonable.

We have prepared this report having regard to Section 640, Chapter 7 and 10 of the Listing Rules, Chapter 2E of the Corporations Act, ASIC Regulatory Guide 111, ASIC Regulatory Guide 112 and ASIC Regulatory Guide 76

The ultimate decision of voting for or against the Proposed Transaction should be based on each PS&C shareholder's assessment of their own circumstances. The factors which PS&C shareholders should have regard to in making this assessment include (but are not limited to) their risk profile, expectations as to the value of PS&C shares and future stock market conditions.

PS&C shareholders should read the Explanatory Notes issued by PS&C in relation to the Proposed Transaction. If PS&C shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek independent professional advice.

2.2 Guidance and Basis of Evaluation

In undertaking the work associated with this report, we have had regard to ASIC Regulatory Guide 111 in relation to the content of expert's report and ASIC Regulatory Guide 112 in respect of the independence of experts. We have also considered ASIC Regulatory Guide 76 pertaining to related party transactions, when undertaking our analysis of the Proposed Transaction.

2.2.1 ASIC Regulatory Guide 111

This regulatory guide provides guidance in relation to the content of independent expert's reports prepared for a range of transactions.

ASIC Regulatory Guide 111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of s611 of the Corporation Act 2001, a selective capital reduction or selective buy back under Chapter 2J.

2.2.2 Basis of Evaluation

In respect of control transactions, under ASIC Regulatory Guide 111 an offer is:

- Fair, when the value of the consideration is equal to or greater than the value of the equity subject to the Proposed Transaction. The comparison must be made assuming 100% ownership of the target company (i.e. including a control premium). In respect of the Proposed Transaction, PS&C is proposing to acquire a new asset, and therefore we have considered fairness in the context of what is being given up (consideration payable by PS&C) versus what is being received (i.e. Farmbuy.com); and
- Reasonable, if it is fair, or, despite not being fair, after considering other significant factors, shareholders should accept the offer under the Proposed Transaction, in the absence of any higher bids before the close of the offer.

To assess whether the Proposed Transaction is fair and reasonable to non-associated shareholders, we have adopted the tests of whether the Proposed Transaction is either fair and reasonable, as set out in ASIC Regulatory Guide 111.

For the purposes of this Report, Findex has treated “fair” and “reasonable” as separate concepts.

Additionally, we have given due consideration to relevant matters in other guidelines, including Regulatory Guide 112 and Regulatory Guide 76 issued by ASIC.

2.3 ASX Listing Rules

2.3.1 Listing Rule 7

Shareholder approval is required for the Proposed Transaction under Chapter 7 of the Listing Rules, and in accordance with item 7 of Section 611.

2.4 Limitations and Reliance on Information

2.4.1 Overview

Findex's opinion is based on economic, share market, business and trading conditions prevailing at the date of this Report. These conditions can change significantly over relatively short periods. If they did change materially, the valuation and our opinion could vary significantly. Should we become aware of any factors that alter our assumptions as given, we reserve the right to alter our Report.

This Report is based upon financial and non-financial information provided by PS&C and their advisers. Findex has used and relied on this information for the purposes of its analysis.

Findex has considered and relied upon the information provided by PS&C and has no reason to believe that any material facts have been withheld. The information provided to Findex has been evaluated through analysis, inquiry and critical review for the purposes of forming an opinion as to whether the Proposed Transaction is fair and reasonable to non-associated shareholders of PS&C. Findex does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or due diligence investigation might disclose.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, continuous disclosure rules, regulations, and policies, Findex:

- Assumes no responsibility and offers no legal opinion or interpretation on any issue; and
- Has generally assumed that matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no legal proceedings, other than as publicly disclosed.

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3 Profile of Industry

3.1 Industry Overview

As outlined in **Section 4.2** (further below) Farmbuy.com offers a range of products and services (and intends to increase this offering into the future). As a result, the business could fit into multiple industries as ascribed by IBISWorld, namely;

- Real Estate Services in Australia; and/or
- Internet Publishing and Broadcasting in Australia.

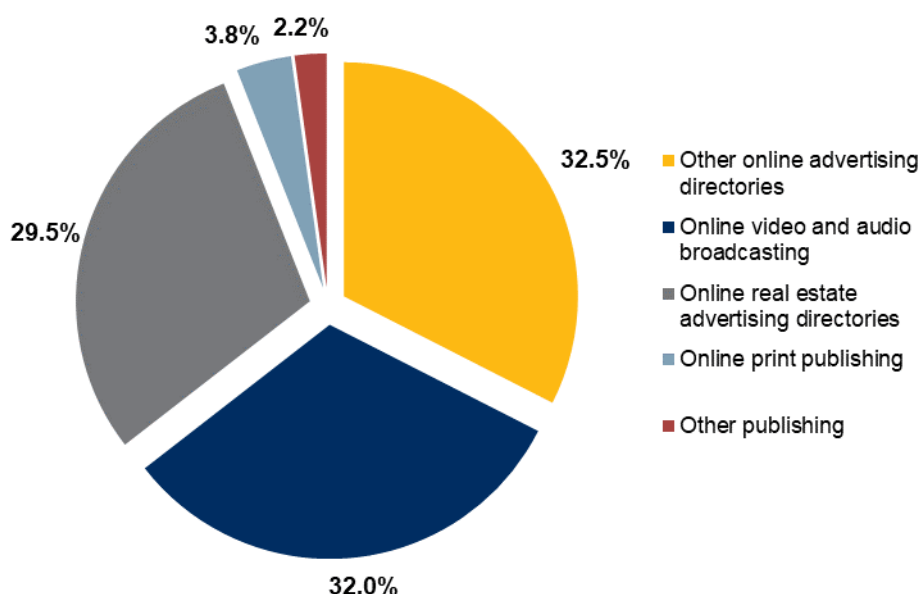
After consulting with the Management of Farmbuy.com it is deemed that the most applicable industry category that it operates in is Internet Publishing and Broadcasting in Australia, as defined by IBISWorld².

According to IBISWorld, operators in this publish or broadcast content on the internet. Industry operators provide textual, audio and video content of general or specific interest. Firms do not provide traditional (non-internet) versions of the content they publish or broadcast. The industry excludes search engines, internet service providers or publishers of offline content.

3.1.1 Segmentation

The following chart summarises revenue segmentation of the industry for FY20(f).

Figure 1: Products & Services Segmentation in FY20(f)



Source: IBISWorld

Farmbuy.com's products and services fit into the 'online real estate advertising directories' product and services segment(s).

3.1.2 Market Share Concentration

The Internet Publishing and Broadcasting industry in Australia is characterised by a medium to high level of market share concentration, with the top four players accounting for almost 75% of the industry market share in FY20(f). Most consumers typically visit the most popular advertising websites featuring the most

² J5700 Internet Publishing and Broadcasting in Australia, IBISWorld, July 2019

advertisements and the greatest convenience of use. Advertising websites that generate the most traffic naturally attract the most businesses seeking to sell products and can therefore charge higher fees. This cycle continues across different segments, such as job and car advertisements, where one player becomes dominant. REA Group previously held a dominant share in the real estate classifieds market, but has been subject to increasing competition from Domain Holdings. The industry's low entry barriers have caused market share concentration to decline over the past five years. Companies such as Netflix have entered the industry and captured a substantial share of the market. The ease with which new firms can set up online-only operations is likely to prevent market share growth in the long term.

3.1.3 Competition

Competition in the Internet Publishing and Broadcasting industry is high and decreasing. Industry players compete internally by offering original content, website accessibility and attractive web design layouts to expand and maintain their user base. While internal competition is becoming more intense, the industry's expansion is negatively affecting many external competitors, such as print newspapers. This trend is causing industry competition to decline.

Internal competition

The industry's sources of revenue are rapidly changing, causing a shift in the way firms in the industry compete. Traditionally, information was provided at a direct cost to the consumer of that information, such as a major daily newspaper paying Reuters news services for specific stories to be republished, with a credit, in their own papers. While this still occurs, increasing free access to information is leading to information being provided at no cost. As a result, revenue is increasingly being derived from advertising. Therefore, a website's own marketing budget and ability to draw traffic are key points of competition. Industry players compete based on the relevance of content or material published, which enables them to attract followers. In addition, the ease with which information can be extracted, downloaded and analysed by operators' consumer base is another key area of competition. The relative cost to the client of collecting, collating and obtaining the information is also critical. Information that clients pay for is expected to be far superior to any free equivalent and it must be provided in an accessible, user-friendly format.

External competition

The industry is increasingly outperforming most of its external competition, particularly newspapers, due to the trend of consumers migrating from print publications towards online publications. Information customers used to read newspapers for, such as advertising directories and classifieds, are now typically provided online by companies such as REA Group, SEEK Limited and Carsales.com. Newspapers that supplement their coverage with websites provide a strong point of competition for print publishing and are not included in the industry. For online video and audio streaming, external competition comes in the form of foreign-based operators such as YouTube. Some operators that provided competition as long as consumers bypassed geo-blocking, such as the US-based Netflix, have now entered Australia. In addition, local streaming companies contend with internet piracy, where consumers obtain media such as television episodes and movie files from websites that infringe on copyright. However, a greater focus on addressing internet piracy and local players' initiatives to boost their streaming content are expected to aid the industry.

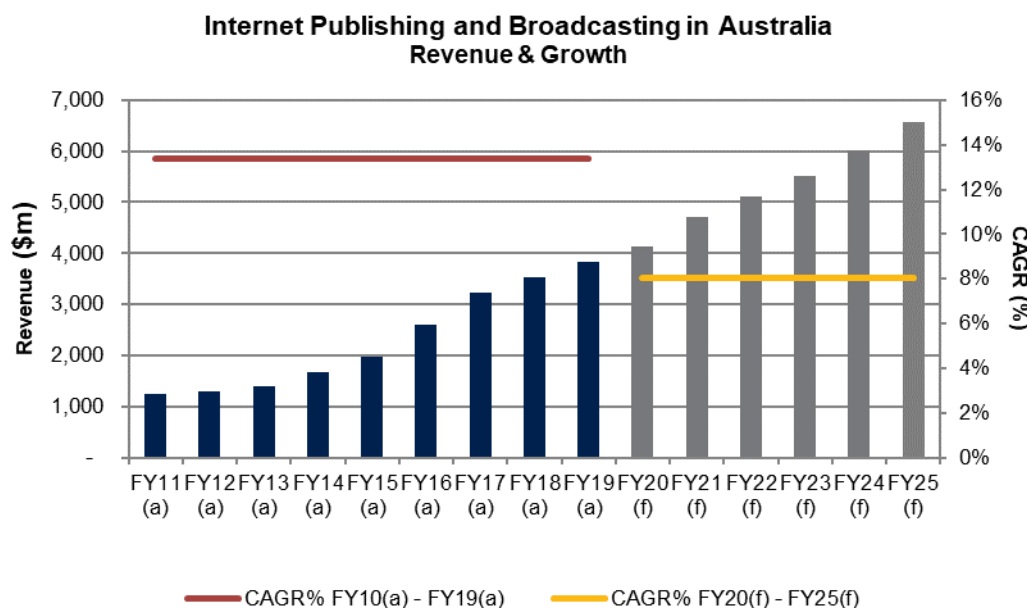
3.2 Industry Growth and Outlook

The following chart summarises the historical and forecast revenue and growth of the Management Consulting industry:

Industry revenues:

- Increased at a CAGR of 13.37% from FY10(a) to FY19(a); and
- Are forecast to increase at a CAGR of 8.04% from FY20(f) to FY25(f).

Figure 2: Revenue & Growth for Management Consulting in Australia



Source: IBISWorld

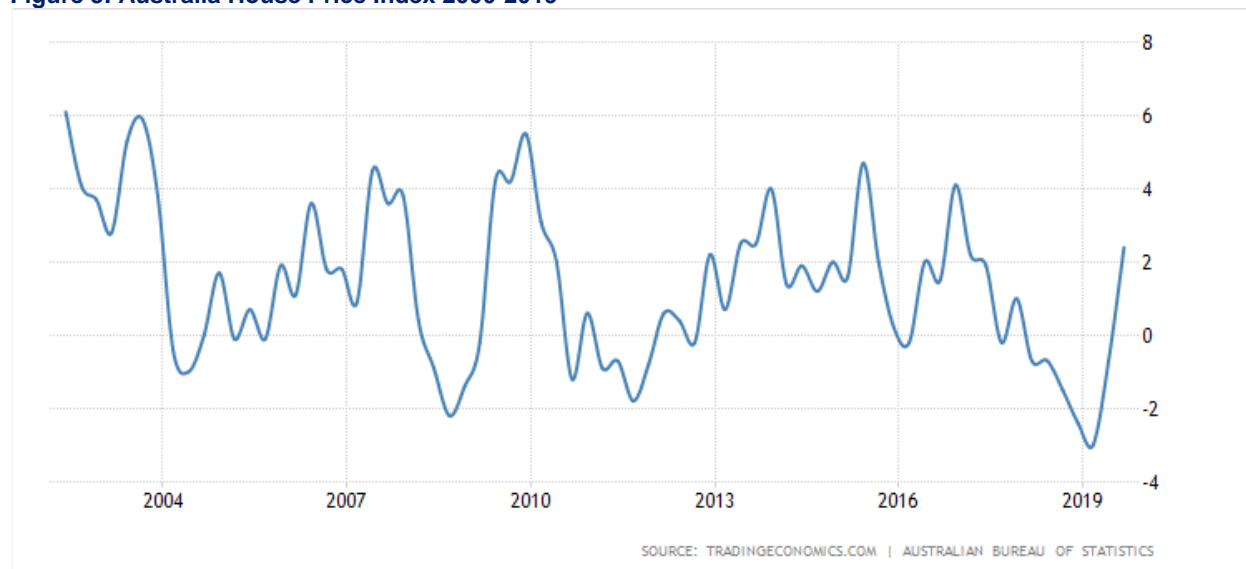
3.3 Key Factors Impacting Industry Players

Key industry factors impacting the Farmbuy.com's operations include:

- Internet subscribers:** As the industry's entire operations occur online, demand for industry services relies heavily on overall internet penetration. As more people gain access to the internet, the number of potential users increases. The number of internet connections is expected to rise in 2019-20 as rural internet access continues to grow, presenting an opportunity for industry expansion.
- Business confidence index:** Businesses represent a key source of industry revenue. Business confidence reflects a company's willingness to spend money on activities that assist growth, such as purchasing digital advertising space. However, many businesses may reduce advertising budgets or postpone hiring new staff during periods of declining business confidence, which can pose a threat to industry operators. Business confidence is expected to increase and remain positive in 2019-20;
- Real household discretionary income:** Real household discretionary income reflects consumers' ability to purchase non-essential goods and services. While many information and media services can be accessed online for free, some consumers are willing to pay a premium to access exclusive or higher quality services. Directory listings, news sources and online media draw a proportion of their revenue from subscriptions. Real household discretionary income is expected to rise in 2019-20;
- Mobile telecommunications density:** Mobile telecommunications density represents the proportion of mobile and wireless phone and data services used by Australians. Consumers are more likely to access industry products and services as mobile telecommunications density increases, generating revenue for industry operators. Mobile telecommunications density is expected to increase in 2019-20; and
- Demand/Performance from Property Market:** Demand and performance from the national property market (and in particular, properties located in rural areas), will have a direct impact to the industry. With a strong property market (i.e. when property values are rising) there is anticipated to be an increase in the number of advertisements placed to subsequently sell properties, as consumers attempt to profile their properties for sale via various mediums. Conversely, when the

property market is in decline, demand would be also, and therefore the number of listings would decrease. Outlined below is the average increase or decrease in the national house price index between 2000-2019. As it can be seen the market is currently on the rise and is expected to do so in the foreseeable future.

Figure 3: Australia House Price Index 2000-2019



Source: <https://tradingeconomics.com/australia/housing-index>

3.4 Conclusion

The Internet Publishing and Broadcasting industry is projected to continue growing strongly over the next five years. The internet has become the dominant medium for advertisements and news content, and this is likely to continue over the next five years, particularly as the NBN continues to be installed across Australia. The NBN will bring high-speed internet to many Australians, likely increasing the accessibility and value generated from internet services. Streaming services, such as Netflix, Stan and Spotify, are expected to capture a larger market share over the next five years, as they gain more traction with consumers. Increased internet connectivity and speeds, coupled with innovative technology, are expected to support industry growth over the period. Furthermore, the direction and performance of the property market will have a significant impact on this industry. The Internet Publishing and Broadcasting industry revenue is projected to grow at an annualised 9.7% over the five years through 2024-25, to reach \$6.6 billion.

