



TARGET'S STATEMENT

by Goldfields Money Limited ABN 63 087 651 849

In response to the offer by Firstmac Holdings Limited to acquire all of your ordinary shares in Goldfields Money Limited.

The Board of Goldfields Money unanimously recommend that you

 **REJECT**

The inadequate and opportunistic Offer from
FIRSTMAC
BY TAKING NO ACTION

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to how to deal with this document, please contact your legal, financial, taxation or other professional adviser.

If you require assistance, you can call the Goldfields Money Shareholder information line on 1300 308 375 (within Australia) or +61 8 6314 6314 (outside Australia) at any time between 9:00am and 5:00pm (AWST) on Monday to Friday.

Corporate advisor

Legal advisor



Azure Capital

LAVAN

KEY REASONS WHY YOU SHOULD REJECT THE OFFER



1

**YOUR DIRECTORS DO NOT BELIEVE THE FIRSTMAC
OFFER REPRESENTS ADEQUATE VALUE**

Refer to
page 5

2

**IF YOU ACCEPT YOU RISK MISSING OUT ON A HIGHER
OFFER IF ONE IS MADE**

Refer to
page 7

3

**IF YOU ACCEPT YOU WILL NOT BENEFIT FROM THE
COMPANY'S FUTURE GROWTH**

Refer to
page 7

4

**MAJOR SHAREHOLDERS AND THE DIRECTORS DO
NOT INTEND TO ACCEPT**

Refer to
page 8

5

**CONDITIONS ON FIRSTMAC'S APRA APPROVAL
MAY CAUSE IT TO RESTRICT THE GROWTH OF
GOLDFIELDS MONEY**

Refer to
page 8

You should read this Target's Statement in its entirety for further information on the reasons why the Directors recommend that Goldfields Money Shareholders reject the Offer.

IMPORTANT NOTICES

Target's Statement

This document is a target's statement dated 3 November 2017 and is issued by Goldfields Money Limited ACN 087 652 849 under Part 6.5 Division 3 of the Corporations Act. This Target's Statement is given by Goldfields Money in response to the on-market takeover offer made by Firstmac Holdings Limited in its Bidder's Statement.

ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and ASX on 3 November 2017. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the content of this Target's Statement.

Firstmac information in this Target's Statement

The information in this Target's Statement in relation to the Firstmac Group has been prepared by Goldfields Money using publicly available information including the Bidder's Statement. Goldfields Money is unable to verify the accuracy or completeness of that information. The information on the Firstmac Group in this Target's Statement should not be considered comprehensive. Accordingly, to the maximum extent permitted by law, Goldfields Money does not make any representation or warranty, express or implied, as to the accuracy or completeness of that information.

No account of personal circumstances

This Target's Statement does not take into account your individual investment objectives, financial situation or particular needs. It does not contain personal advice. Goldfields Money is not licensed to provide financial product advice in relation to Goldfields Money Shares or any other financial products. This Target's Statement should not be relied on as the sole basis for any investment decision in relation to Goldfields Money Shares or the Offer generally. You should obtain independent legal, financial, taxation or other professional advice before deciding whether or not to accept the Offer.

Forward looking statements

Some statements in this Target's Statement are in the nature of forward looking statements. You should be aware that these statements are predictions only and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Goldfields Money as well as general economic conditions and conditions in the financial markets, exchange rates, interest rates and the regulatory environment, many of which are outside the control of Goldfields Money and its Directors. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of Goldfields Money, any of its officers or any person named in this Target's Statement with their consent or anyone involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on those statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Goldfields Money has no obligation to disseminate any updates or revisions to any statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any of those statements are based unless it is required to do so under Division 4 of Part 6.5 of the Corporations Act to update or correct

this Target's Statement (i.e. for certain matters that are material from the point of view of a Shareholder) or under its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules.

Privacy statements

Goldfields Money has collected your information from the Goldfields Money share registry for the purpose of providing you with this Target's Statement. The type of information Goldfields Money has collected about you includes your name, contact details and information on your Goldfields Money shareholding. The Corporations Act requires the name and address of Shareholders to be held in a public register.

Defined terms

Certain terms used in this Target's Statement have defined meanings, as set out in Section 11 of this Target's Statement.

No internet site is part of this Target's Statement

No internet site is part of this Target's Statement. Goldfields Money maintains an internet site (<http://www.goldfieldsmoney.com.au>). Any references in this Target's Statement to this internet site are textual references only and the information contained on the site does not form part of this Target's Statement.

Independent Expert's Report

The Independent Expert's Report (IER) has been prepared by the Independent Expert for the purposes of this Target's Statement and the Independent Expert takes full responsibility for that report. Neither Goldfields Money nor any of its Directors, officers or advisers assumes any responsibility for the accuracy or completeness of the Independent Expert's Report except, in the case of Goldfields Money, in relation to the information which it has provided to the Independent Expert.

Charts, graphs and tables

Any charts, graphs and tables contained in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, graphs and tables is based on information available as at the date of this Target's Statement.

Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Target's Statement.

Currency

Unless otherwise stated, references to \$, A\$ and dollars in this Target's Statement are references to Australian dollars.