With respect to Farmbuy.com, given its unique position in the market as being the market 'leader' in the rural property listing space, and taking into consideration where the Internet Publishing and Broadcasting industry is moving, Farmbuy.com is positioning itself to capitalise growth in the future.

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4 Profile of Farmbuy.com

4.1 PS&C Limited

4.1.1 Operational Overview

PS&C is one of Australia's leading end-to-end information and communications technology ("ICT") and digital consulting organisations. At the conclusion of the recent divestments, PS&C has over 200 expert consultants, with its operations based out of Melbourne.

Founded in 2013, PS&C is listed on the ASX (ASX: PSZ) and works with many of Australia's leading corporations and government agencies. Since it was founded, PS&C had acquired a number of expert consultancies, with the expressed aim of creating an Australian end-to-end ICT consultancy that understands the unique landscape and gives competitive advantage to Australian businesses.

Due to a recent period of under-performance, PS&C experienced cash flow problems that led to qualifications around going concern by their external auditors. As result, the board of PS&C resolved that it would realise some of the company's assets to strengthen its financial position. Three divestments have been made as follows:

- Sale of the PS&C Security Division to ASX listed Tesseract (ASX: TNT);
- Sale (subject to shareholder approval of the acquirer) of Nth. Consulting Pty Ltd (a wholly owned subsidiary of PS&C) to TNT Cyber Services Pty Ltd (a wholly owned subsidiary of ASX: TNT); and
- Sale of GlassandCo Pty Ltd.

Following the divestments mentioned above, PS&C has maintained its Melbourne operations which focuses on assisting clients implement their technology programmes of work by providing expert consulting and delivery capabilities to ensure clients maximise benefits from their existing and future investments in technology. The Melbourne operations also provide specialised recruitment and payroll services.

Since inception, the growth of the Melbourne operations has enabled it to forge strategic partnerships with many leading vendors including Amazon Web Services Australia Pty Ltd, SAP Australia Pty Ltd, Microsoft Pty Ltd, Salesforce Pty Ltd, Cisco Systems Australia Pty Limited, Red Hat Asia-Pacific Pty Ltd, VMware Australia Pty Ltd and IBM Australia Ltd.

4.2 Farmbuy.com

4.2.1 Company Overview

Farmbuy.com is one of Australia's leading dedicated rural property real estate web portal. It was founded in 2009, by Philip Sondhu, who saw an opportunity to establish a specialist rural and lifestyle property portal and subsequently position Farmbuy.com as a market leader in this space.

In late 2018, the original entity which Farmbuy.com operated through, Farmbuy Pty Ltd, and a part of the wider Bauer Media Group ceased its operations. As a result, some of the former leadership (Lucas Murtagh and Keith Falconer) of Farmbuy Pty Ltd incorporated a new entity, Respring Pty Ltd, and purchased in March 2018 the Farmbuy.com (.com, .co.uk, com.au and .co.nz) domain names and the Intellectual Property ("IP"). The acquisition of these items was from Bauer Media which saw the operations as non-core and therefore sold it to Respring Pty Ltd.

As at the date of this Report, Farmbuy.com has over 180 real estate offices using the portal for listing the properties to sell, accounting for over 2,400 property listings valued at approximately \$1.1 billion.

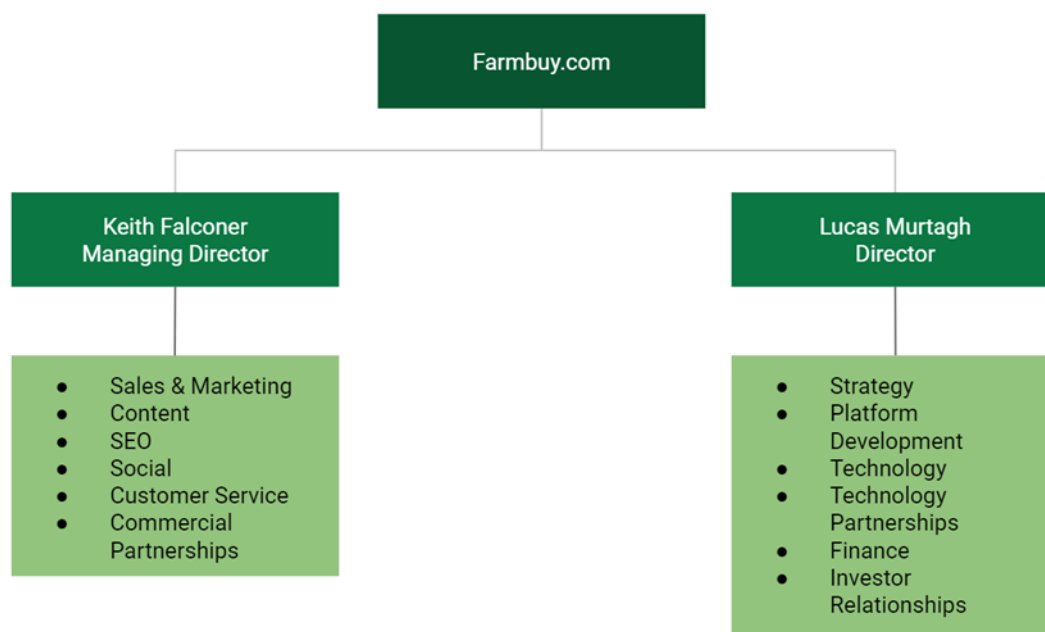
4.2.1 Executive Team & Organisational Structure

The Board and Executive team of Farmbuy.com is comprised of Keith Falconer and Lucas Murtagh, who are Managing Director and Director respectively. Outlined below are some key highlights of Keith and Lucas:

- **Keith Falconer:**
 - Over 30 years of experience in print and digital media. Specifically, in special interest, business to business (“B2B”) and classified markets;
 - A proven track record of developing digital asset for a successful sale. Including the sale of the PBL Motoring and Classifieds products to Carsales.com.au and Bauer RV and travel assets to Adventure Group holdings; and
 - Over the years he has developed a strong industry network both locally and internationally this brings a valuable insight to emerging trends and new business models.
- **Lucas Murtagh:**
 - Lucas has 15 years’ experience in digital transformation and delivery across large enterprises including Sensis, ANZ, Telstra, NAB, AXA and Ventia;
 - He was the Founding Partner of Methodgroup, an IT professional services firm. Methodgroup was a BRW Fast Starter in 2013 and subsequently acquired by RXP Services Ltd (ASX: RXP) in September of that year; and
 - He was responsible for both strategic planning and delivery of transformation initiatives at Trader Classifieds Media in the Period 2005 – 2008.

Farmbuy.com currently employs two staff, as outlined below in the organisational chart.

Figure 4: Organisational Chart – Farmbuy.com



Source: Management

4.2.2 Revenue Streams/ Model

Outlined below are the various revenue streams/service offerings which are currently offered by Farmbuy.com to the market. The revenue streams sit under four main categories; subscription fees, banner/display advertising, feature properties and referral fees. Highlighted below are the types of services offered under each of the revenue streams.

- **Subscription Fees:** these are the fees charged to real-estate offices to list rural and lifestyle properties on the site. Offices are charged on a monthly subscription basis and have the option to select a branded or non-branded subscription;
- **Banner/ Display Advertising:** this revenue stream relates to when businesses can advertise on the Farmbuy.com website(s). This allows customers who advertise to reach a specific type of audience. Customers who use this form advertising are charged per 1,000-page impressions at a rate of \$26 per cost per mille;
- **Feature Properties:** this revenue relates to when agents elect to promote individual properties and will have them highlighted as a focal point on the page (similar to other listing websites); and
- **Referral Fees:** these fees relate to when Farmbuy.com refers financing opportunities to a panel of lending institutions (i.e. banks). This is expected to be no more than one preferred lender initially but may grow up to three over the next three years and attract a forecast revenue stream of 30% of commission revenue.

4.2.3 Growth Strategy

Although Farmbuy.com was originally incorporated in 2009, the business laid dormant between 2012-2018 due to the original ownership focusing on other elements of its business operations. The business was then acquired by Australian Consolidated Press, in 2015. The business saw growth from 2009-2012, however with the new entity Respring Pty Ltd, purchasing the domain names and IP, the business is in a growth phase, leveraging off the existing brand equity position. Therefore, the current and future growth strategy is based around the equivalent of a high growth early stage start up model. We have outlined these below:

Stage 1 – Current Growth Strategy

- Since the purchase of the asset from Bauer Media, the current focus (and back half of calendar year 2019) was to;
 - Re-establish the sustainable monthly website visitor growth; and
 - Re-building the rural real estate agency partnerships and the number of rural real estate agent property listings on the Farmbuy.com platform (this has been achieved by offering a free initial listing process).
- The strategy for the first half calendar year 2020 is to drive initial revenue growth of the rural property portal through the conversion of existing rural real estate agents from free to paid listing subscriber models.

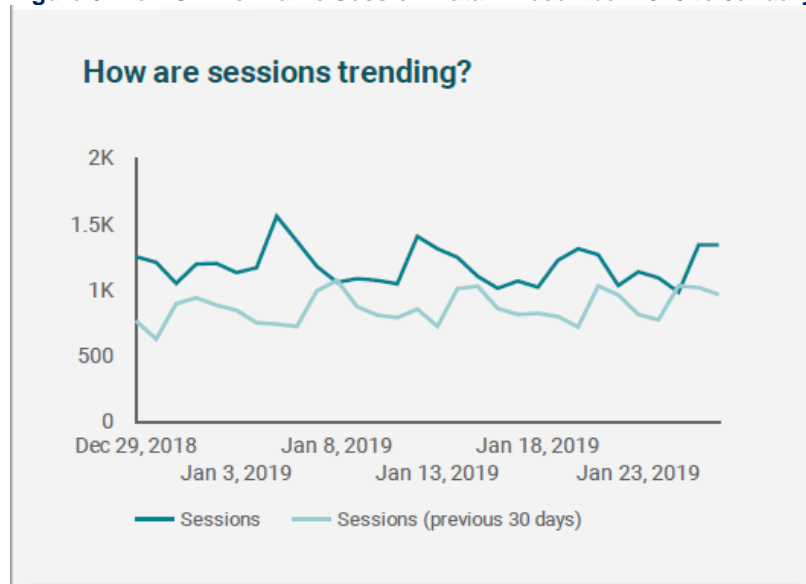
Stage 2 – Future Growth Strategy

- The strategy from the second half of calendar year 2020 is to imbed the data analytics stack to enable retargeting of audience, grow traffic and leads in addition to building new adjacent verticals on the online platform, which may include:
 - New livestock, machinery and clearance sales verticals; and
 - Analytics capabilities (i.e. price, geography and other analysis on the platform).
- The future growth strategy for calendar year 2021 is to cross sell data. It is anticipated that the data which is collected by Farmbuy.com across property transactions, livestock and clearing sales is expected to be seen as highly valuable by external parties such as valuers, banks and mortgage brokers, insurance, real-estate agents and the general public as there is currently no specialist rural property data service in Australia.

4.2.2 Online Traffic Analysis

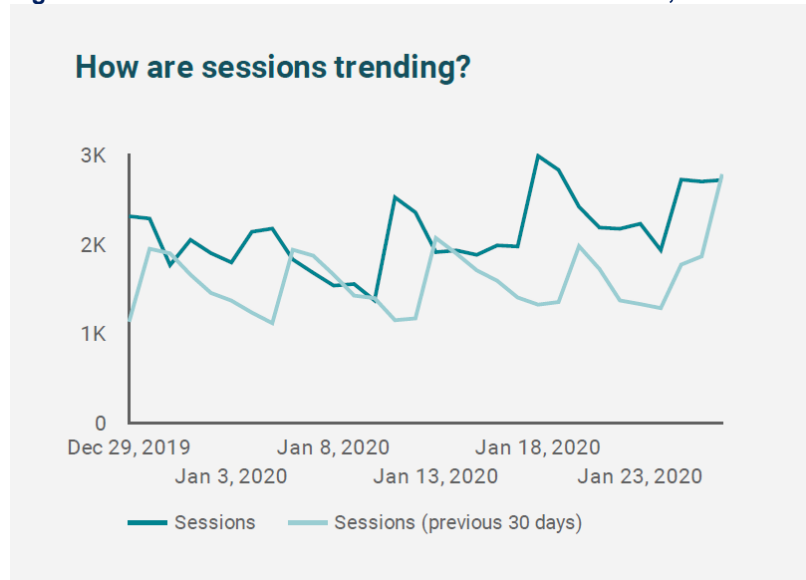
As Farmbuy.com has grown, one of the key non-financial success metrics used to measure against is the firms online traffic data. Outlined below are two graphs which show the growth in online traffic data from Year on Year ("YoY") and Month on Month ("MoM").

Figure 5: YoY Online Traffic Session Data – December 2018 to January 2019



Source: Google Analytics – provided by Management

Figure 6: MoM Online Traffic Session Data – December 29, 2019 to January 27, 2020





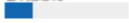
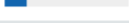

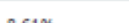

Source: Google Analytics – provided by Management

From the data presented above, the YoY growth is approximately 100% in website traffic, and approximately 34% in MoM website traffic growth. This reinforces the growth trajectory which Farmbuy.com is on.

Furthermore, based on data presented by data agency Semrush, between the period of 09 January 2020 to 15 January 2020, Farmbuy.com ranked first for visibility on searches in google relating to farms and rural properties. Management has confirmed that the data below is organic (non-paid) search data.

Figure 7: Semrush Search Data – January 09,2020 to January 15,2020

Rankings Distribution

Domain	Visibility	Change
farmbuy.com	60.86% 	8.49%
realestate.com.au	50.88% 	-0.17%
ruralview.com.au	21.38% 	-2.57%
commercialrealestate.com.au	16.53% 	-2.49%
domain.com.au	16.12% 	-2.76%
property.com.au	15.55% 	0.60%
landmarkharcourts.com.au	8.61% 	-0.61%

Source: Semrush Report – provided by Management

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4.3 Financial Performance

For the purposes of our analysis in the section below, we have independently scrutinised the financial information which has been provided by the Management of Farmbuy.com. From our independent analysis, coupled with discussions with Management, we are satisfied that the information presented below is an accurate representation of the financial performance of Farmbuy.com.