Foreign Jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Contents

1	KEY DATES	4
2	WHY YOU SHOULD REJECT THE OFFER BY DOING NOTHING AND TAKING NO ACTION WITH RESPECT TO YOUR SHARES	5
3	QUESTIONS & ANSWERS	9
4	YOUR CHOICES AS A GOLDFIELDS MONEY SHAREHOLDER	14
5	INFORMATION ABOUT THE OFFER AND OTHER IMPORTANT ISSUES	15
6	DIRECTORS' INTERESTS AND RECOMMENDATIONS	20
7	INFORMATION ABOUT GOLDFIELDS MONEY	22
8	INFORMATION ABOUT FIRSTMAC	26
9	RISK FACTORS	28
10	ADDITIONAL INFORMATION	34
11	DEFINITIONS AND INTERPRETATION	36
	ANNEXURE A: INDEPENDENT EXPERT'S REPORT	39

1 KEY DATES

Announcement date of the Offer	16 October 2017
Date of Bidder's Statement	16 October 2017
Opening date of the Offer	31 October 2017
Date of this Target's Statement	3 November 2017
Offer closes (unless extended or withdrawn)	1 December 2017

***Note:** the Offer may only be withdrawn in exceptional circumstances in accordance with the Corporations Act.*

THE OFFER IS ON-MARKET. GOLDFIELDS MONEY SHAREHOLDERS SHOULD BE AWARE THAT IF THEY ACCEPT THE OFFER THEY WILL NOT BENEFIT IF, AFTER THEIR ACCEPTANCE, THE OFFER PRICE IS INCREASED, A SUPERIOR PROPOSAL IS MADE BY A THIRD PARTY OR THE PRICE OF GOLDFIELDS MONEY SHARES ON ASX TRADES ABOVE THE OFFER PRICE.

2 WHY YOU SHOULD REJECT THE OFFER BY DOING NOTHING AND TAKING NO ACTION WITH RESPECT TO YOUR SHARES

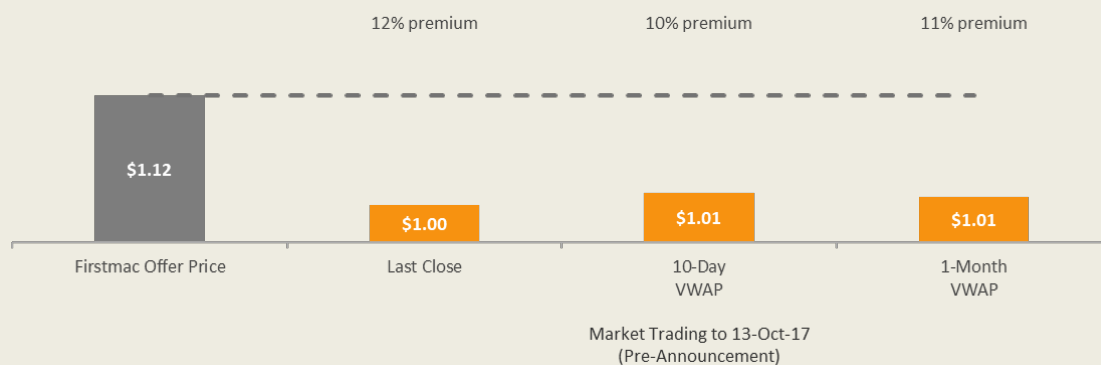
The Directors unanimously recommend that you **REJECT the inadequate and opportunistic Offer by DOING NOTHING and TAKING NO ACTION** with respect to your Goldfields Money Shares, for the following reasons:

1 YOUR DIRECTORS DO NOT BELIEVE THE FIRSTMAC OFFER REPRESENTS ADEQUATE VALUE

- The Firstmac Offer is inadequate and opportunistic and does not fully reflect the strategic and financial value of Goldfields Money.
- The authorised deposit-taking institution (**ADI**) licence held by Goldfields Money has strategic value to any bidder which is seeking to access low cost funding provided by deposits supported by the government guarantee.
- The Offer Price only represents a premium of 12% to the closing price of Goldfields Money Shares as at 13 October 2017¹, which is lower than the level of control premium of 20 to 40% typically paid in other successful takeovers (as noted in the Independent Expert's Report).
- Your Directors believe the strategic value of the ADI licence and the synergies this would provide to a range of potential bidders including Firstmac should be reflected in the premium paid by any bidder.
- The Company has invested significantly in the development of its new Core Banking System and its strategy to grow its business as a digital bank. The Offer has opportunistically been made in the lead up to the launch of this growth strategy and before the Company and the shareholders have had the opportunity to realise the benefits of this digitization strategy.
- Goldfields Money Shares have traded well above the Offer Price since the Offer was announced, with Firstmac yet to acquire any Shares since announcing the Offer.
- **The Independent Expert has concluded that the Offer is not fair and not reasonable.**

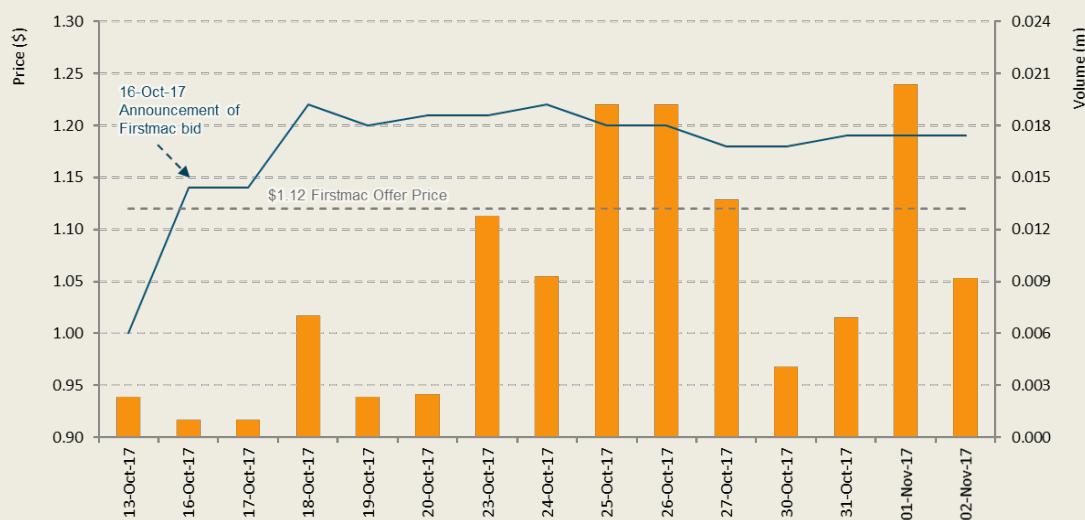
¹Trading data in this Target's Statement is sourced from Bloomberg L.P. Bloomberg L.P. has not consented to the inclusion of the information in this Target's Statement, as contemplated by the ASIC Corporations (Consents to Statements) Instrument 2016/72.

Figure 1: Firstmac have offered a low premium of only 12% to Goldfields Money pre-announcement share price



Note: Numbers in the chart above have been rounded.

Figure 2: Goldfields Money Shares have traded above the Offer Price since the Firstmac Offer was announced



2 IF YOU ACCEPT YOU RISK MISSING OUT ON THE BENEFIT OF ANY HIGHER OFFER

- If you sell your Goldfields Money Shares on-market you will not receive the benefit of any potential higher competing offer that may emerge for your Goldfields Money Shares.
- The board has been in discussions with various counter-parties with a view to there potentially being an alternative proposal at a premium to the Firstmac Offer. While there can be no assurance such a proposal will be made, if you sell your Shares to Firstmac at \$1.12 and an alternative superior proposal is made you will not receive the benefit of that proposal.
- Firstmac is also able to increase its Offer Price except during the last five Trading Days of the Offer Period. As Firstmac has not received any acceptances for its Offer at \$1.12 per Share and Goldfields Money Shares have traded above the Offer Price since the Offer was announced, it is possible Firstmac may choose to increase its Offer Price (but there can be no assurance that it will do so).
- There is **no urgency for you to sell your Shares** – Firstmac's Offer will remain open until 1 December 2017 unless extended or withdrawn in accordance with applicable statutory provisions, which only permit withdrawal in very limited circumstances.

By TAKING NO ACTION and retaining your Shares you preserve the possibility of being able to benefit from an increased Offer from Firstmac or a superior competing proposal if one is made.

3 IF YOU ACCEPT YOU WILL NOT BENEFIT FROM THE COMPANY'S FUTURE GROWTH

- If you sell your Goldfields Money Shares on-market you will not receive the benefit of any future growth potential of Goldfields Money, with a significant number of growth opportunities available.
- In particular, as noted in section 2.1, the Company has invested significantly in the development of its new Core Banking System and its strategy to grow its business as a digital bank. The Offer has opportunistically been made in the lead up to the launch of this growth strategy and before the Company and the shareholders have had the opportunity to realise the benefits of this digitization strategy.

4 MAJOR SHAREHOLDERS AND THE DIRECTORS DO NOT INTEND TO ACCEPT

- Goldfield Money's three largest shareholders (excluding Firstmac and its Associates), and directors who have Shares, have confirmed to the Board that they will not accept the Offer at the current price of \$1.12 per Share.
- Together, these shareholders own 41% of the Shares (being 48% of the Shares not owned by Firstmac and its Associates).

5 CONDITIONS ON FIRSTMAC'S APRA APPROVAL MAY CAUSE IT TO RESTRICT THE GROWTH OF GOLDFIELDS MONEY

- Firstmac has announced that it has approval from the Australian Prudential Regulation Authority (**APRA**) to increase its shareholding in Goldfields Money above 15%, subject to conditions imposed by APRA (**Firstmac Conditions**).
- One of the Firstmac Conditions is that if Goldfields Money increases its Common Equity Tier 1 Capital to or beyond \$50 million, Firstmac will be in breach of one of the conditions imposed by APRA.
- If Firstmac increases its shareholding above 15%, and particularly if it acquired enough shares to influence or control decisions of Goldfields Money, it may seek to limit Goldfields Money's growth so that the Firstmac Conditions are complied with. Also it is possible APRA may impose further restrictions on Firstmac with respect to Goldfields Money.
- These restrictions, if imposed, may be detrimental to the operation and growth of Goldfields Money.
- If Firstmac increases its shareholding above 15% and one of the Firstmac Conditions is breached, Firstmac may be directed to reduce its shareholding, which may create downward pressure on the Goldfields Money share price.

In considering whether to reject the Offer, the Directors encourage you to:

- read the whole of this Target's Statement and the Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain financial advice from your own broker or financial adviser regarding the Offer and obtain taxation advice on the effect of accepting the Offer.

3 QUESTIONS & ANSWERS

This section answers some frequently asked questions about the Offer. It is not intended to address all relevant issues for Goldfields Money Shareholders. This section should be read together with all other parts of this Target's Statement and the Bidder's Statement.