Summarised below is the historical and forecast financial performance of Farmbuy.com for FY18(a) to FY20(f). Annualised FY20 represents actual financial performance to 9 January 2020:

Table 4: Historical and Forecast Financial Performance

Farmbuy.com Financial Performance (\$)							
	FY18(a)	FY19(a)	09-Jan-20	Annualised FY20(a)+(f)	FY20(f)	Forecast FY21(f)	FY22(f)
Fee income	-	2,491	5,136	9,764	48,000	1,080,000	2,916,000
Advertising Income	-	-	13,563	25,784	82,000	225,000	360,000
Other Revenue	325	2,019	100,000	190,104	66,000	1,823,000	5,150,000
Total revenue	325	4,510	118,699	225,652	196,000	3,128,000	8,426,000
YOY growth %	n/a	n/m	n/m	4903.4%	4245.9%	1495.9%	169.4%
Employee expenses	-	-	-	-	(216,667)	(1,170,000)	(1,250,000)
Occupancy expenses	(7,800)	(15,441)	(8,997)	(17,104)	(37,500)	(90,000)	(120,000)
Advertising & marketing expenses	-	(6,478)	(6,330)	(12,034)	(51,000)	(425,000)	(870,000)
Travel expenses	(317)	(4,545)	(14,515)	(27,594)	-	-	-
Administration & other expenses	(5,578)	(22,048)	(15,001)	(28,518)	(131,500)	(440,000)	(720,000)
Total expenses	(13,695)	(48,512)	(44,843)	(85,248)	(436,667)	(2,125,000)	(2,960,000)
Reported EBITDA	(13,370)	(44,002)	73,856	140,403	(240,667)	1,003,000	5,466,000
Margin %	n/m	-975.7%	62.2%	62.2%	-122.8%	32.1%	64.9%
Depreciation & amortisation	(472)	-	-	-	-	-	-
Reported EBIT	(13,842)	(44,002)	73,856	140,403	(240,667)	1,003,000	5,466,000
Margin %	n/m	-975.7%	62.2%	62.2%	-122.8%	32.1%	64.9%
Normalisations	(126,000)	(126,000)	(66,098)	(126,000)	-	-	-
Normalised EBIT	(139,842)	(170,002)	7,758	14,403	(240,667)	1,003,000	5,466,000
Margin %	n/m	-3769.4%	6.5%	6.4%	-122.8%	32.1%	64.9%
Interest received	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-
Reported NPBT	(139,842)	(170,002)	7,758	14,403	(240,667)	1,003,000	5,466,000
Income tax expense	-	-	-	-	-	-	-
Reported NPAT	(139,842)	(170,002)	7,758	14,403	(240,667)	1,003,000	5,466,000

Source: Management Financial Information

Notes:

- **Revenue:** has increased from FY18(a) to year to date figure (9 January 2020). The increase in revenue reflects the business gaining momentum and onboarding agents onto the platform. As seen from the forecast information, Management expects that Revenue will increase substantially between FY20(f) to FY22(f). This is underpinned by the increase of paying subscribers onto the Farmbuy.com platform. Management has confirmed they are confident that the forecasts can be achieved, due to the momentum and position which Farmbuy.com has within this market. Other revenue relates to digital consulting provided by the Respring team at market rates;

- **Employee expenses:** whilst initially not being presented in the financial performance between FY18(a) to year to date figures, Management have confirmed going forward there is expected to be a large increase in employee costs. These employees will assist in driving the growth of the platform and subsequently the business itself. For completeness, we have normalised employee expenses for the FY18(a) to year to date figure (this is outlined below);
- **Advertising & marketing expenses:** are projected to increase substantially between FY20(f) to FY22(f). Management expects that the advertising and marketing expense will translate to increased exposure, and therefore revenue, which supports the growth aspirations of Farmbuy.com;
- **EBITDA:** whilst negative in FY18(a) to FY19(a), and projected to be negative in FY20(f) the EBITDA margin is expected to be positive in FY21(f) and FY22(f). As Farmbuy.com is still in very much the growth phase of the business life cycle, this is to be expected. The positive EBITDA expected in FY21(f) and FY22(f) is due to expected strong revenue growth, as the Company builds its momentum and captures more market share; and
- **Normalisations:** as outlined above, there were no employee expenses present in FY18(a), FY19(a) and year to date financial performance. Management advised that they didn't 'employ' people as such during these periods, however for the work that had been completed by the two directors, would equate the following:
 - **Advertising Sales Executive, market rate full time is total remuneration package of \$110,000; and**
 - **Digital Marketing and Web Analyst, market rate full time is a total remuneration package of \$100,000.**

Management advised that to date and historically that the applicable remuneration normalisation would be at 60% of a full-time capacity, we have therefore normalised for these periods accordingly.

For completeness, we note that Management has confirmed there were no abnormal or non-recurring income or expenses and expenses of a private nature that have been included in the financial information presented to us. Based on this representation, and also via undertaking our own analysis of the financial performance we did not identify any additional required normalisations.

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4.5 Financial Position

For the purposes of our analysis in the section below, we have independently scrutinised the financial information which has been provided by the Management of Farmbuy.com. From our analysis and discussions with Management, we are satisfied that the information presented below is an accurate representation of the financial position of Farmbuy.com.

Summarised below is the historical financial position of Farmbuy.com for FY18(a), FY19(a) as well as the financial position of Farmbuy.com as at 9 January 2020 (unaudited monthly management accounts, provided by the Management of Farmbuy.com).

Table 5: Financial Position

Farmbuy.com			
Financial Position (\$)			
	FY18(a)	FY19(a)	09-Jan-20
Trade & other receivables	-	4,600	2,450
Other current assets	904	847	1,846
Working capital	904	5,447	4,296
Fixed assets	-	472	472
Other assets	10,000	10,000	10,000
Other capital employed	10,000	10,472	10,472
Cash	15,266	5,891	83,149
Borrowings	(40,000)	-	-
Net (debt) / cash	(24,734)	5,891	83,149
Net assets	(13,830)	21,810	97,917

Source: Management Financial Information

Notes:

- **Other current assets:** primarily relates to Goods and Services Tax ("GST") items;
- **Fixed Assets:** relates to office equipment at cost (i.e. printing facilities and ink cartridges);
- **Other assets:** relate to the capitalised IP; and
- **Borrowings:** relate to shareholder loans which were used to fund the business in its initial stages, this has since been paid off. Management has confirmed that as at the date of this Report there are no borrowings or debt like items which are applicable to Farmbuy.com.

For completeness, we note that Management has confirmed that as at the date of this report (i.e. the Valuation Date) and the date of the financial position presented above (9 January 2020), there were no material changes in the balance, and therefore the financial position presented can be relied upon as a reasonable proxy for the Valuation Date.

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5 Valuation Methodology

5.1 Overview

The best determinant of value is the price at which the business or a comparable business or an equity interest in that business has been bought or sold in an arm's length transaction. In its absence, estimates of value are made using methodologies that infer value from other available evidence.

In order to calculate the fair market value of the equity in Farmbuy.com, we have considered the following generally accepted valuation methodologies.

The values determined in this Report are consistent with the concept of fair market value, modified for specific requirements of Regulatory Guide 111 (for example, in respect of how control premiums and minority discounts are to be applied). Fair market value is the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length.

Fair market value does not incorporate any buyer-specific special value. Buyer-specific special value is the additional value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special (synergistic) value that they expect to realise from the acquisition to the seller.

5.2 Asset Based Methods

Asset based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset based methods include:

- Net assets;
- Orderly realisation of assets; and
- Liquidation of assets.

The **net assets method** is based on the value of the assets of the business less certain liabilities, at book values, adjusted to market value.

The **orderly realisation of assets method** estimates fair market value by determining the amount that would be distributed to shareholders assuming the Company is wound up in an orderly manner realising a reasonable market value for assets.

The **liquidation method** is similar to the orderly realisation of assets method except for the fact that the liquidation method assumes the assets are sold in a shorter period, under a "distressed seller" scenario.

These approaches ignore the possibility that a company's value could exceed the realisable value of its assets. Asset based methods are appropriate when companies are not profitable, not actively trading or a significant proportion of a company's assets are liquid.

5.3 Market Based Methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or the market value and valuation metrics of comparable companies. Market based methods include:

- Capitalisation of maintainable earnings ("FME");
- Analysis of a company's recent share trading history; and
- Industry specific methods.

The **capitalisation of maintainable earnings method** estimates fair market value by multiplying the Company's future maintainable earnings by an appropriate capitalisation multiple. An appropriate earnings multiple is derived from price earnings multiples and market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the Company's earnings are relatively stable and comparable companies have similar cost structures and growth profiles.

The **most recent share trading history** provides strong evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using industry benchmarks. These methods generally provide less persuasive evidence on market value of a company, as they may not account for company specific factors. Industry specific methods are only used as a cross check to the primary valuation methodology.

5.4 Discounted Cash Flow Method

The discounted cash flow method ("DCF") estimates fair market value by discounting a company's future cash flows to their present value. This method is appropriate where a projection of future cash flows can be made with a reasonable degree of confidence (ideally for a period of three to five years for a going concern business). The discounted cash flow method is commonly used to value early stage companies or projects with a finite life.

5.5 Selection of Methodologies

In selecting our valuation methodology, we considered:

- That forecast financial information at the Valuation Date exist, albeit for three years;
- Positive forecast earnings do exist (i.e. whilst Farmbuy.com has not yet generated positive EBITDA for a financial year end, it is projected to do so in the near future (i.e. FY21(f) and FY22(f)); and
- PS&C, the entity acquiring the shares in Farmbuy.com, provides the market with significant and regular information in relation to its strategy, environment and ongoing operational and financial performance.

With the above in mind and considering the stage at which Farmbuy.com is in its business lifecycle, we have taken a dual primary valuation approach. Namely, we have elected to use the following approaches;

- Asset based methodology (in particular the net assets approach); and
- DCF method.

Given the high growth nature of the business, and the forecast financial information made available by the Management of Farmbuy.com, a DCF approach is appropriate as one of the primary valuation methodologies.

Furthermore, we note that the value ascribed in the financial position of Farmbuy.com as outlined in **Section 4.4**, is not an accurate reflection of the net asset position of Farmbuy.com. In particular, the carrying value of IP on Respring Pty Ltd's statement of financial position (unaudited) does not accurately capture the fair market value associated with the IP for Farmbuy.com, which we have assessed using a replication cost approach.

As cross checks we:

- Considered the EBITDA, EBIT and Revenue multiples implied by our Enterprise Value of Farmbuy.com (using the DCF approach), against trading and transaction multiples of companies/transactions involving public companies with similar operations to that of Farmbuy.com

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6 Valuation of Farmbuy.com – Net Asset Method

6.1 Approach – Net Asset Method

As outlined above we have adopted two primary valuation methodologies, and in this section, we discuss the application of the net assets method. The net assets method is based on the value of the assets of the business less certain liabilities, at book values, adjusted to fair market value.

Application of this methodology involves:

- Analysis of the book value of the assets and liabilities presented in the financial position of Farmbuy.com as at the Valuation Date; and
- Where applicable the adjustment by virtue of an appropriate analysis of any assets or liabilities to represent fair market value as at the Valuation Date.

We note that we have adopted the financial position as at 9 January 2020 as a reasonable proxy for the Valuation Date.

After factoring in the items above, we adjusted the revised value of any applicable assets or liabilities of Farmbuy.com, to provide us with the 100% equity value in Farmbuy.com, on a controlling and marketable basis.

Following this, we considered a discount for lack of marketability, however did not consider any discounts for lack of marketability applicable, as any applicable discounts are already reflected in the net asset values presented in the statement of financial position.

6.2 Net Assets as at 9 January 2020

Outlined below, is the financial position of Farmbuy.com as at 9 January 2020, prior to any analysis and adjustments:

Table 6: Financial Position – 9 January 2020

Farmbuy.com Financial Position (\$)	
	09-Jan-20
Trade & other receivables	2,450
Other current assets	1,846
Working capital	4,296
Fixed assets	472
Other assets	10,000
Other capital employed	10,472
Cash	83,149
Net (debt) / cash	83,149
Net assets	97,917

Source: Management Financial Information

We considered the book value of each of the assets (no liabilities present), as at 9 January 2020, and with the confirmation of Management concluded the following;

- **Trade & other receivables:** are fully recoverable as at the 9 January 2020, and the book value presented represents the fair market value as at this date;

- **Other current assets:** as at this date are recorded at fair market value. As these assets relates to GST items, the book value and fair market value are the same;
- **Fixed assets** relate to a laptop, which management confirmed the book value is consistent with the fair market value;
- **Cash:** book value equates fair market value. Management have also confirmed that all cash is required in the business (i.e. there is no surplus cash); and
- **Other Assets:** this relates to the purchase of the domain names and IP by Respring Pty Ltd in March 2018. Management have confirmed that the amount paid (i.e. book value, amount recorded at cost) is not a true reflection of the fair market value of the domain names and IP. To ascertain the appropriate fair market value of this asset, we have completed a replication cost analysis below.

6.3 Replication Cost Analysis

With the assistance of the Management of Farmbuy.com, we constructed an estimate of the costs that would have to be incurred to replicate the Farmbuy.com platform (IP), taking into consideration also where it currently sits in the market.

In building the replication costs associated with the Farmbuy.com platform we relied on information disclosed by Management. With respect to the platform, we note that there are four main components associated with the platform. These are:

- **Labour cost breakdown:** these costs relate to the labour associated with building the platform over a nine-month period;
- **Software and other costs;** these costs relate to the 3rd party integration costs, and hosting and other software related expenses;
- **Search equity costs;** these costs relate to costs associated with getting the platform to where is in relation to search engine position; and
- **Brand equity:** costs associated with building the brand equity, such as subscriber lists and social media following.

We have outlined the respective components cost breakdown below.

6.3.1 Component 1 – Labour cost breakdown

Outlined in the table below is the labour cost breakdown associated with the replication of the Farmbuy.com platform (IP). Management has indicated that the labour component to build the platform would take approximately nine months (on a mid-point basis). For completeness we have not discounted or made any net present value adjustments to these amounts as the labour cost breakdown is within a time period of less than twelve months.

We note that we have added a 10 percent contingency factor to the labour cost breakdown, in the event that the IP would have been completed either earlier or later than the estimated nine months.

Table 7: Component 1 – Labour cost breakdown

Farmbuy.com											
Replacement Cost - Labour Cost Breakdown \$(000s)											
	Daily Run Rate \$(000s)	Days Required Per Month									Total Costs
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	
Project Manager	1.2	10	10	10	10	10	10	10	10	10	108
Business Analyst	0.9	20	20	20	20	20	20	10	10	10	135
Front End developer	1.2	-	20	20	20	20	20	10	5	5	144
Back End Developer	1.2	-	20	20	20	20	20	10	5	5	144
Test Analyst	0.8	-	-	20	20	20	20	10	5	5	80
Change Specialist (Including Sales/Customer Service)	1	-	-	20	20	20	20	40	40	40	200
Training Manager	1	-	-	-	-	20	20	20	20	20	100
SEO Strategist	1.4	10	10	10	-	-	-	-	-	-	42
SEO Implementation/Content analyst	0.8	-	-	-	20	20	20	20	20	20	96
Total Labour Cost Breakdown - Component #1 (mid-point basis)		40	80	120	130	150	150	130	115	115	1,049
Total Labour Cost Breakdown - Component #1 (low basis)		36	72	108	117	135	135	117	104	104	944
Total Labour Cost Breakdown - Component #1 (high basis)		44	88	132	143	165	165	143	127	127	1,154

Source: Management Financial Information

6.3.2 Component 2 – Software and other costs breakdown

Outlined in the table below are the costs associated with Component 2, in particular the third-party integration and hosting costs.

Table 8: Component 2 – Software & other costs breakdown

Farmbuy.com	
Replacement Cost - Software & Other Costs Breakdown \$(000s)	
Cost Description	
Third Party Integration Costs	
Number of Real Estate CRM Intergration	20
Cost per Intergration (\$000s)	20
Third Party Integration Costs - Total (\$000s)	400
Hosting & Software Costs - Total (\$000s)	100
Total Software & Other Costs Breakdown - Component #2	500

Source: Management Financial Information

6.3.3 Component 3 – Search equity costs

Outlined in the table below are the costs associated with Component 3, the search equity costs.

Table 9: Component 3 – Search equity costs breakdown

Farmbuy.com	
Replacement Cost - Search Equity Breakdown \$(000s)	
Cost Description	
Organic Search Replacement Costs	
Number of person per day	1,000
Cost per person (\$000s)	0.8
Organic Search Replacement Costs - Total (\$000s)	800
Replacement Costs via Google Ads	500
Total Search Equity Breakdown - Component #3	1,300

Source: Management Financial Information

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6.3.4 Component 4 – Brand equity costs

Outlined in the table below are the costs associated with Component 4, the brand equity costs.

Table 10: Component 4 – Brand equity costs breakdown

Farmbuy.com Replacement Cost - Brand Equity Breakdown \$(000s)	
Cost Description	
Subscriber List Costs	
Number of subscribers	11,000
Cost per subscriber (\$000s)	0.1
Subscriber List Costs - Total (\$000s)	1,100
Social Following Costs	
Number of social followings	4,000
Cost per social followings (\$000s)	0.1
Social Following Costs - Total (\$000s)	400
Return Visiots Direct to Platform Costs	500
Total Brand Equity Breakdown - Component #4	2,000

Source: Management Financial Information

6.4 Replication Cost Summary

Based on the above analysis, we have outlined below the summary of the replication cost associated with the Farmbuy.com platform (i.e. the IP and subsequently the domain names).