Question	Answer
What is the Offer for my Goldfields Money Shares?	Firstmac is offering \$1.12 cash for every Goldfields Money Share you hold. The Offer is unconditional.
Who is Firstmac?	<p>Firstmac is a special purpose company incorporated in Australia that was established to acquire Shares under the Offer.</p> <p>Firstmac is a wholly owned subsidiary of Firstmac Limited, which is the ultimate holding company of the Firstmac Group. Further information in relation to the Firstmac Group is contained in section 2 of the Bidder's Statement and section 8 of this Target's Statement.</p>
What is the Bidder's Statement?	<p>The Bidder's Statement has been prepared and sent to you by Firstmac, as required by the Corporations Act, in order to provide you with information on the Offer.</p> <p>Firstmac lodged the Bidder's Statement with ASIC on 16 October 2017.</p>
What is this Target's Statement?	This Target's Statement has been prepared by Goldfields Money and provides information to assist you in making your decision on whether to accept or reject the Offer, including the recommendations of your Directors.
What are the Directors of Goldfields Money recommending?	<p>Your Directors recommend unanimously that you REJECT the Offer. Each Director who has a relevant interest in Goldfields Money Shares will reject the Offer in relation to those Goldfields Money Shares.</p> <p>The reasons for the Directors' recommendation are set out in the section entitled "Why you should REJECT the Offer" in section 2 of this Target's Statement.</p>
What do the Directors of Goldfields Money who are Shareholders intend to do with their Shares?	Each of the Directors who has a relevant interest in Goldfields Money Shares intends to REJECT the Offer in respect of all of the Shares that they or their Associates own or control.
What does the Independent Expert say?	The Independent Expert has concluded that the Offer is not fair and not reasonable . The Independent Expert has valued Goldfields Money Shares at between \$1.27 and \$1.39 per Share which is between 13.4% and 24.1% above the Offer Price.

Question	Answer
	The Independent Expert's Report is contained in Annexure A to this Target's Statement.
Does the Offer extend to Goldfields Money Options or Goldfields Money Performance Rights?	No. The Bidder's Statement states that the Offer does not extend to any Goldfields Money Options or Goldfields Money Performance Rights. However, the Offer will extend to any Shares issued during the Offer Period on the exercise of Options or Performance Rights. Refer to Section 7.2 of the Bidder's Statement.
What choices do I have as a Goldfields Money Shareholder?	<p>As a Goldfields Money Shareholder, you can:</p> <ul style="list-style-type: none"> • REJECT the Offer for all the Goldfields Money Shares you hold, by doing nothing. Your Directors recommend that you REJECT the Offer. This is the Board's unanimous recommendation. • Sell all or some of your Goldfields Money Shares on the ASX (unless you have previously accepted the Offer). If the prevailing market price on the ASX for Goldfields Money Shares is equal to the Offer Price, by selling your Goldfields Money Shares on market you will be accepting the Offer. • Accept the Offer by following the instructions set out in section 1.2 of the Bidder's Statement. <p>There are implications for you in relation to whether or not you accept or reject the Offer. An outline of these implications is set out in Section 5 of this Target's Statement.</p>
How do I reject the offer?	To REJECT the Offer, you simply DO NOTHING and you should take no action on any document sent to you by Firstmac.
How do I accept the Offer?	<p>You should be aware that your Directors have recommended that you reject the Offer, which your Directors consider to be opportunistic and inadequate.</p> <p>If you do choose to accept the Offer, you should follow the instructions outlined in the Bidder's Statement.</p>
Can I accept the Offer for only some of my shares?	You are not required to sell all of your Goldfields Money Shares. You may elect to sell only some of them.
What happens if I do nothing?	<p>Subject to what is stated below, if you take no action in relation to the Offer you will not receive the Offer consideration and (unless you sell your Goldfields Money Shares on market) you will remain a Goldfields Money Shareholder.</p> <p>Firstmac has stated that if it acquires 90% or more of the Goldfields Money Shares and becomes entitled under the Corporations Act to proceed to compulsory acquisition of the remaining Shares, it intends to do so (see section 4.4 of the Bidder's Statement). In that event you will</p>

Question	Answer
	<p>be required to sell your Goldfields Money Shares to Firstmac – see below, “Can I be forced to sell my Goldfields Money Shares?”</p> <p>At the conclusion of the compulsory acquisition process you will receive \$1.12 for each of your Goldfields Money Shares. This is the same amount you would receive if you accepted the Offer.</p> <p>If at the end of the Offer Period Firstmac has an interest in less than 90% of the Goldfields Money Shares, Firstmac will not be able to proceed to compulsorily acquire your Goldfields Money Shares. In that event you will remain a Goldfields Money Shareholder.</p>
What should I do?	<p>To follow your Directors' unanimous recommendation to REJECT the Offer, you should take no action on any document sent to you by Firstmac.</p> <p>You may wish to seek independent financial and taxation advice from your professional adviser in relation to the action that you should take in relation to the Offer.</p>
What are the consequences of accepting the Offer now?	<p>Once you accept the Offer, you will not be permitted to deal in your Goldfields Money Shares in any way.</p> <p>If you accept the Offer, you will be legally bound to sell your Goldfields Money Shares and will not be able to withdraw your acceptance.</p> <p>If you accept the Offer and Firstmac subsequently raises its Offer Price, you will NOT receive the higher price.</p> <p>If you accept the Offer, you will be unable to accept any other superior offer that may emerge. The Board has been in discussions with various counter-parties with a view to there potentially being an alternative proposal at a premium to the Firstmac Offer. However, as at the date of this Target's Statement, there can be no assurance that such a proposal will be made.</p>
What happens if Firstmac raises the Offer Price?	<p>If Firstmac increases the Offer Price, the Directors will carefully consider the revised proposal and advise you of their revised recommendation by mail.</p> <p>If you sell your Goldfields Money Shares on the ASX, you will forego the opportunity to accept any increased consideration offered by Firstmac or any other party.</p>
If I accept the Offer now, can I withdraw my acceptance?	<p>Under the terms of the Offer, you cannot withdraw your acceptance.</p>
Can I be forced to sell my Goldfields Money Shares?	<p>You cannot be forced to sell your Goldfields Money Shares unless Firstmac has a right of compulsory acquisition under the Corporations Act, and proceeds to exercise that right. The right of compulsory acquisition will arise if by the end of the Offer Period, Firstmac and its</p>

Question	Answer
	<p>Associates have relevant interests in at least 90% of all Goldfields Money Shares.</p> <p>Firstmac has stated that it intends to exercise the right of compulsory acquisition if it becomes entitled to do so. See Section 4.4 of the Bidder's Statement.</p> <p>If Firstmac does acquire your Shares by exercising its right of compulsory acquisition, you will be paid the last price offered by Firstmac for Goldfields Money Shares under the Offer before compulsory acquisition commences. However, you will receive payment later than the Shareholders who accepted the Offer.</p>
When does the Offer close?	<p>The Offer is currently scheduled to close at the close of trading on the ASX on 1 December 2017, unless extended or withdrawn (see below). The Offer Period can be extended at Firstmac's election or otherwise in accordance with the Corporations Act. Firstmac must announce any extension of the Offer Period on the ASX in accordance with the Corporations Act.</p> <p>Under the Corporations Act, the Offer Period will be automatically extended if Firstmac's voting power in Goldfields Money increases to more than 50% in the last 7 days of the Offer Period. In this case, the Offer Period will then end 14 days after Firstmac's voting power increases to more than 50%. See section 1.1 of the Bidder's Statement.</p>
Can Firstmac withdraw the Offer?	<p>Firstmac may withdraw unaccepted Offers at any time only in limited circumstances:</p> <ul style="list-style-type: none"> • with the written consent of ASIC and subject to the conditions (if any) specified in ASIC's consent; • where a Prescribed Occurrence occurs and if at the time of the Prescribed Occurrence, Firstmac's voting power in Goldfields Money is at or below 50%; or • where an Insolvency Event occurs in respect of Goldfields Money.
When do I have to decide?	<p>If you do not wish to accept the Offer, you should take no action on any document sent to you by Firstmac.</p> <p>If you wish to accept the Offer, you should follow the instructions outlined in the Bidder's Statement by the date specified in the Bidder's Statement.</p> <p>Firstmac has stated that the Offer remains open until close of trading on the ASX on 1 December 2017. It is possible that Firstmac may choose to extend the Offer Period. However, Firstmac cannot withdraw the Offer earlier than this date, except in accordance with the Corporations Act.</p>

Question	Answer
What are the conditions of the Offer?	The Offer is unconditional.
When will I be paid if I accept the Offer?	The usual ASX rules for settlement of on-market transactions on ASX apply to the Offer. This means that if you accept the Offer, Firstmac will pay you on a T+2 basis (being the second Trading Day after the date of your acceptance).
What are the tax implications of accepting the Offer?	You should seek your own personal, independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your Goldfields Money Shares. You may, for example, be liable for capital gains tax.
Will I need to pay brokerage or stamp duty if I accept the Offer?	<p>As the Offer is an on-market offer, Shareholders may only accept the Offer through brokers or controlling participants who are members of the ASX. You should ask your broker or controlling participant if any fees or charges will apply. Any such fees or other charges will be the sole responsibility of the accepting Goldfields Money Shareholder.</p> <p>Firstmac will bear its own brokerage, if any, on the transfers of Goldfields Money Shares acquired through acceptance of the Offer. No stamp duty or GST will be payable by you on the transfer of your Goldfields Money Shares under the Offer (other than GST payable to your broker for any brokerage fees charged to you).</p>
Will Goldfields Money remain listed on the ASX?	<p>That depends on the outcome of the Offer.</p> <p>Firstmac has stated that, if it obtains 90% or more of the Goldfields Money Shares and is entitled to proceed to compulsory acquisition of the outstanding Goldfields Money Shares, it will seek to delist Goldfields Money from the ASX at the conclusion of the compulsory acquisition.</p> <p>Firstmac has stated that, if it gains control of Goldfields Money without becoming entitled to compulsorily acquire the outstanding Goldfields Money Shares, then based on the information currently available to it, it intends to cause Goldfields Money to remain listed on the ASX. However, Firstmac has stated that it reserves the right to cause Goldfields Money to apply for removal from the official list of the ASX in accordance with the ASX Listing Rules and associated guidance.</p>

4 YOUR CHOICES AS A GOLDFIELDS MONEY SHAREHOLDER

The Board unanimously recommends that you **REJECT** the Offer.

You have the following three choices available to you:

You REJECT the Offer	<p>To REJECT the Offer you should do nothing. You are not required to take any action to reject the Offer. In particular you should not respond to any documentation sent to you by Firstmac or any other communication from Firstmac.</p> <p>If you decide to do nothing, you should be aware of the rights of Firstmac to compulsorily acquire your Goldfields Money Shares in certain circumstances. For information on compulsory acquisition, refer to Section 5.4 of this Target's Statement.</p>
You ACCEPT the Offer	<p>To accept the Offer you should refer to Section 1.2 of the Bidder's Statement for how to do so.</p> <p>Once you accept, you are precluded from accepting any superior offer from a third party or from Firstmac, and from otherwise dealing with your Goldfields Money Shares.</p> <p>If you accept the Offer for all of your Shares, you will exit your investment in Goldfields Money completely and will not benefit if the market price for Shares on the ASX trades above the Offer Price.</p>
You sell your Goldfields Money Shares on the ASX	<p>During the Offer Period, you may sell your Shares on market through the ASX at the prevailing market price for cash (less any brokerage), provided you have not already accepted the Offer for those Shares.</p> <p>The latest trading price for Shares may be obtained from the ASX website www.asx.com.au using the code GMV.</p> <p>You should contact your broker for information on how to sell your Shares through the ASX and your tax adviser to determine your tax implications from such a sale.</p>