Table 11: Replication Cost Summary

Farmbuy.com Replacement Cost Summary \$(000s)			
Cost Description	Low	Mid	High
Total Labour Cost Breakdown - Coponent #1	944	1,049	1,154
Total Software & Other Costs Breakdown - Component #2	500	500	500
Total Search Equity Breakdown - Component #3	1,300	1,300	1,300
Total Brand Equity Breakdown - Component #4	2,000	2,000	2,000
Replacement Cost - Total (\$000s)	4,744	4,849	4,954

Source: Management Financial Information

As outlined above and when taking into consideration each component required for the replication of the Farmbuy.com platform, the fair market value of the IP and domain names, of Farmbuy.com, which is included in the Other Assets asset classification, is **\$4.849 million** (on a mid-point basis).

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6.6 Adjusted Net Asset Position

Outlined below is the adjusted net asset position of Farmbuy.com as at 9 January 2020, which has now taken into consideration the revised fair market value of the other assets.

Table 12: Net Assets – Farmbuy.com

Notes	Farmbuy.com Net Assets (\$)						
	Reported 09-Jan-20	Adjustments			Assessed		
		Low	Mid	High	Low	Mid	High
Cash	83,149	-	-	-	83,149	83,149	83,149
Trade & other receivables	2,450	-	-	-	2,450	2,450	2,450
Other current assets	1,846	-	-	-	1,846	1,846	1,846
Total current assets	87,445	-	-	-	87,445	87,445	87,445
Fixed assets	472	-	-	-	472	472	472
Other assets	10,000	4,734,100	4,839,000	4,943,900	4,744,100	4,849,000	4,953,900
Total non current assets	10,472	4,734,100	4,839,000	4,943,900	4,744,572	4,849,472	4,954,372
Total assets	97,917	4,734,100	4,839,000	4,943,900	4,832,017	4,936,917	5,041,817
Total liabilities	-	-	-	-	-	-	-
Net assets	97,917	4,734,100	4,839,000	4,943,900	4,832,017	4,936,917	5,041,817

Source: Findex Calculations

Based on the above, the revised net assets (i.e. equity) value of Farmbuy.com is \$4.94 million (rounded), on a mid-point basis.

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7 Valuation of Farmbuy.com – DCF

7.1 Approach

In this section we discuss the application of the DCF methodology in calculating the enterprise value of Farmbuy.com as at valuation date. The DCF methodology estimates fair market value by discounting a business' future cash flows to their present value. This methodology is appropriate for a going concern business where a projection of future cash flows can be made with a reasonable degree of confidence for a period of three to five years, or for the remaining term of a finite project. We consider the forecasts prepared by Management to be appropriate for this purpose.

Application of this methodology involves:

- Adopting a set of cash flow forecasts usually for a minimum period of three to five years;
- Calculating a terminal value for the cash flows beyond the forecast period (usually based on either a multiple of earnings or an appropriate growth rate into perpetuity); and
- Performing a discounted cash flow calculation on the forecast cash flows and terminal value, based on an appropriate discount rate, to calculate the Net Present Value ("**NPV**").

It is important to match an appropriate discount rate to the correct level of cash flows adopted in order to calculate either an enterprise value or an equity value. We adopted pre-debt, post-tax cash flows and a post-tax Weighted Average Cost of Capital ("**WACC**") discount rate to calculate the enterprise value of the Farmbuy.com business on a controlling basis.

Since the cash flows adopted were on a controlling basis, so too was the calculated enterprise value.

On the basis that Farmbuy.com generates its cash flows relatively equally throughout the year, we adopted mid period discounting.

We then considered the operating assets and liabilities, surplus assets and liabilities, and financing of Farmbuy.com and made certain adjustments to calculate 100% of the equity in Farmbuy.com on a controlling and marketable basis. We then applied a discount for lack of marketability in order to calculate the value of a 100% interest in Farmbuy.com on a controlling and non-marketable basis.

7.2 Cash Flows

7.2.1 Forecast Cash Flows

In determining the cash flows to adopt for the purpose of the valuation we:

- Adopted Management's revenue forecasts for FY20(f) through FY22(f). For FY23(f) we used our professional judgement to grow out revenue by 40% from the prior year. Management has indicated that this is a reasonable revenue growth rate for FY23(f). We also had regard to a prior information memorandum (dated 2012) which set out cash flow forecasts for the business over a three-year prior. Whilst this was prepared prior to the operations remaining dormant, we still had regard to how this growth informed the future trend for the cash flows adopted for our DCF;
- Adopted Management's EBIT Margin of negative 131.4%, 32.1% and 64.9% in FY20(f), FY21(f) and FY22(f) respectively. We then applied an EBIT Margin of 40% for FY23(f). The determination of the EBIT Margin rates for FY23(f) is based on discussion and correspondence with Management, as well as our professional judgement when comparing Farmbuy.com to comparable listed companies;
- Added back depreciation and amortisation at a rate of 2.5% of revenue over the life of the DCF. The depreciation and amortisation rate adopted was deduced by analysing the depreciation and amortisation rates of comparable companies with similar operations to Farmbuy.com. Management

has outlined that this rate is an appropriate rate of depreciation and amortisation going into the future;

- Used our professional judgement to deduct working capital requirements for each year at a rate of 5.0% of the movement in revenue year on year. Management has outlined that this rate is appropriate for working capital purposes;
- Adopted Managements' forecast for capital expenditure for FY20(f) and FY21(f). For the periods of FY22(f) into the terminal year we deducted capital expenditure at a rate of 2.5%, this was based on discussions with Management, as well as the consideration of historic levels of capital expenditure with respect to revenue and the application of our professional judgement; and
- Applied a 25.0% corporate tax rate to EBIT for FY22(f) into the terminal year as this is the applicable tax rate applicable to companies with a revenue threshold of less than \$50 million, as prescribed by the Australian Taxation Office ("ATO"). For completeness we note that as Farmbuy.com has not made a profit to date, there would likely be some carry forward tax losses applicable to Farmbuy.com. We have analysed these items as such and included them into our model, hence why tax expense is only present from FY22(f) onwards.

7.2.2 Terminal Value

A terminal value represents the value of a series of cash flows beyond the forecast period. We calculated a terminal value for Farmbuy.com using the constant growth perpetuity formula. Under this methodology, the terminal value at time (n) is calculated as the net cash flow for the period ended n+1 divided by the discount rate adopted less the terminal growth rate:

$$\text{Present Value}(n) = \text{Cash Flow}(n+1) / (\text{Discount Rate} - \text{Terminal Growth Rate})$$

We adopted the following variables to calculate a terminal value for Farmbuy.com:

- Cash flow n+1: pre-debt, post-tax cash flows for FY23(f), which was based on:
 - revenue growth of 2.5% from FY25(f);
 - expected increases in direct and indirect expenses;
- Discount rate: the average of the discount rate range for Farmbuy.com, being 31.25% as discussed below; and
- Terminal growth rate: 2.5% growth rate, being the midpoint of the Reserve Bank of Australia's ("RBA") target rate for inflation.

7.3 Discount Rate

We calculated a post-tax WACC discount rate for Farmbuy.com of 35.0% to 40.0% as set out in **Appendix 6 and Appendix 7**.

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7.4 Enterprise Value

7.4.1 Enterprise Value – Controlling & Marketable Basis

Based on the cash flows, terminal value and discount rates detailed above, we calculated the enterprise value of the Farmbuy.com business, as at the Valuation Date, to be as follows on a controlling and marketable basis³:

Table 13: Enterprise Value – Controlling and Marketable Basis

Farmbuy.com						
Enterprise Value - Controlling & Marketable Basis (\$)						
	09-Jan-20	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	Terminal yr
Revenue	118,699	77,301	3,128,000	8,426,000	11,796,400	12,091,310
Growth %		n/m	3946.5%	169.4%	40.0%	2.5%
EBIT		(232,909)	1,003,000	5,466,000	4,718,560	2,176,436
Margin %		(301.3%)	32.1%	64.9%	40.0%	18.0%
<u>Add / (less):</u>						
Depreciation & amortisation	2.5%	1,933	78,200	210,650	294,910	302,283
Capital expenditure	2.5%	(166,393)	(900,000)	(210,650)	(294,910)	(302,283)
Working capital requirement	5.0%	984	(152,535)	(264,900)	(168,520)	(14,745)
Tax	Table	-	-	(1,326,497)	(1,179,640)	(544,109)
Net cash flows (post tax)		(396,386)	28,665	3,874,603	3,370,400	1,617,581
Terminal value - Low						4,313,550
Terminal value - High						4,977,173
Cash flows for valuation (before debt & after tax)		(396,386)	28,665	3,874,603	3,370,400	1,617,581
PVIF - low	40.0%	0.92	0.72	0.51	0.37	0.37
PVIF - high	35.0%	0.93	0.75	0.55	0.41	0.41
PV of cash flows - low		(365,837)	20,636	1,992,389	1,237,942	1,584,360
PV of cash flows - high		(369,022)	21,382	2,140,892	1,379,480	2,037,120
<u>Valuation summary</u>						
	Low	Mid	High			
NPV of forecast period cash flows	2,885,130	3,028,931	3,172,732			
NPV of terminal value	1,584,360	1,810,740	2,037,120			
Total NPV	4,469,490	4,839,671	5,209,852			

Source: Findex Calculations

7.5 Equity Value – Controlling & Marketable Basis

7.5.1 Balance Sheet Adjustments

We analysed Farmbuy.com's balance sheet as at valuation date and identified:

- Working capital, inclusive of cash, to be sufficient;
- No surplus assets or liabilities. Management has confirmed all cash is required for the business; and
- No borrowings or debt like items present on the balance sheet.

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³ Mid period discounting has been utilised, with the exception of the terminal value

7.5.1 Equity Value – Controlling & Marketable Basis

Based on the enterprise value summarised above and our analysis of Farmbuy.com's balance sheet, we calculated the value of 100% of the equity in Farmbuy.com, as at the Valuation Date, to be as follows on a controlling and marketable basis:

Table 14: Enterprise Value – Controlling and Marketable Basis

Farmbuy.com		
Equity Value - Controlling & Marketable Basis (\$)		
	Low	High
Enterprise value - controlling & marketable basis	4,469,490	5,209,852
Add / (less):		
Surplus assets	-	-
Net debt	-	-
Equity value - controlling & marketable basis	4,469,490	5,209,852
Midpoint		4,839,671

Source: *Findex Calculations*

7.6 Discount for Lack of Marketability

7.6.1 Background

Marketability refers to the ease and timeframe under which an asset can be sold. Assets with a greater relative degree of marketability (those that can be sold more easily, or more quickly), are inherently more valuable as it is easier for the owners to realise the value of those assets. In recognition of this, it is common practice to apply a value discount where a lack of marketability exists.

Empirical research and academic studies indicate that discounts for lack of marketability in Australia typically range between 10% and 30%. Notwithstanding, the relevant discount will vary dependent upon the specific circumstances.

7.6.2 Application

With respect to the appropriate discount for lack of marketability to adopt for Farmbuy.com we considered:

- The level of surplus assets and business assets that contribute to the ungeared equity value of on a controlling basis;
- That surplus assets such as cash and property assets are generally more marketable / liquid than business assets;
- The size of Farmbuy.com in comparison to other similar companies; and
- The nature of the industry in which Farmbuy.com operates in.

Considering the relative marketability of the underlying assets, we adopted a discount for lack of marketability of 10%.

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7.6.3 Equity Value – Controlling & Non-Marketable Basis

Summarised below is the value of a 100% interest in Farmbuy.com as at the Valuation Date, on a controlling and non-marketable basis:

Table 15: Enterprise Value – Controlling and Non-Marketable Basis

Farmbuy.com		
Equity Value - Controlling & Non - Marketable Basis (\$)		
	Low	High
Enterprise value - controlling & marketable basis	4,469,490	5,209,852
Discount for lack of marketability - %	10.00%	10.00%
Discount for lack of marketability - value	(446,949)	(520,985)
Equity value - controlling basis & non- marketable basis	4,022,541	4,688,867
Midpoint		4,355,704

Source: Findex Calculations

7.7 Cross Check Analysis

Outlined in this section below are the various cross checks we have undertaken to validate our primary methodology approach, and values concluded therein.

7.7.1 Cross Check – Implied Multiples

The table below summarises the historical and forecast EBITDA and EBIT multiples implied by the primary enterprise valuation of the Farmbuy.com under the DCF methodology on a midpoint basis:

Table 16: Implied Revenue, EBITDA & EBIT Multiples

Farmbuy.com						
Implied Multiples (\$)						
	FY19(a)	FY20(f)	FY21(f)	FY22(f)	FY23(f)	Terminal Year
Midpoint enterprise value	4,839,671	4,839,671	4,839,671	4,839,671	4,839,671	4,839,671
Reported EBITDA	(44,002)	(230,977)	1,081,200	5,676,650	5,013,470	2,478,719
Reported EBIT	(170,002)	(232,909)	1,003,000	5,466,000	4,718,560	2,176,436
Reported Revenue	4,510	196,000	3,128,000	8,426,000	11,796,400	12,091,310
Implied EBITDA multiple	n/m	(21.0x)	4.5x	0.9x	1.0x	2.0x
Implied EBIT multiple	n/m	(20.8x)	4.8x	0.9x	1.0x	2.2x
Implied Revenue Multiple	n/m	24.7x	1.5x	0.6x	0.4x	0.4x

Source: Findex Calculations

7.7.2 Transaction Multiples

By comparison, we identified five relevant controlling transactions (encompassing the Interactive Media and Services industry) which had:

For transactions with an implied enterprise value of greater than 1billion:

- EBITDA multiples ranging from 13.3 times to 19.0 times, averaging 16.1 times;
- EBIT multiples ranging from 13.6 times to 19.5 times, averaging 16.6 times; and
- Revenue multiples ranging from 7.2 time to 11.4 times, averaging 9.3 times.

For transactions with an implied enterprise value of less than 1 billion:

- EBITDA multiples ranging from 11.5 times to 31.4 times, averaging 24.4 times;

- EBIT multiples ranging from 25.5 times to 36.5 times, averaging 32.4 times; and
- Revenue multiples ranging from 0.5 time to 7.3 times, averaging 3.5 times.

The multiples implied by our primary valuation are lower than the transaction multiples. In our opinion, after considering the expected growth profile and forecast risk associated with the Farmbuy.com business, as well as its size relative to the comparable transactions, the cross check supports our primary enterprise valuation.

It is important to note the transaction multiples would include any strategic value paid in the transactions.

Refer to **Appendix 5** for detailed analysis.

7.7.3 Trading Multiples

The average EBITDA and EBIT trading multiples of globally listed companies with operations comparable to Farmbuy.com are summarised below. These multiples were adjusted to be on a controlling basis.

Table 17: Adjusted Comparable Company Trading Multiples

Farmbuy.com				
Adjusted Comparable Company Trading Multiples				
	EBITDA		EBIT	
	Current	Forecast	Current	Forecast
Listed Comparables EV> 1B	25.3 x	20.8 x	31.5 x	25.3 x
Premium for control	25%	25%	25%	25%
Adjusted multiple (controlling basis) >1B	31.2 x	25.7 x	35.8 x	31.1 x
Listed Comparables EV<1B	19.6 x	12.9 x	22.5 x	13.7 x
Premium for control	25%	25%	25%	25%
Adjusted multiple (controlling basis) <1B	20.9 x	17.3 x	28.4 x	19.0 x

Source: Capital IQ & Findex calculations

The multiples implied by our primary valuation are lower than the adjusted trading multiples. After considering the relative size, expected growth and forecast risk of, in our opinion, the cross check supports our primary enterprise valuation.

Refer to **Appendix 4** for detailed analysis.

For completeness we note that the multiples presented in **Appendix 4** are on a non-controlling basis. To ascertain the trading multiples of these entities on a controlling basis we applied a 25% control premium to the equity value at the Valuation Date (i.e. market cap of the entity at the Valuation Date) and then subtracted/added back the net (debt)/ net cash position, which gave a revised enterprise value on the controlling basis.