5 INFORMATION ABOUT THE OFFER AND OTHER IMPORTANT ISSUES

5.1 Summary of the Offer

Offer	Firstmac is offering to acquire all of your Shares. You may accept the Offer for some or all of your Shares.
Offer Price	Firstmac is offering \$1.12 cash for every Share you hold.
No conditions	The Offer is not subject to any conditions.
Offer closing date	The Offer is scheduled to close at close of trading on the ASX on 1 December 2017, unless the Offer is extended or withdrawn.
Procedural aspects	<p>The Offer Period may be extended by Firstmac.</p> <p>The Offer Period may be required by law to be extended in certain circumstances.</p> <p>The Offer may be withdrawn in limited circumstances.</p> <p>If you accept the Offer, Firstmac is required to pay you in cash on the second Trading Day after your acceptance.</p>

5.2 Change in Control

The Board, with input from Goldfields Money's senior management, has identified the following commercial contracts that are material to Goldfields Money and that have change in control provisions that are or may be triggered as a result of Firstmac acquiring an ownership interest in more than 50% of Goldfields Money, namely:

- (a) the receivables acquisition and servicing agreement with Bendigo and Adelaide Bank Limited (ABN 11 068 049 178) (**BABL**);² and
- (b) the software licence and maintenance agreement with Ultradata Australia Pty Ltd (ABN 74 063 815 127) (**Ultradata**).³

If a change in control event occurs with respect to the BABL agreement, BABL may:

- (a) remove Goldfields Money as servicer immediately upon notice to Goldfields Money; and
- (b) by notice to the Goldfields Money, specify a date, on or after a date of such notice, as the last day of the then currently Availability Period.

With respect to the Ultradata agreement, Ultradata may only terminate if there is a change in the direct or indirect beneficial ownership or control of Goldfields Money

² This agreement sets out the terms under which Goldfields Money may sell to Bendigo and Adelaide Bank Limited any financial asset, including any loan, receivable debt or other forms of monetary obligation, made by, or owed to Goldfields Money.

³ This software agreement sets out the terms under which Goldfields Money will purchase a software licence and accompanying maintenance services from Ultradata Australia Pty Ltd.

which would adversely affect Goldfields Money's ability to perform its obligations under the Ultradata agreement or any part of the Ultradata agreement. The Board has reasonable grounds to believe that a change in control as a result of Firstmac acquiring an ownership interest in more than 50% of Goldfields Money would not adversely affect Goldfields Money's ability to perform its obligations under the Ultradata agreement.

In respect of these two material contracts, Goldfields Money has notified the counterparties that the Firstmac Offer has been made, but has not received any indication that either counterparty will seek to terminate the relevant contract upon a change of control of Goldfields Money resulting from the Firstmac Offer. The Board considers, in light of Goldfields Money's positive long-standing strong relationship with each counterparty, that these two material contracts are likely to remain in place on their current terms, despite any change in control of Goldfields Money which may result from the Firstmac Offer.

5.3 Risks associated with the Offer

Please see section 9 for a summary of the risks associated with accepting or rejecting the Offer.

5.4 Compulsory acquisition

(a) Compulsory acquisition following the Offer

Firstmac states in its Bidder's Statement that if it becomes entitled to proceed to compulsorily acquire outstanding Shares at the end of the Offer Period under Part 6A.1 of the Corporations Act, it intends to do so.

(b) Future compulsory acquisition by Firstmac

Even if Firstmac does not satisfy the compulsory acquisition threshold referred to in Section 5.4(a) of this Target's Statement, it is possible that Firstmac will, at some time after the end of the Offer Period, become the beneficial holder of 90% of the Shares.

Firstmac would then have rights to compulsorily acquire Shares not owned by it within six months of becoming the holder of 90%. The price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert at the relevant time.

(c) Challenging compulsory acquisition

Goldfields Money Shareholders have statutory rights to challenge any compulsory acquisition. However, a successful challenge will require the relevant Goldfields Money Shareholders to establish to the satisfaction of a court that the terms of the Offer do not represent fair value for the Shares. If Goldfields Money Shares are compulsorily acquired, Shareholders who have their Shares compulsorily acquired are not likely to receive payment for their Shares until at least one month after the compulsory acquisition notices are dispatched to them.

5.5 Effect of the Offer on Goldfields Money's equity incentive plans

Goldfields Money has granted Options and Performance Rights under its equity incentive plans.

(a) Goldfields Money Options

The terms of issue of the Goldfield Money Options do not contain any provisions which are triggered by the making of the Firstmac Offer or any

change of control of Goldfields Money which may result from the Firstmac Offer.

(b) **Goldfields Money Performance Rights**

If there is a “control event” in respect of Goldfields Money, the Goldfields Money board may (in its discretion):

- Convert all or any of the Performance Rights to Shares, whether or not the relevant performance conditions (if any) have been met; and/or
- Remove any disposal restrictions, whether or not all requirements (if any) have been met.

For the purposes of the Goldfields Money Equity Incentive Plan, a “control event” will occur if an offer is made for the whole of the issued ordinary share capital of Goldfields Money and, after announcement of the offer, the offeror acquires “control” of Goldfields Money or if the Goldfields Money Board otherwise reasonably considers that a particular event shall be regarded as a “control event”.

A person will acquire “control” of Goldfields Money if that person has the right to:

- Vote 50% or more of the votes that can be cast on the election or removal of directors of Goldfields Money;
- Appoint or remove directors who possess 50% or more of the votes exercisable by all directors of Goldfields Money; or
- 50% or more of the profits or distributions of Goldfields Money or of its net liquidation proceeds.

5.6 **APRA regulation**

Goldfields Money is an ADI and therefore constitutes a “financial sector company” as defined in the FSSA.

The FSSA prohibits a person from acquiring shares in a company where that results in any person holding a stake (as that term is defined in the FSSA) of more than 15% in a financial sector company without obtaining approval from the Treasurer.

The Offer may involve the acquisition of a stake of more than 15% of Goldfields Money.

On 10 October 2017, Firstmac Limited (the holding company of Firstmac) and Firstmac itself obtained consent from the Commonwealth Treasurer to hold a stake in Goldfields Money of up to 100% pursuant to section 13 of the FSSA (**Treasurer Consent**).

The Treasurer Consent was granted on the following conditions:

- (a) (**provision of information**) that by 31 October each year, Firstmac Limited provides APRA with its audited financial statements for the previous financial year, and 3 year financial forecasts for its balance sheet and profitability, as well as information on any changes to Firstmac Limited’s directors or senior executives;

- (b) (**cooperation with APRA**) that representatives of Firstmac Limited be available to meet with APRA as required to discuss any concerns that may arise regarding the operation of either Firstmac Limited's business or that of Goldfields Money;
- (c) (**activities**) that the business activities of Firstmac Limited remains concerned primarily with the provision of housing finance in Australia, and that Firstmac Limited and entities that are associates of Firstmac Limited do not engage in any non-financial business activities that are not incidental to the provision of housing finance in Australia. The sole purpose of Firstmac Holdings must at all times be to hold shares in Goldfields Money;
- (d) (**ownership structure**) that all of Firstmac Limited's interests in Goldfields Money Shares must be held by Firstmac Holdings;
- (e) (**related party exposures**) that there is no provision of funding, directly or indirectly, by Goldfields Money to Firstmac Limited, an associate of Firstmac Limited, the Cannon Trust, a trustee of the Cannon Trust, a director or other officer of a trustee of the Cannon Trust, a beneficiary of the Cannon Trust or an associate of a beneficiary of the Cannon Trust without APRA's prior written approval;
- (f) (**operational independence**) that Goldfields Money remains operationally independent of Firstmac Limited, such that the business operations of Goldfields Money would be readily separable from those of Firstmac Limited;
- (g) (**financial position**) that on and from 30 June 2019, as per Firstmac Limited's most recent audited financial statements, the consolidated net assets of Firstmac Limited, less (i) intangible assets; (ii) any positive balance of deferred tax assets less deferred tax liabilities; (iii) Firstmac Limited's investment in Goldfields Money and (iv) subordinated securitisation exposures, must at all times exceed the total Common Equity Tier 1 Capital that Goldfields Money is required to hold under APRA's Prudential Standards;
- (h) (**retained earnings**) no more than 20% of Firstmac Limited's annual net profit after tax is to be paid as a dividend without APRA's prior written approval;
- (i) (**size of Goldfields Money**) that Goldfields Money's Common Equity Tier 1 Capital remains below \$50 million at all times; and
- (j) (**review of approval**) after a period of 5 years from the date of the approval, the Treasurer or a delegate of the Treasurer will review the conditions imposed on the approval. In addition Firstmac Limited may apply for a review at any time.

Under section 18 of the FSSA, the Treasurer may by written notice to Firstmac Limited, revoke the Treasurer Consent if the Treasurer is satisfied that:

- (a) it is in the national interest to do so;
- (b) an unacceptable shareholding situation exists in relation to Goldfields Money and in relation to Firstmac Limited; or
- (c) there has been a contravention of a condition to which the Treasurer Consent is subject.

If such notice is given, the revocation takes effect on the date specified in the notice of revocation. This day must be at least 90 days after the day on which the notice is given.

It is Goldfields Money's understanding that the conditions under the Treasurer Consent do not impose any direct obligations on Goldfields Money itself. Notwithstanding this, however, the ability to ensure continued satisfaction of some of these conditions may not be in the direct control of Firstmac Limited, unless and until Firstmac obtains control or "practical control" of Goldfields Money.

Therefore, there may be a scenario that Firstmac does not achieve control or practical control of Goldfields Money depending on the level of acceptances received under the Offer, and therefore does not have the ability to, for example, direct or control the size of Goldfields Money (condition (i)) as specified above.

Under the FSSA, where there is a breach of the conditions, and the Treasurer Consent is revoked, then the practical effect of this is that Firstmac would hold an "unacceptable shareholding" in Goldfields Money for the purposes of the FSSA.

Under section 12 of the FSSA, if an unacceptable shareholding situation exists in relation to Goldfields Money, the Federal Court may, on application by the Treasurer or Goldfields Money, make such orders as the court considers appropriate for the purpose of ensuring that the unacceptable shareholding situation ceases to exist. The Federal Court's orders include (without limitation):

- (a) an order directing the disposal of shares; or
- (b) an order restraining the exercise of any rights attached to shares; or
- (c) an order prohibiting or deferring the payment of any sums due to a person in respect of shares held by the person; or
- (d) an order that any exercise of rights attached to shares be disregarded.

The Treasurer Consent is provided on the basis that the Treasurer will review the conditions imposed in five years from the date of the consent, unless requested by Firstmac prior to this time to review the conditions. Under the FSSA, Firstmac may also make an application to vary the conditions in relation to the approval.

6 DIRECTORS' INTERESTS AND RECOMMENDATIONS

6.1 Directors' recommendations

Each of the Directors desires to make, and considers himself justified in making, a recommendation to Goldfields Money Shareholders in relation to the Offer.

The Directors of Goldfields Money recommend unanimously that you **REJECT** the Offer, for the reasons set out in section 2 above.

6.2 Intentions of your Directors in relation to the Offer

Each of the Directors intends to **REJECT** the Offer in respect of all of the Goldfields Money Shares that they own or control.