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8 Consideration Payable by PS&C

8.1 Overview

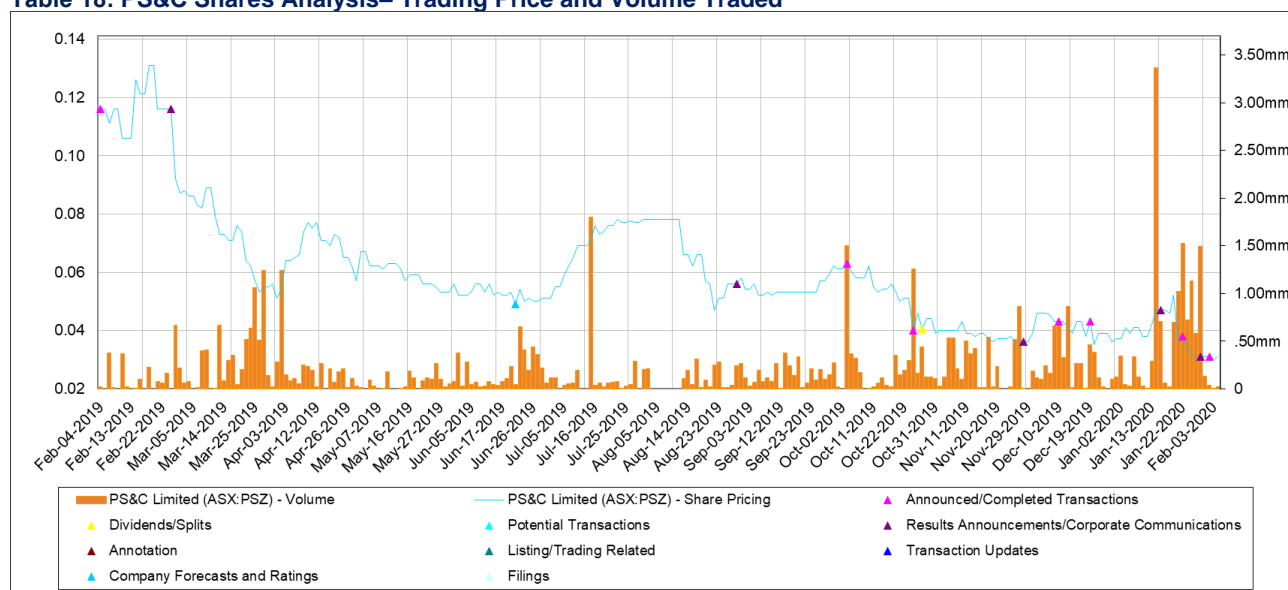
Further to our valuation analysis completed in **Section 7** and **Section 8**, we have also considered the reasonableness of the consideration payable by PS&C. As stated throughout this Report, the consideration payable is a fixed amount of \$4.5 million. As at the date of this Report, the fixed consideration equates to 150,000,000 new shares in PS&C issued at a price of \$0.03 per share, payable to the shareholders of Farmbuy.com.

We understand that the fixed consideration remains constant at \$4.5 million. Whilst our valuation analysis (and fairness opinion) is based on this fixed consideration, for completeness we have also considered the current fair market value of a share in PS&C as at the date of this Report and set out our share trading analysis below.

8.2 Share Trading Analysis – Last 12 Months

In the figure below, we show a graphical representation of the share price and volume of trading in PS&C shares over the past 12 months:

Table 18: PS&C Shares Analysis– Trading Price and Volume Traded



Source: Capital IQ and Findex analysis

As can be seen from there are some key dates to be noted. These have been summarised in the table below.

Table 19: PS&C Shares Analysis– Announcements

PS&C Limited (ASX:PSZ) - Share Pricing - Annotations		
Date	Type	Synopsis
Feb-26-2019	Announcements of Earnings	PS&C Limited Reports Earnings Results for the Half Year Ended December 31, 2018
Jun-20-2019	Corporate Guidance - New/Confirmed	PS&C Limited Provides Earnings Guidance for the Fiscal Year 2019
Aug-29-2019	Earnings Release Date	PS&C Limited to Report Second Half, 2019 Results on Aug 29, 2019
Aug-29-2019	Announcements of Earnings	PS&C Limited Reports Earnings Results for the Full Year Ended June 30, 2019
Oct-03-2019	M&A Transaction Announcements	TNT Cyber Services Pty Ltd entered into a binding agreement to acquire the Security Division of PS&C Limited (ASX:PSZ) for AUD 15.6 million.
Oct-24-2019	Follow-on Equity Offerings	PS&C Limited has filed a Follow-on Equity Offering in the amount of AUD 3.359467 million.
Oct-28-2019	Ex-Div Date (Regular)	PS&C Limited, 0.97222, Rights Issue, Oct-28-2019
Nov-28-2019	Annual General Meeting	PS&C Limited, Annual General Meeting, Nov 28, 2019
Dec-10-2019	M&A Transaction Announcements	TNT Cyber Services Pty Ltd signed a share purchase agreement to acquire NTH Consulting Pty Ltd from PS&C Limited (ASX:PSZ) for AUD 5.3 million.
Dec-10-2019	M&A Transaction Closings	TNT Cyber Services Pty Ltd completed the acquisition of Security Division of PS&C Limited (ASX:PSZ) for AUD 13.8 million.
Dec-19-2019	M&A Transaction Announcements	Vitrics Pty Ltd executed an agreement to acquire Glassandco Pty Ltd from PS&C Limited (ASX:PSZ) for AUD 1.6 million.
Jan-15-2020	Special/Extraordinary Shareholders Meeting	PS&C Limited, Special/Extraordinary Shareholders Meeting, Jan 15, 2020
Jan-22-2020	Follow-on Equity Offerings	PS&C Limited has completed a Follow-on Equity Offering in the amount of AUD 3.359467 million.
Jan-29-2020	Special/Extraordinary Shareholders Meeting	PS&C Limited, Special/Extraordinary Shareholders Meeting, Jan 29, 2020
Jan-31-2020	M&A Transaction Closings	Vitrics Pty Ltd completed the acquisition of Glassandco Pty Ltd from PS&C Limited (ASX:PSZ).
Feb-06-2020	M&A Transaction Announcements	PS&C Limited (ASX:PSZ) agreed to acquire Respring Pty Limited for AUD 4.5 million.

Source: Capital IQ and Findex analysis

Summarised below is share price and volume data of PS&C over the past 12 months from the Valuation Date, outlined over various time periods.

Table 20: Share Trading Analysis – Last 12 Months

PS&C					
Share Trading Analysis - Last 12 Months					
	Share Price AUD			Volume Traded	
	Low	High	VWAP	Total	%
1 day	0.030	0.030	0.030	23,360	0.01%
1 week	0.028	0.029	0.030	1,695,830	0.48%
1 month	0.026	0.053	0.039	12,340,020	3.73%
2 month	0.026	0.053	0.039	17,157,810	5.41%
3 month	0.026	0.053	0.039	22,179,500	7.39%
6 month	0.026	0.068	0.043	33,739,300	12.23%
9 month	0.026	0.079	0.046	42,389,890	15.86%
12 month	0.026	0.130	0.052	55,287,800	21.04%
Min	0.030	0.030	0.030		
Max	0.052	0.052	0.052		
Average	0.040	0.040	0.040		

Source: Findex calculations

Key observations in relation to the last 12 months trading of PS&C shares is that:

- PS&C shares traded on 222 out of a possible 248 days on which the ASX was open for trading during the 12-month observation period, which equates to almost a 90% trading rate;
- Whilst PS&C share price as at the Valuation Date is 0.030, it traded at a VWAP of around 0.030 to 0.052, averaging 0.040 during the one, two and three, six, nine and twelve month period prior to Valuation Date; and
- We also note that PS&C regularly discloses extensive information to the market in terms of its strategy, environment and ongoing operational and financial performance.

8.3 Share Trading Analysis – Since First Realisation

Summarised below is share price and volume data of PS&C since the announcement of the first realisation (i.e. announcement of the sale of the PS&C Security Division to ASX listed Tesseract (ASX: TNT)), which was announced on 3 October 2019.

Table 21: Share Trading Analysis – Since First Realisation

PS&C					
VWAP Summary - Since First Realisation					
	Share Price AUD			Volume Traded	
	Low	High	VWAP	Total	%
1 day	0.030	0.030	0.030	23,360	0.01%
1 week	0.028	0.030	0.030	1,695,830	0.48%
1 month	0.026	0.053	0.039	12,340,020	3.73%
2 month	0.026	0.053	0.039	17,157,810	5.41%
3 month	0.026	0.053	0.039	22,179,500	7.39%
4 month	0.026	0.061	0.040	26,826,530	9.31%
Maximum	0.026	0.062	0.040	27,193,360	9.47%
Min	0.026	0.030	0.030		
Max	0.030	0.062	0.040		
Average	0.027	0.049	0.037		

Source: Findex calculations

Key observations in since the first realisation was announced, PS&C shares have:

- PS&C shares traded on 79 out of a possible 81 days on which the ASX was open for trading during the 12-month observation period, which equates to almost a 90% trading rate;
- Whilst PS&C share price as at the Valuation Date is 0.030, it traded at a VWAP of around 0.030 to 0.040, averaging 0.037 during the one, two, three and four month period prior to announcement of the first realisation; and
- We also note that PS&C regularly discloses extensive information to the market in terms of its strategy, environment and ongoing operational and financial performance.

8.4 Reasonableness of Consideration Payable - share price

Having regard for the analysis completed above, it can be seen that on a 12-month analysis prior to the Valuation Date, the average volume weighted average price ("VWAP") is 0.040. Furthermore, the VWAP since the announcement of the first realisation is at an average of 0.037, based on a time period of approximately four months and a few days.

As at the date of this Report, we note that the fixed consideration is subject to various escrow restrictions, namely;

- Twenty Five percent (25%) of the total number of shares issues as part of the fixed consideration are to be escrowed from the completion date for a period of six (6) months;
- Twenty Five percent (25%) of the total number of shares issues as part of the fixed consideration are to be escrowed from the completion date for a period of twelve (12) months;
- Twenty Five percent (25%) of the total number of shares issues as part of the fixed consideration are to be escrowed from the completion date for a period of eighteen (18) months; and
- Twenty Five percent (25%) of the total number of shares issues as part of the fixed consideration are to be escrowed from the completion date for a period of twenty-four (24) months.

Taking the above into consideration in isolation, and all things being equal the escrow restrictions would be expected to put downward pressure on the fair market value of the shares.

Therefore, based on our analysis and the timing of the Report and the General Meeting, we have placed greater regard on the one day and one-week VWAP (i.e. 0.030) in considering the reasonableness of the share price underlying the consideration payable by PS&C. Based on the above we do not consider the 0.030 price per share that the fixed consideration payable is structured around to be unreasonable.

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9 Evaluation of the Proposed Transaction

9.1 Valuation Summary

Based on the intended timing of the Proposed Transaction, we adopted a Valuation Date of 11 February 2020 for the purpose of this Report.

As outlined in our analysis in **Section 6** and **Section 7**, we took a dual primary valuation approach to ascertain the equity value in Farmbuy.com, on a controlling and non-marketable basis. We have summarised our findings below in our summary table.

For completeness, using our professional judgement we have determined that the most accurate reflection of the equity value of Farmbuy.com on a controlling and non-marketable basis would be to use the midpoint average of the two-primary valuation methodologies. This has been shaded in grey in the table below:

Table 22: Summary Equity Value - Controlling & Non - Marketable Basis

Farmbuy.com			
Summary Equity Value - Controlling & Non-Marketable Basis (\$)			
	Low	Mid	High
Equity value - DCF	4,022,541	4,355,704	4,688,867
Equity Value - Net Assets	4,832,017	4,936,917	5,041,817
Midpoint	4,427,279	4,646,310	4,865,342

Source: Findex calculations

9.2 Approach

In evaluating whether the Proposed Transaction is fair for the non-associated shareholders of PS&C, we compared:

- The equity value of Farmbuy.com on a controlling and non-marketable basis, as outlined above; to
- The consideration payable by PS&C in the Proposed Transaction.

Under Regulatory Guide 111 an offer is deemed to be "reasonable" if it is fair, however, an offer might also be reasonable if, despite being "not fair", the expert believes that there are sufficient reasons for non-associated shareholders to accept the offer in the absence of a superior alternative.

In assessing if the Proposed Transaction is reasonable we have first considered whether the Proposed Transaction is fair. Additionally, we have compared the potential advantages and disadvantages of the Proposed Transaction to the non-associated shareholders of PS&C and have determined whether the advantages outweigh the disadvantages.

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9.4 The Proposed Transaction is Fair

Summarised below is a comparison of the assessed value of the equity in Farmbuy.com on a controlling and non-marketable basis (refer to **Section 7** and **Section 8**) with comparison to the fixed consideration to be paid under the Proposed Transaction.

Table 23: Fairness Assessment

Farmbuy.com			
Fairness Assessment - Controlling & Non-Marketable Basis (\$)			
	Low	Mid	High
Assessed Equity value	4,427,279	4,646,310	4,865,342
Consideration Payable by PS&C	4,500,000	4,500,000	4,500,000
Value Differential	(72,721)	146,310	365,342

Source: Findex calculations

In accordance with the requirements of Regulatory Guide 111, we are required to consider the Proposed Transaction as a control transaction in forming our opinion.

9.4.1 Conclusion on Fairness

The fact that the assessed equity value on a midpoint basis (controlling and non-marketable) of Farmbuy.com is greater than the fixed consideration payable by PS&C under the Proposed Transaction at the midpoint and high basis, indicates in our opinion that the Proposed Transaction is fair for PS&C's non-associated shareholders.

9.5 The Proposed Transaction is Reasonable

Notwithstanding that fact that the Proposed Transaction is fair, in our opinion, the advantages of the Proposed Transaction outweigh the disadvantages of the Proposed Transaction, and accordingly, the Proposed Transaction is reasonable.

9.5.1 Advantages to PS&C shareholders from the Proposed Transaction

The primary advantages to the shareholders of PS&C in proceeding with the Proposed Transaction are as follows:

- a) ***The Proposed Transaction aligns with the PS&C Boards resolution to undertake a realisation of the Company's assets and the diversification of its revenue streams, keeping in mind the audit opinion received at 30 June 2019***

As outlined in the 2019 PS&C Annual Report, the auditors for the Company (Moore Stephens) indicated that there was material uncertainty surrounding the going concern of the organisation. This was due to the fact that the PS&C Group incurred a consolidated net loss of \$53.5 million and its current assets versus current liabilities position was negative \$12.7 million.

As a result of the above, the PS&C board resolved to undertake a realisation of the Company's assets and has been diligent in identifying new revenue streams to assist in building the intellectual property within the Company and to enhance its current delivery capabilities. The Proposed Transaction aligns with the PS&C board's resolution and strategy. Furthermore, the Proposed Transaction will allow PS&C to make a 'Platform Play'. Given the capabilities that PS&C have, they believe that they can complement the current platform of Farmbuy.com, and enhance it, to see Farmbuy.com solidify its position as, a leading rural property listing platform.

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b) The Proposed Transaction will increase the wider PS&C Group's revenue and EBITDA

Based on forecast financial information provided by Farmbuy.com, it is expected that in FY21(f) and FY22(f) the business will deliver \$3.128 million and \$8.426 million in revenue respectively and \$1.003 million and \$5.466 million in EBITDA respectively. In the short term the revenue and EBITDA contributions are not as strong but the long-term growth prospects for PS&C are expected to be promising.

c) Ability for shareholders to participate in the future growth of PS&C

Non-associated shareholders have the ability to participate in the future growth and development of PS&C, which is expected to be positive, following renewed focus on the future direction of the Company. This may increase the value of a share in PS&C in the future.

d) No superior alternatives exist

The Directors of PS&C have explored a number of other strategic alternatives, which either did not progress, or it was determined were not in the best interests of PS&C shareholders. At the date of this Report, the Directors of PS&C were not aware of any superior alternatives to the Proposed Transaction.

9.5.2 Disadvantages to PS&C shareholders from the Proposed Transaction

The primary disadvantages to the shareholders of PS&C in proceeding with the Proposed Transaction are as follows:

a) The Proposed Transaction may leave some shareholders disgruntled

Some current shareholders may not agree with the Proposed Transaction. The main reason for this is that some shareholders may have invested in PS&C because they viewed the current revenue streams as sufficient (i.e. primarily IT Consulting services). With the diversification of the revenue streams comes a level of 'uncertainty' which may leave some shareholders uncomfortable.

b) The Proposed Transaction will result in the shareholders of Farmbuy.com owning a large portion of the shares in PS&C

The Proposed Transaction attracts a fixed consideration of \$4.5 million, which is fully payable in PS&C shares. Based on the market capitalisation of PS&C as at the date of this Report, the \$4.5 million consideration of shares would represent a large portion of the market capitalisation of the entire PS&C shareholding. This may result in the shareholders of Farmbuy.com to have a level of control and influence in PS&C which may not been seen favourable by some shareholders.

c) The Proposed Transaction will result in the dilution of shares for the existing shareholders in PS&C

The Proposed Transaction will result in the issue of circa 150,000,000 new shares in PS&C which will sum to the fixed consideration of \$4.5 million. As a result of, as at the Valuation Date, there will be a dilution factor applicable to the existing shareholders of PS&C. Based on the analysis completed in the table below, as at the Valuation Date (using 4 February 2020, as a point of reference date), the share dilution factor is 29.93%. This may result in some shareholders being displeased with their shareholdings diluting by almost a third. For completeness, we have only completed a high-level analysis of the share dilution and confirmed with the Management of PS&C there are no options outstanding.

Table 24: Reasonableness Assessment - Share Dilution Analysis

PS&C Reasonableness Assessment - Share Dilution Analysis	
Current Market Capitalisation	
Number of shares at 04.02.2020	351,103,515
Closing Price at 04.02.2020	0.03
Market Capitalisation at 04.02.2020 (\$)	10,533,105.45
Revised Market Capitalisation	
Fixed Consideration Amount (\$)	4,500,000
Closing Price at Valuation Date	0.03
Number of newly issued Shares At 04.02.2020	150,000,000
Revised Total number of shares at 04.02.2020	501,103,515
Dilution Factor	29.93%

Source: Findex Calculations

Table 25: Reasonableness Assessment - Share Dilution Analysis

PS&C Reasonableness Assessment - Shareholding Dilution Analysis as at 04.02.2020				
	Pre-Proposed Transaction		Post-Proposed Transaction	
	Number of Shares	% Total Holding	Number of Shares	% Total Holding
Top 10 Shareholders				
BLVD PTY LTD <BLVD A/C>	18,750,000	5.34%	18,750,000	3.74%
FIP INVESTMENTS (VIC) PTY LTD <FIP INVESTMENT A/C>	17,821,189	5.08%	17,821,189	3.56%
MASAL PTY LTD	16,992,885	4.84%	16,992,885	3.39%
MR BLAIR CAMERON GOWANS	15,927,882	4.54%	15,927,882	3.18%
KANDO CORPORATION PTY LTD	15,592,886	4.44%	15,592,886	3.11%
IITCA PTY LTD <THE HOGELAND FAMILY A/C>	13,725,492	3.91%	13,725,492	2.74%
MRS LAURA CATHERINE GOWANS	12,052,032	3.43%	12,052,032	2.41%
AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	8,836,000	2.52%	8,836,000	1.76%
MR EDWARD WATTS & MRS SARAH WATTS <THE WATTS SUPER FUND A/C>	7,700,000	2.19%	7,700,000	1.54%
GLENNFIELD PTY LTD <GLENNFIELD FAMILY A/C>	7,687,742	2.19%	7,687,742	1.53%
Total Shares as at 04.02.2020	351,103,515	38.47%	501,103,515	26.96%
Total Shares issued under Proposed Transaction			150,000,000	
Revised Total number of shares post Proposed Transaction			501,103,515	
Dilution Factor				29.93%

Source: Findex Calculations

d) Potential emergence of a superior alternative

The non-associated shareholders of PS&C may consider that a superior alternative opportunity to the Proposed Transaction will emerge. Notwithstanding, the Directors have a number of alternatives, including further divestment of existing assets and will continue to be on the lookout for future opportunities that will enhance the organisation long-term strategy. At the date of this Report, the Directors were not aware of any superior alternatives to the Proposed Transaction. In addition, the available time for viable alternative opportunities to emerge is imperative, given the concerns of the auditors that there is material uncertainty surrounding the going concern of the business.

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10 Qualifications, Declarations and Consents

10.1 Qualifications

Findex provides corporate finance services in relation to mergers and acquisitions, capital raisings, corporate restructuring and financial matters generally. One of its activities is the preparation of company and business valuations and the provision of independent advice and expert reports concerning mergers and acquisitions, takeovers and capital reconstructions.

The executives responsible for preparing this Report on behalf of Findex are Ms Nicole Vignaroli, MAppFin, BBus, BA, F.Fin, Aff.CA and Mr Ross Patane, BBus, FCA, FAICD, F.FIN. Nicole and Ross have significant experience in relevant corporate advisory matters and are Representatives in accordance with the Australian Financial Services Licence No. 239170 held by Findex under the Corporations Act 2001 (Cth).

10.2 Disclaimers

It is not intended that this report be used or relied upon for any purpose other than as an expression of Findex's opinion as to whether the Proposed Transaction is fair and reasonable to the non-associated shareholders of PS&C. Findex expressly disclaims any liability to any person who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose.

This Report has been prepared by Findex with care and diligence and statements and opinions given by Findex in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Findex or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Findex from liability arising from an opinion expressed recklessly or in bad faith.

10.3 Declarations

Findex does not have at the date of this report nor has had any shareholding in or other relationship with PS&C that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction. Findex had no part in the formulation of the Proposed Transaction. Findex's only role with respect to Farmbuy.com relates to the preparation of this Independent Expert's Report. Findex considers itself independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

Findex will receive a fee in the vicinity of \$30,000 (plus GST) based on time costs for the preparation of this report. This fee is not contingent on the outcome of the Proposed Transaction. Findex will receive no other benefit for the preparation of this Report.

PS&C has agreed that to the extent permitted by law that it will indemnify Findex employees and officers in respect of any liability suffered or incurred as a result of or arising out of the preparation of this Report. This indemnity will not apply in respect of any conduct involving negligence or wilful misconduct. PS&C has also agreed to indemnify Findex and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person except where Findex or its employees and officers are found liable for or guilty of conduct involving negligence or wilful misconduct in which case Findex shall bear such costs.

Advance drafts of this report (and parts of it) were provided to PS&C and its advisers. Certain changes were made to this report as a result of the circulation of the draft report. There was no alteration to the methodology, valuation of PS&C, conclusions or recommendations made to PS&C non-associated shareholders as a result of issuing the drafts.

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10.4 Consents

Findex consents to the issuing of this Report in the form and context in which it is to be included in the Proposed Transaction documentation to be sent to PS&C shareholders. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Findex as to the form and context in which it appears.

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Appendix 1 – Financial Services Guide

Dated of issue: 11 February 2020

General Advice – Independent Expert's Report

This Financial Services Guide is designed to help retail clients make a decision as to their use of the relevant general financial product advice; to ensure that we comply with our obligations as a financial services licensee; and to provide you with information on:

- How we and our associates are paid;
- Any potential conflict of interest we may have; and
- Our internal and external dispute resolution procedures and how you can access them.

Introduction

Findex Corporate Finance (Aust) Ltd is the corporate finance arm of Findex Group and was engaged by the Independent Directors to prepare this Report. On 2 April 2019, Crowe Horwath Corporate Finance (Aust) Ltd changed its name to Findex Corporate Finance (Aust) Ltd. For the avoidance of doubt, the legal entity, all ownership, licensing and staffing remained the same. The only change was a change to using two brands – both Crowe Horwath and Findex, as relevant.

Findex Corporate Finance (Aust) Ltd ABN 95 001 508 363 has been engaged to issue general financial product advice in the form of an Independent Expert's Report for inclusion in a disclosure or other document in relation to the issuing of a financial product.

Who is responsible for the financial services provided to me?

Findex Corporate Finance (Aust) Ltd holds an Australian Financial Services Licence No. 239170 and is responsible for the financial services provided by it and its Authorised Representatives, including authorising the distribution of this Financial Services Guide.

General Financial Product Advice

In the Independent Expert's Report, we provide general financial product advice, not personal financial product advice, because the advice has been prepared without taking into account your personal objectives, financial situation or needs.

You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs.

What kinds of financial services are you authorised to provide to me?

We are authorised to provide advice on, and deal in, the following classes of financial products to wholesale and retail clients:

1. Provide financial product advice for the following classes of financial products:
 - a) Derivatives; and
 - b) Securities.
2. Deal in a financial product by:

- a) Issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:
 - i. Derivatives,
- b) applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:
 - i. Derivatives; and
 - ii. Securities.

Independent Expert's Reports

We provide financial product advice by issuing an Independent Expert's Report in connection with a financial product of another person or entity. Our Report includes a description of the circumstances of our engagement and identifies the person or entity who has engaged us. You have not engaged us directly, but you will be provided with a copy of the Report due to 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 an Australian Financial Services Licensee authorised to provide the financial product advice contained in the Report.

Do you have any relationships or associations with financial product issuers?

Findex Corporate Finance (Aust) Ltd and any of its associated entities may at any time provide professional or financial services to financial product issuers in the ordinary course of our business.

How is Findex Corporate Finance (Aust) Ltd paid to produce an Independent Expert's Report?

We will charge a fee in the vicinity of \$30,000 excluding GST for providing this Independent Expert's Report. This fee will be paid by the person or entity which engages us to provide the Report. The fee has not affected the opinion we have expressed in the Report.

Except for this fee, neither Findex Corporate Finance (Aust) Ltd, nor any of its principals, employees or related entities, receives any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

Does Findex Corporate Finance (Aust) Ltd get paid for referring clients to invest in the products associated with your Independent Expert's Reports?

We do not pay commissions or provide any other benefits to any person for referring clients to us in connection with the Independent Expert's Report that we are engaged to provide.

We do not receive commissions or any other benefits for referring clients in connection with the underlying financial product and/or financial service that is the subject of the reports we are engaged to provide.

Do I pay for the financial services provided?

You do not pay us a fee for the production of the Independent Expert's Report. It is the responsibility of the person or entity which engaged our services to produce the Report to meet this cost.

Who can I complain to if I have a complaint about the financial services provided?

If you have any complaint about the service provided to you, you should take the following steps:

Contact us and tell us about your complaint.

If your complaint is not satisfactorily resolved within three business days, please contact the Complaints Officer on (03) 9258 6700, or put your complaint in writing and send it to us at:

The Complaints Officer
Findex Corporate Finance (Aust) Ltd
Level 17, 181 William St
MELBOURNE VIC 3001

If you still do not get a satisfactory outcome you can contact the Financial Ombudsman Service (FOS) of which Findex Corporate Finance (Aust) Ltd is a member. FOS can be contacted on 1300 780 808 or you can write to them at GPO Box 3, Melbourne, Victoria 3001.

ASIC has a freecall Infoline on 1300 300 630 which you may also use to make a complaint or obtain information about your rights.

If you have any further questions about the financial services Findex Corporate Finance (Aust) Ltd provides, please contact our office on (03) 9258 6700.

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Appendix 2 – Glossary

Defined Term	Meaning
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
AUD	Australian Dollar
B2B	Business to Business
CAGR	Compound annual growth rate
Corporations Act	Corporations Act 2001
Directors	The Board of Directors of PS&C
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
Findex	Findex Corporate Finance (Aust) Ltd
FME	Capitalisation of future maintainable earnings methodology
FY	Year ended 30 June
FY18(a)	Actual financial results for the financial year ended 30 June 2018
FY19(a)	Actual financial results for the financial year ended 30 June 2019
FY20(a)+(f)	Annualised financial results for the year ended 30 June 2020, factoring in the financial results for 09 January 2020.
FY20(f)	Forecast financial results for the financial year ended 30 June 2020
FY21(f)	Forecast financial results for the financial year ended 30 June 2021
FY22(f)	Forecast financial results for the financial year ended 30 June 2022
Farmbuy.com	Respring Pty Ltd
GST	Goods and Service Tax
IER	Independent Expert Report
Listing Rules	Chapter 10 of the Listing Rules of the Australian Securities Exchange Limited
Notice of Meeting	PS&C Notice of Meeting regarding the Proposed Transaction

Proposed Transaction	PS&C are considering the potential purchase of Respring Pty Ltd (Farmbuy.com), as at 11 February 2020 ("Valuation Date") for a fixed consideration of \$4.5 million, payable in PS&C shares.
PS&C	PS&C Limited
Regulatory Guide 76	Regulatory Guide 76 'Related Party Transactions'
Regulatory Guide 111	Regulatory Guide 111 'Content of Expert Reports'
Regulatory Guide 112	Regulatory Guide 112 'Independence of Experts'
Regulatory Guide 170	Regulatory Guide 170 'Prospective Financial Information'
Report	Independent Expert's Report
Section 611	Section 611(7) of the Corporations Act
Section 640	Section 611(7) of the Corporations Act
SSPA	Share Sale and Purchase Agreement
Studies	The Harvard Business School as well as a number of other empirical studies
Valuation Date	11 February 2020
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital

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Appendix 3 – Sources of Information

Sources of information utilised and relied upon in the preparation of this Report include:

- Year-end financial statements for Respring Pty Ltd for FY18(a) and FY19(a);
- Monthly Management accounts for Farmbuy.com for the period ended 9 January 2020;
- PS&C Limited Annual Report to Shareholders for the period ended 30 June 2019;
- L6720 Real Estate Services in Australia Industry Report, IBISWorld Report, July 2019;
- J5700 Internet Publishing and Broadcasting in Australia Industry Report, IBISWorld Report, July 2019;
- Harvard Business School: A Method for Valuing High-Risk, Long-Term Investments - The "Venture Capital Method", July 2009 (Article);
- 'FarmBuy com - Company Profile (May 2019)', prepared by Baillieu in May 2019, provided by Management;
- 'Farmbuy_offer_document_FINAL Bell Potter (1)', prepared by Bell Potter, provided by Management;
- <https://tradingeconomics.com/australia/housing-index>
- Financial research using Capital IQ: <http://www.capitaliq.com>; and
- Discussions with Management of PS&C and Farmbuy.com.

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Appendix 4 – Comparable Trading Multiples

Summarised below are the trading multiples of listed comparable companies, with operations similar to that of Farmbuy.com:

Table 26: Comparable Trading Companies

Farmbuy.com Comparable Company Trading Multiples																
Company Name	Current period end	Country	Mkt Cap	EV	Revenue Multiple (times)				EBITDA Multiple (times)				EBIT Multiple (times)			
					1 Year Historical	Current (Hist / Est)	1 Year Estimate	2 Year Estimate	1 Year Historical	Current (Hist / Est)	1 Year Estimate	2 Year Estimate	1 Year Historical	Current (Hist / Est)	1 Year Estimate	2 Year Estimate
					(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)
			(AUDm)	(AUDm)												
NAVER Corporation	31-Dec-19	South Korea	32,542	33,413	5.7 x	4.8 x	3.5 x	3.1 x	19.4 x	22.3 x	18.5 x	14.4 x	22.8 x	28.5 x	24.2 x	18.0 x
Yandex N.V.	31-Dec-19	Netherlands	21,991	20,945	9.5 x	7.0 x	5.1 x	3.9 x	39.2 x	27.9 x	17.0 x	12.9 x	n/m	42.0 x	23.4 x	17.3 x
REA Group Limited	30-Jun-20	Australia	15,029	15,201	16.1 x	16.6 x	14.8 x	13.5 x	32.5 x	27.7 x	24.0 x	21.5 x	33.4 x	32.1 x	27.2 x	24.3 x
58.com Inc.	31-Dec-19	China	12,412	11,335	5.2 x	4.0 x	3.4 x	3.0 x	23.6 x	18.8 x	16.2 x	13.8 x	29.3 x	22.1 x	18.6 x	15.7 x
Scout24 AG	31-Dec-19	Germany	10,786	12,030	14.9 x	13.2 x	11.8 x	10.7 x	31.7 x	30.6 x	24.3 x	19.8 x	39.6 x	37.6 x	32.0 x	24.6 x
Rightmove plc	31-Dec-19	United Kingdom	11,318	11,236	23.5 x	21.3 x	19.7 x	18.3 x	31.8 x	28.2 x	25.7 x	23.9 x	32.0 x	28.7 x	26.3 x	24.4 x
Kakaku.com, Inc.	31-Mar-20	Japan	8,199	7,791	10.3 x	9.3 x	8.5 x	8.0 x	21.1 x	19.1 x	17.8 x	16.5 x	22.6 x	20.4 x	18.9 x	17.4 x
Domain Holdings Australia Limited	30-Jun-20	Australia	2,210	2,327	7.0 x	7.4 x	6.7 x	6.3 x	30.3 x	21.3 x	18.2 x	16.1 x	35.1 x	33.2 x	26.2 x	22.3 x
LIFULL Co.,Ltd.	30-Sep-19	Japan	1,044	968	2.0 x	1.8 x	1.6 x	1.5 x	13.1 x	13.2 x	9.3 x	7.7 x	16.4 x	17.3 x	11.2 x	9.3 x
ZIGEXN Co., Ltd.	31-Mar-20	Japan	756	680	3.8 x	3.8 x	3.1 x	2.7 x	11.0 x	9.7 x	8.4 x	7.3 x	12.1 x	12.7 x	9.7 x	8.2 x
GA technologies Co., Ltd.	31-Oct-19	Japan	473	461	10.5 x	0.9 x	0.6 x	0.4 x	n/m	20.2 x	16.0 x	11.6 x	n/m	28.1 x	18.1 x	13.3 x
Everyday Network Co.,Ltd.	31-Dec-19	China	536	477	5.5 x	5.1 x	n/a	n/a	n/m	28.6 x	n/a	n/a	n/m	29.9 x	n/a	n/a
Livesense Inc.	31-Dec-19	Japan	112	66	0.8 x	0.7 x	n/a	n/a	15.1 x	29.4 x	n/a	n/a	21.7 x	39.5 x	n/a	n/a
Firstlogic,Inc.	31-Jul-20	Japan	96	59	2.5 x	n/a	n/a	n/a	4.9 x	n/a	n/a	n/a	5.0 x	n/a	n/a	n/a
Living Technologies Inc.	30-Sep-19	Japan	42	32	1.3 x	1.3 x	n/a	n/a	n/a	8.7 x	n/a	n/a	9.6 x	8.8 x	n/a	n/a
Min					0.8 x	0.7 x	0.6 x	0.4 x	4.9 x	8.7 x	8.4 x	7.3 x	5.0 x	8.8 x	9.7 x	8.2 x
Max					23.5 x	21.3 x	19.7 x	18.3 x	39.2 x	30.6 x	25.7 x	23.9 x	39.6 x	42.0 x	32.0 x	24.6 x
Average					7.9 x	6.9 x	7.2 x	6.5 x	22.8 x	21.8 x	17.8 x	15.0 x	23.3 x	27.2 x	21.4 x	17.7 x
Average (excl high and low)					7.3 x	6.3 x	6.5 x	5.8 x	23.0 x	22.2 x	17.9 x	14.9 x	23.5 x	27.5 x	21.6 x	18.0 x

Source: Capital IQ

The above trading multiples:

- Are on a minority interest basis;
- Reflect marketable securities;
- Reflect the level of liquidity relevant to each company;
- Reflect businesses typically larger and more diversified than Farmbuy.com; and
- Reflect a range of growth and associated risk profiles.

Summarised below are descriptions of the trading companies described above:

Table 27: Comparable Trading Companies Descriptions

Farmbuy.com Comparable Company Descriptions		
Company name	Geographic location	Business description
NAVER Corporation	South Korea	NAVER Corporation provides Internet portal and mobile services in South Korea, Japan, and internationally. The company offers NAVER, a search portal that provides various content topic boards; LINE, a messaging application; NAVER Clova, an AI platform; Papago, an automated interpretation application; WHALE, a Web browser; NAVER Maps, a navigation application; V LIVE that allows celebrities to broadcast themselves live; Webtoon, a mobile comics platform; SNOW, a photo and video messenger; BAND, a group communication application; and AudioClip, an audio content platform. It also provides online information distribution, business support, workforce supply, employee dispatch, software development and distribution, mobile service development, exhibition and performance planning, IT infrastructure, other contract, software consulting, call center and telemarketing, mobile payment system planning and development, telecommunication, and mobile advertising services. In addition, NAVER Corporation is involved in the manufacture of electrical equipment and cosmetics; financial business; film production and distribution; real estate and investment business; and wholesale and retail of character equipment and dolls. The company was formerly known as NHN Corporation. NAVER Corporation was founded in 1999 and is headquartered in Seongnam, South Korea.
Yandex N.V.	Netherlands	Yandex N.V., an Internet and technology company, operates an Internet search engine in Russia and internationally. The company offers search, location-based, personalized, and mobile services that enable users to find information, and communicate and connect over the Internet from desktops and mobile devices. It provides geolocation services, such as YandexMaps, YandexNavigator, YandexAuto, and YandexRouting; YandexMail that provides access to email accounts; YandexDisk, a cloud-based storage service; YandexNews, an online news aggregation service; YandexWeather hyperlocal weather information services; YandexBrowser for desktops and mobile platforms; and Yandex Search Apps. The company also provides YandexDirect, an auction-based advertising placement platform; Yandex Advertising Network service; YandexRadar, a market analytics tool; mobile advertising products; YandexMetrica, a web analytics system; YandexMarket, an e-commerce gateway service; YandexStation, a smart speaker; YandexPhone, an assistant. In addition, it offers YandexTaxi, a ride-sharing service; Auto.ru for used and new cars, commercial vehicles, and spare parts; YandexRealty, a real estate classifieds platform; YandexJobs, a job search Website; and YandexTravel, a travel aggregator service. Further, it offers KinoPoisk, a Russian language Website for movies, TV series, celebrity content, and entertainment news; YandexMusic, a music streaming service; YandexAfisha to buy tickets to cinemas, theaters, and concerts online; and YandexTV Program that provides up to date schedule of broadcast, cable and digital TV channels, as well as an option to view certain TV channels online. Additionally, it offers YandexZen, a personal recommendation service; YandexCloud that allows companies to host and develop apps and services, and store and manage data; and YandexDrive, a free-floating car-sharing service. Yandex N.V. was incorporated in 2004 and is based in Schiphol, the Netherlands.
REA Group Limited	Australia	REA Group Limited engages in online property advertising business in Australia, Asia, and North America. The company advertises property and property-related services on Websites and mobile apps. It operates residential, commercial, share, and co-working property sites, such as realestate.com.au, realcommercial.com.au, Flatmates.com.au, spacely.com.au, iproperty.com.my, rumah123.com, squarefoot.com.hk, ThinkOfLiving.com, iproperty.com.sg, myfun.com, realtor.com, housing.com, makaan.com, PropTiger.com, move.com, and realtor.com, as well as hometrack.com.au, 1form.com, and smartexpos.com. The company was formerly known as realestate.com.au Ltd. and changed its name to REA Group Limited in December 2008. REA Group Limited was founded in 1995 and is headquartered in Richmond, Australia. REA Group Limited operates as a subsidiary of News Pty Limited
58.com Inc.	China	58.com Inc. operates various multi-category online classifieds platforms and vertical listing platforms that enable local businesses and consumers to connect, share information, and conduct business in the People's Republic of China. It operates multi-content category online classified platforms primarily under the 58 and Ganji names; Anjuke, an online real estate listing platform; ChinaHR, an online recruitment platform that focuses on white collar jobs; and Jia Xiao Yi Dian Tong, an online platform for driver's license examination preparation and other related services. The company also operates Zhuan Zhuan, an online used goods trading and service platform; and 58 Town, a rural version of 58.com. Its platform offers content in the categories, including real estate, jobs, automotive, yellow pages, and used goods. 58.com Inc. was founded in 2005 and is headquartered in Beijing, the People's Republic of China.
Scout24 AG	Germany	Scout24 AG operates digital marketplaces specializing in the real estate and automotive sectors in Germany and other European countries. The company operates through ImmobilienScout24, AutoScout24, and Scout24 Consumer Services segments. The ImmobilienScout24 segment operates real estate classifieds portal for commercial and private customers for the sale and rental of real estate properties, as well as offers support services, such as customer acquisition and care for business real estate professionals. The AutoScout24 segment operates classifieds portal for commercial and private customers for the sale of new and second-hand cars, as well as offers display advertising services to original equipment manufacturers. The Scout24 Consumer Services segment provides supplementary services for the users, such as rental, purchase, or sale of a residential property or the purchase or sale of a car; placement of third-party advertising on Scout24 platforms; and consumer loans intermediation services. Scout24 AG was founded in 1998 and is based in Munich, Germany.

Farmbuy.com Comparable Company Descriptions		
Company name	Geographic location	Business description
Rightmove plc	United Kingdom	Rightmove plc operates property portal in the United Kingdom. The company operates through Agency, New Homes, and Other segments. The Agency segment offers resale and lettings property advertising services on its platforms. The New Homes segment provides property advertising services to new home developers and housing associations on its platforms. The Other segment offers overseas and commercial property advertising services; and non-property advertising services, which include third party and consumer services, as well as data services. The company serves estate agents, lettings agents, and new homes developers. Rightmove plc was founded in 2000 and is based in Milton Keynes, the United Kingdom.
Kakaku.com, Inc.	Japan	Kakaku.com, Inc. provides purchase support, restaurant review, and other services in Japan. The company operates kakaku.com, a purchasing support site that compare prices of products and services of various genres, such as personal computers and home appliances, communication costs, and insurance, as well as provides a collection of reviews and trends; and Priceprice.com, a purchasing support site for consumers in the Philippines, Thailand, and Indonesia. It also operates tabelog.com, a restaurant search and reservation site. In addition, the company operates travel review and comparison site; real estate housing information site; movie information site; photo sharing site; women's lifestyle media; information site for car lovers; Men's fashion Web magazine; bulk search site for job information; information travel information media; culture information site; freight comparison site; and information media for buses, travel, and sightseeing, as well as FX related information and exchange rate commentary forecasting site. Kakaku.com, Inc. was founded in 1997 and is headquartered in Tokyo, Japan.
Domain Holdings Australia Limited	Australia	Domain Holdings Australia Limited operates as a real estate media and technology services company that focuses on the property market in Australia. It operates through three segments: Core Digital, Consumer Solutions and Other, and Print segments. The company offers residential, commercial, and rural property marketing services through its listings portals on desktop and mobile, as well as through social media and print magazines. It also provides media and lead-generation solutions for advertisers looking to promote their products and services to consumers; and creates property market content to engage consumers and support audience growth. In addition, the company offers data and technology services to real estate agencies through customer relationship management software, property data subscriptions and research, and property inspection management tools. Further, it publishes real estate newspapers and magazines; and provides other services in the property lifecycle, including home loan brokerage, insurance, residential utilities product comparison, residential and commercial utilities connection, and trade services, as well as information services for buyers, investors, sellers, renters, and agents. Domain Holdings Australia Limited serves residential and commercial real estate agencies and professionals, property developers, financial services companies, retailers, utilities companies, media, government, and consumers. The company is based in Pymont, Australia. Domain Holdings Australia Limited is a subsidiary of Nine Entertainment Co. Holdings Limited.
LIFULL Co., Ltd.	Japan	Lifull Co., Ltd. provides real estate information services in Japan. The company offers LIFULL HOME'S, a site of real estate and housing information; LIFULL HOME'S PRO a communication platform; LIFULL Rumah, a real estate and housing information Website for Indonesia; LIFULL Concierge, a Real estate agency service for Japanese employees re-assigned to Jakarta; and Trovit, an aggregation Website. It also provides LIFULL Move that provides reviews and rankings of the moving companies; LIFULL Storage, a storage space searching Web service; LIFULL Interior, a furniture and interior decoration EC site; and LIFULL Nursing Care, a special care facility searching Web service. In addition, it offers LIFULL FaM that enables working mothers balance childcare with work while pursuing a career. Further, the company provides LIFULL FLOWER, an online flower gift shop; LIFULL Produk, a food and cosmetics online review service; LIFULL HUB, a Co-working space; LIFULL Table, a restaurant and party space; and LIFULL Marketing Partners that offers full Web assistance for real estate related companies. The company was formerly known as NEXT Co., Ltd. and changed its name to Lifull Co., Ltd. in April 2017. Lifull Co., Ltd. was founded in 1997 and is headquartered in Tokyo, Japan.
ZIGExN Co., Ltd.	Japan	ZIGExN Co., Ltd. operates the life media platform in Japan. It operates Job change EX, a job change and job information site; Dispatch EX, a Website covering job information and dispatch company information of staffing sites and dispatching companies; Part-timer EX, a part time job search service site; d job, a job recruitment information and smartphone work recruitment service; Nurse Job EX, a nurse recruitment/career change site; and Pharmacist Job EX, a pharmacist recruitment information search site. The company also offers Rental Smocca, a search site for real estate rental housing listings; Maisumi EX, a site specialized in real estate sale, land utilization, and rental management; and Moving estimate EX, a site that offers moving estimates. In addition, it provides SmaRE, a marketing support tool for the purchase and sale of real estate properties; Minorino, a used condominium sales portal site specializing in renovation; and Provider EX, a comparison site that helps in selecting high-speed mobile communication. Further, the company offers used car EX, an used car information site; Car purchase EX, a comparison site for car purchase; Car-tana, a used car export portal site; Apple world, a portal for hotel booking; Hotelista, a hotel reservation Website; Travery, a comparison site for hotel reservations; and tradecarview, a used car export site. ZIGExN Co., Ltd. was founded in 2006 and is headquartered in Tokyo, Japan.
GA technologies Co., Ltd.	Japan	GA technologies Co., Ltd. develops and operates real estate business support platforms. It develops Renosy, a used real estate portal service that support users in searching for houses, renovation, utilization of assets, and management after purchase. The company was founded in 2013 and is headquartered in Tokyo, Japan.

Farmbuy.com Comparable Company Descriptions		
Company name	Geographic location	Business description
Everyday Network Co.,Ltd.	China	Everyday Network Co.,Ltd. operates as an Internet service providers in China. The company provides network marketing services in the field of real estate properties through house365.com. Its platforms provide users with network integrated services, such as house buying, selling, and leasing. The company also offers Internet microfinance; and operates a platform to provide financing, renting houses, and operation of real estate. Everyday Network Co.,Ltd. was founded in 2006 and is based in Nanjing, China.
Livesense Inc.	Japan	Livesense Inc. engages in the Internet media business in Japan. The company operates various human resource domains, such as Tenshoku Kaigi and Syukatsu Kaigi to bring transparency to company information and enhance the accuracy of matching with reviews; Tenshoku Draft to provide competitive bidding-type career service; and Machbaito and Tenshoku Navi that offers job information. It also operates various real estate domains, including IESHIL, a real estate information service site; IESHIL CONNECT, a real estate sales support tool; and DOOR Chintai, a fee-based real estate posting site. In addition, the company operates Chiryo Notes, a medical information site; waja, an overseas fashion EC site; and imitsu, a BtoB service comparison/order information site. Livesense Inc. was founded in 2006 and is headquartered in Tokyo, Japan.
Firstlogic, Inc.	Japan	Firstlogic, Inc. operates a real estate investment portal site in Japan. The company was founded in 2005 and is headquartered in Tokyo, Japan.
Living Technologies Inc.	Japan	Living Technologies Inc. engages in the real estate platform business. The company develops and manages products combining Web technology and real estate, which include real estate vertical media, real estate business support system, human resources for the real estate industry, and Internet advertising services. It provides a service for real estate and housing companies to match companies and consumers on the Web. The company's platform offers real estate sales, house and renovation, rental management, real estate personnel, business information, and real estate review services. Living Technologies Inc. was founded in 2004 and is headquartered in Tokyo, Japan.

Source: Capital IQ

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Appendix 5 – Comparable Transaction Multiples

Summarised below are multiples that were paid in transactions involving the acquisition of target businesses with operations similar to Farmbuy.com:

Table 28: Comparable Company Transaction Multiples

Farmbuy.com Transaction Multiples										
Closed Date	Target	Acquirer	Industry	Country	Acquired (%)	Transaction value (AUDm)	Implied EV (AUDm)	Implied multiples		
								Revenue	EBITDA	EBIT
30-Apr-12	LoopNet, Inc.	CoStar Group, Inc.	Interactive Media and Services	United States	100%	696.4	606.2	7.3x	30.3x	36.5x
03-Nov-16	MyHammer Holding AG	HomeAdvisor, Inc. (nka:ANGI Homeservices Inc.)	Interactive Media and Services	Germany	70%	31.1	36.9	2.7x	31.4x	35.1x
11-Oct-06	PagesJaunes Groupe SA (nka:Solocal Group S.A.)	Goldman Sachs Group, Merchant Banking Division; KKR & Co. L.P. (nka:KKR & Co. Inc.)	Interactive Media and Services	France	54%	5,578.3	9,483.3	7.2x	13.3x	13.6x
11-Aug-10	Full Speed Inc.	FreeBit Co., Ltd.	Interactive Media and Services	Japan	50%	96.3	105.8	0.5x	11.5x	25.5x
04-Mar-14	Auto Trader Group plc	Apax Partners LLP	Interactive Media and Services	United Kingdom	50%	3,726.6	4,673.5	11.4x	19.0x	19.5x
Average								5.8x	21.1x	26.1x
Average excl. high & low								5.8x	20.9x	26.7x
Min								0.5x	11.5x	13.6x
Max								11.4x	31.4x	36.5x

Source: Capital IQ

The above multiples:

- Are on a controlling basis;
- Include any strategic value paid in the transactions;
- Reflect completed transactions (i.e. are on a marketable basis);
- Relate to target companies for which there is limited publicly available information (for example, in relation to growth and associated risk profiles); and
- Reflect businesses of a range of sizes and diversity.

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Summarised below are descriptions of the transactions described above:

Table 29: Comparable Target Company Descriptions

Farmbuy.com Target Company Descriptions	
Target company name	Business Description
LoopNet, Inc.	As of April 30, 2012, LoopNet, Inc. was acquired by CoStar Group Inc. LoopNet, Inc. owns and operates an online marketplace for commercial real estate in the United States. The company's online marketplace, LoopNet.com enables commercial real estate agents working on behalf of property owners and landlords to list properties for sale or for lease, and submit detailed information on property listings, including descriptions, financial and tenant information, photographs, and property characteristics to find a buyer or tenant. As of December 31, 2011, the LoopNet online marketplace contained approximately 820,391 listings. It also operates BizBuySell and BizQuest online marketplaces that enable business owners, sellers, and brokers to list and search for operating businesses for sale; LoopLink, an online real estate marketing and database services suite that enables commercial real estate firms to showcase their available properties on the LoopNet marketplace and brokerage firm's own Website using the company's hosted search software. In addition, the company provides Property Comps, a database to review precedent sales data to inform commercial real estate valuation analysis based on asset type, asking and sale price, sale date, property address, and size; and Property Facts that aggregates data from the LoopNet marketplace, LoopNet research, independent data providers, public records, and LoopNet members to deliver data on properties. Further, it offers advertising and lead generation; operates LandsOfAmerica and LandAndFarm online marketplaces for rural land for sale; and offers REApplications that provides an integrated suite of commercial brokerage automation software. The company was formerly known as Loop Ventures, Inc. and changed its name to LoopNet, Inc. in November 1998. LoopNet, Inc. was incorporated in 1997 and is headquartered in San Francisco, California.
MyHammer Holding AG	MyHammer Holding AG, through its subsidiaries, operates Internet portals for craftsmen and service providers in Europe. The company was formerly known as Abacho AG and changed its name to MyHammer Holding AG in 2010. The company was founded in 1996 and is headquartered in Berlin, Germany. MyHammer Holding AG is a subsidiary of ANGI Homeservices Inc.
PagesJaunes Groupe SA (nka:Solocal Group S.A.)	Solocal Group S.A. provides digital local communication services in Europe. The company operates through two segments, Internet and Print & Voice. It offers local search services, including display advertising, search engine optimization (SEO), rankings, content, and transactional tools. The company also markets digital marketing technologies, such as Websites and their contents, turnkey solutions, and hosting and SEO; local programmatic advertising; and transactional tools of PagesJaunes Resto and PagesJaunes Doc. In addition, it offers printing services that include publishing, distribution, and sale of advertising space in the PagesJaunes and PagesBlanches print directories, telephone directory, and reverse directory. Further, the company is involved in voice and other activities, which comprise directory enquiry services through telephone and SMS, and QuiDonc reverse directory; and traditional direct marketing services. Additionally, it offers online advertising, mapping, and mobile Internet services. It serves retail, health and public, and services sector; and to BtoB, as well as to individuals and international customers. The company was formerly known as PagesJaunes Groupe and changed its name to SoLocal Group S.A. in June 2013. The company was founded in 1896 and is headquartered in Boulogne-Billancourt, France.
Full Speed Inc.	Full Speed Inc. provides Internet marketing support services in Japan. It offers search engine optimization (SEO), listing and affiliate advertising, display advertisement, and social media advertising services. The company also provides SEO consulting services; social media operations consulting and advertisement services; Web architecture services; and Website creation/operation, LP banner production/management, and application development services. In addition, it offers services in the areas of advertisement effect measurement, ad technology, and healthcare marketing. The company was founded in 2001 and is headquartered in Tokyo, Japan. Full Speed Inc. is a subsidiary of FreeBit Co., Ltd.
Auto Trader Group plc	Auto Trader Group plc operates in the digital automotive marketplace in the United Kingdom and Ireland. It offers its products to retailers and home traders, and logistics firms; vehicle advertisement on its Websites for private sellers, as well as insurance and loan financing products to consumers; and display advertising on its Websites for manufacturers and their advertising agencies. The company was founded in 1977 and is headquartered in Manchester, the United Kingdom.

Source: Capital IQ

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Appendix 6 – Assessment of Discount Rate

Approach

We calculated the post-tax WACC for Farmbuy.com as set out below.

Weighted Average Cost of Capital

Summarised below is the WACC formula:

$$WACC = [K_e \times W_e] + [K_d \times (1-t) \times W_d]$$

Where:

K_e	=	Cost of equity
W_e	=	Weighting of equity over total debt and equity
K_d	=	Cost of debt
t	=	Effective tax rate
W_d	=	Weighting of debt over total debt and equity

We adopted the following variables:

- **Ke:** 37.4% to 42.4% for as calculated in the table below;
- **We:** 95% based on an analysis of the capital structures of global companies in a similar industry to Farmbuy.com as well as an assessment of the ability of the businesses to borrow in the medium term;
- **Kd:** 5.8% based on the five-year weighted-average rate on credit outstanding for small businesses per the Reserve Bank of Australia;

and quoted historical and forward BBSWs. Whilst adopting say a BBB corporate bond rate would result in a higher cost of debt, this does not reflect the borrowing arrangements available to Farmbuy.com. Furthermore, the impact of doing so does not have a material impact on the resultant WACC;

- **t:** 30% being the Australian company tax rate and
- **Wd:** 5% on the same basis that W_e was determined.

Cost of Equity

We calculated the cost of equity using the Capital Asset Pricing Model ("CAPM") as summarised in the formula below:

$$K_e = R_f + \beta * (R_m - R_f) + SRP$$

Where:

R_f	=	Risk free rate of return, typically based on long-term government bond rates
β	=	Beta of the asset being valued, being the sensitivity of its returns to the returns generated by the market
R_m	=	The expected return on the market
SRP	=	Small size / specific risk premium, reflecting factors not captured by the beta

In applying the CAPM, we adopted the following variables:

- **Rf:** 1.2%, being the 10-year Australian Government Bond rate as at the Valuation Date;
- **Beta:** refer below;

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- **[Rm – Rf] or Market Risk Premium (“MRP”):** 7.0%, being within the range of the generally accepted long term MRP for Australia⁴ and reflecting the current low interest rate environment; and
- **Small size / specific risk premium (“SRP”):** 30.0% to 35.0% reflecting:
 - The small size of the business in comparison to the ASX listed companies and market as a whole; and
 - Execution risk associated with Farmbuy.com achieving its high growth forecasts.

Beta Assessment

Beta is a measure of the systematic risk of a company's investments which cannot be diversified away, measured against the market portfolio.

A company's systematic risk is impacted by the level of gearing employed by the company. Analysis and adjustments can be made to estimate the impact of gearing on a company's observed (equity) beta. This process is referred to as ungearing the beta, or calculating the asset beta.

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Comparable Company Betas

Summarised below are size metrics and betas of listed companies, with operations similar to Farmbuy.com:

Table 30: Comparable Company Betas

Farmbuy.com Comparable Company Betas						
Company Name	Market cap (AUDm)	Revenue (AUDm)	Equity Beta Adopted	Avg debt to EV	Avg debt to Equity	Asset Beta
NAVER Corporation	32,542	7,820	0.8	4.5%	4.7%	0.8
Yandex N.V.	21,991	3,713	1.5	4.0%	4.2%	1.5
REA Group Limited	15,029	941	0.9	2.2%	2.3%	0.9
58.com Inc.	12,412	3,118	1.4	3.0%	3.1%	1.3
Scout24 AG	10,786	1,006	0.5	14.9%	17.5%	0.5
Rightmove plc	11,318	509	0.7	0.0%	0.0%	0.7
Kakaku.com, Inc.	8,199	805	0.8	0.0%	0.0%	0.8
Domain Holdings Australia Limited	2,210	334	1.2	3.9%	4.0%	1.2
LIFULL Co., Ltd.	1,044	539	0.5	2.9%	3.0%	0.5
ZIGEXN Co., Ltd.	756	185	0.8	6.2%	6.6%	0.8
GA technologies Co., Ltd.	473	528	0.5	2.0%	2.1%	0.5
Everyday Network Co., Ltd.	536	95	0.8	8.6%	9.4%	0.8
Livesense Inc.	112	86	1.0	0.0%	0.0%	1.0
Firstlogic, Inc.	96	23	1.0	0.0%	0.0%	1.0
Living Technologies Inc.	42	26	0.5	1.9%	1.9%	0.5
Average			0.9	3.6%	3.7%	0.9

Source: Capital IQ

Business descriptions in relation of the companies above are provided in **Appendix 4**.

Equity Beta

Based on the average of the observed betas, we adopted an asset (or ungeared) beta of 0.9 for Farmbuy.com.

⁴ 'A range of empirical studies indicate the MRP for Australia is generally in the range of 5.0 to 8.0%. Additionally, in recent years it has been common market practice in Australia in Expert's reports and regulatory decisions to adopt a MRP of 6.0% to 7.0%. Taking this in to account and the current low interest rate environment, we adopted a MRP of 7.0%. Source: Recent studies Appendices | PS&C IER – Proposed Transaction of Farmbuy.com

undertaken by the Centre for Research in Finance at the Australian Graduate School of Management, Morningstar Inc, ABN AMRO/London Business School and Aswath Damodaran.

Based on an analysis of the capital structures of the comparable companies, as well as an assessment of the ability of Farmbuy.com to borrow in the medium term, we adopted a debt to EV ratio for Farmbuy.com of 3.6%, which equates to a debt to equity ratio of 5%.

Accordingly, we calculated an equity (or re-gear) beta for Farmbuy.com of 0.9, excluding specific risk premiums.

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Calculated Weighted Average Cost of Capital

Summarised to the right are our post-tax WACC calculations:

Table 31: Post-Tax WACC for Farmbuy.com

Farmbuy.com Post-Tax WACC		
	Low	High
Post-tax cost of equity		
Risk free rate	1.2%	1.2%
Implied equity beta	0.9	0.9
Market risk premium	7.0%	7.0%
Specific risk premium	30.0%	35.0%
Post-tax cost of equity	37.4%	42.4%
Post-tax cost of debt		
Pre-tax cost of debt	5.8%	5.8%
Effective tax rate	30.0%	30.0%
Post-tax cost of debt	4.1%	4.1%
Capital structure		
<i>Comparative weighting of:</i>		
Equity capital	95.0%	95.0%
Debt capital	5.0%	5.0%
Total	100.0%	100.0%
Weighted average cost of capital		
Post-tax WACC	35.7%	40.5%
Post-tax WACC (rounded)	35.0%	40.0%

Source: Findex Calculations

Based on the above, we adopted a post-tax WACC for Farmbuy.com of 35.0% to 40.0%.

Appendix 7 – Cross Check Studies

As a cross check to the WACC arrived at **Section 7.3**, we considered a study titled “A Method for Valuing High-Risk, Long-Term Investments” prepared by The Harvard Business School⁵, as well as a number of other empirical studies, which provide guidance on required rates of return for early stage business ventures (the “**Studies**”).

Collectively, the Studies identify a range of Internal Rates of Return (“**IRR**”) sought by venture capital fund managers at a particular investment stage (i.e. Seed, Start-up, Early Expansion, etc). We have considered these Studies as typically the WACC rate used to determine the value of an asset, is that rate which the investor could expect to obtain by investing in the asset or other investments with a comparable risk and return profile. Thus, the WACC is the opportunity cost of capital after taking into account:

- The risk that the future cash flows will not eventuate as planned; and
- The return required on investment.

The following table includes a summary of the typical discount rates applied to early stage, high risk businesses (taking into account the Studies).

Table 32: Discount Rates

Stage of Development	Characteristics of Stage	Harvard Business School	Plummer	Sscherlis & Sahlman	Sahlman, Stevenson & Bhide
1. Seed Financing	<ul style="list-style-type: none"> • Is the earliest stage of funding. • Involves a small investment (typically \$25,000 to \$300,000) to support an entrepreneur's exploration of an idea. • No business plan. • Incomplete management team. • Little assurance of project feasibility. • Key purpose of funding is to finance the recruitment of key management and prepare a business plan. 	>80%	n/a	n/a	n/a

⁵ Harvard Business School: A Method for Valuing High-Risk, Long-Term Investments
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Stage of Development	Characteristics of Stage	Harvard Business School	Plummer	Sscherlis & Sahlman	Sahlman, Stevenson & Bhide
2. Startup Financing	<ul style="list-style-type: none"> Commitment of more significant funds than the seed financing stage. Start-up should be able to demonstrate a competitive advantage. Start-up ventures typically require assistance from investors in recruiting key personnel, establishing sound management practices and providing access to suppliers, banks and potential customers. 	50% - 70%	50% - 70%	50% - 70%	50% - 100%
3. First-Stage Financing	<ul style="list-style-type: none"> Provided to on-going businesses. Still not profitable but normally has an established organisation, a working product and preferably some revenues. Funds are required to establish a company's first major marketing strategy, and to hire sales and support personnel in anticipation of higher sales volume. First-stage investors attempt to monitor closely a venture's head count, ensuring that staffing levels correspond to attainable sales levels. The investor will often become more actively involved as problems develop in production or sales and are prepared to replace key managers as necessary, sometimes filling key positions themselves as they search for new managers. 	40% - 60%	40% - 60%	40% - 60%	40% - 60%
4. Second-Stage Financing	<ul style="list-style-type: none"> Typically provided for working capital and fixed assets need to support the growth of a profitable company with active production and sustainable sales. This stage of funding is oriented toward the expansion of a tested contender. The capital invested is more likely to pay for assets rather than operating expenses, it is more readily recoverable in the event of liquidation, thus lowering the overall risk to the investors. Investors do not generally expect to become actively involved in problem-solving as often as first-stage investors. Investors monitor performance closely, generally by comparison to a business plan. 	30% - 50%	35% - 50%	30% - 50%	30% - 40%

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Stage of Development	Characteristics of Stage	Harvard Business School	Plummer	Sscherlis & Sahlman	Sahlman, Stevenson & Bhidé
5. Bridge Financing	<ul style="list-style-type: none"> Is intended to carry a company through to an Initial Public Offering. Although the business is not in a position to list due to market timing or the size and performance of the company, it is generally expected within a year after the bridge. Bridge investors might apply some or all of their funds to buy out early-stage investors who are anxious to liquidate their holdings. Such an investor often expects to hold the stock past the IPO date, as a long-term investment. 	20% -35%	25%-35%	20%-35%	20%-30%

Source: Harvard Business School: A Method for Valuing High-Risk, Long-Term Investments - The "Venture Capital Method", July 2009 and American Institute of CPA's, Harvard Business School

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