Details of the relevant interests of each Director in Goldfields Money Shares are set out below:

Name	Goldfields Money Shares
Mr Peter Wallace	70,838
Mr Simon Lyons	258,000
Mr Derek La Ferla	-
Mr Peter Hall	13,534
Mr Keith John	-

In addition, Mr Simon Lyons holds 1,140,000 Goldfields Money Performance Rights.

6.3 Directors who did not approve this Target's Statement

No Director voted against the relevant resolution authorising this Target's Statement.

6.4 Directors' relevant interests in Firstmac

At the date of this Target's Statement, no Director has a relevant interest in any securities of Firstmac.

6.5 Directors' dealings in Goldfields Money Shares

No Director has provided or agreed to provide, or received or agreed to receive, consideration for any Goldfields Money Shares under a sale, purchase or agreement for sale or purchase of such Shares or options in the period of four months ended on the date immediately preceding the date of this Target's Statement.

6.6 Directors' dealings in Firstmac securities

No Director has provided or agreed to provide, or received or agreed to receive, consideration for any marketable securities in Firstmac under a sale, purchase or agreement for sale or purchase of such securities in the period of four months ending on the date immediately preceding the date of this Target's Statement.

6.7 Conditional agreements

There is no agreement made or arrangement between any Director and any other persons in connection with or conditional upon the outcome of the Offer other than in their capacity as a holder of Goldfields Money Shares.

6.8 Interests of Directors in any contract with Firstmac or its Related Bodies Corporate

No Director has an interest in any contract with Firstmac or any of its Related Bodies Corporate.

6.9 Benefits to Directors of Goldfields Money

No Director is entitled to receive any benefit in connection with his retirement as a Director of Goldfields Money.

No Director or spouse, relative or Associate of a Director is entitled to receive any benefits in connection with the Offer, the transfer of the whole or any part of the undertaking or property of Goldfields Money, a change or likely change in the control of any member of the Goldfields Money Group, or a change or likely change in the composition of the Board.

6.10 Firstmac's dealings in Goldfields Money Shares

To the knowledge of Goldfields Money and the Directors, there were no acquisitions or disposals of any Shares in Goldfields Money by Firstmac or any of their Associates in the four months ending on 15 October 2017, being the day immediately before the day on which the Bidder's Statement was served on Goldfields Money.

6.11 Goldfields Money's dealings in Firstmac securities

To the knowledge of Goldfields Money and the Directors, there were no acquisitions or disposals of any securities in Firstmac by Goldfields Money or any Director in the four months ending on 15 October 2017, being the day immediately before the day on which the Bidder's Statement was served on Goldfields Money.

7 INFORMATION ABOUT GOLDFIELDS MONEY

7.1 Overview

Goldfields Money is an ASX listed ADI which is regulated by APRA. Established in 1982 as Goldfields Credit Union, Goldfields Money demutualised and listed on the ASX in May 2012.

Goldfields Money is currently the only Western Australian headquartered and ASX-listed ADI. Its principal activities are the provision of a range of retail banking products and services.

Goldfields Money holds both an Australian Financial Services Licence (**AFSL**) and an Australian Credit Licence (**ACL**) (No. 246884) authorising it to:

- Deal in and provide financial product advice in relation to a range of financial products (including deposit and payment products and non-cash payment products); and
- Engage in credit activities as a credit provider.

Further information about Goldfields Money is available at www.goldfieldsmoney.com.au.

Goldfields Money's vision is to deliver market leading banking services to new and existing customers in an era where banking is evolving with the digital world. In the past 18 months, Goldfields Money has put in place changes to smooth its transition as it aims to become a digital bank, with simplified and scalable technology systems to make the interface with customers more accessible and flexible. Significant investment has been made in a new Core Banking System (**CBS**), Finance System and Desktop Management Systems to transition Goldfields Money's systems to modern platforms. This is designed to enable greater volumes of lending and deposits through a cost efficient and scalable system enabling growth to be more rapid in an economically viable environment, and less dependent on manual processing.

In order to leverage the CBS upon its launch, Goldfields Money has been implementing a range of relationships with distribution partners such as Pioneer Credit, Firstmac Limited, Finsure and InstaRem (as well as others). These white label partnerships are designed to help Goldfields Money distribute products and build scale whilst also sharing in the costs of the banking platform. Goldfields Money earns revenue out of the products they create, whilst the partners will be paid for distribution services.

7.2 Capital structure

As at the date of this Target's Statement, the issued capital of Goldfields Money consists of the following securities:

Class	Number
Goldfields Money Shares	22,521,066
Goldfields Money Options	4,500,000
Goldfields Money Performance Rights	1,940,000

Goldfields Money Options

Goldfields Money currently has 4,500,000 unlisted Options on issue, each entitling the holder to subscribe for 1 Share on exercise. The key terms of the Options are set out below.

Exercise Price	The exercise price of each Option is \$1.50.
Expiry Date	Each Option will expire on 11 May 2019, being the seventh anniversary of the issue date.
Ranking	Shares issued on the exercise of the Options will, subject to the constitution of Goldfields Money, rank equally in all respects (including rights to dividends) with existing Shares.
Quotation	The Options are not quoted on the ASX or any other securities exchange.
Transferability	The Options are transferable.

Goldfields Money Performance Rights

Goldfields Money currently has 1,940,000 Performance Rights on issue under the Goldfields Money Equity Incentive Plan, each entitling the holder to receive 1 Share on vesting.

Goldfields Money Performance Rights may be subject to one or more performance conditions, forfeiture conditions and disposal restrictions, as set out in an individual invitation letter. Subject to any such conditions being satisfied, vested Goldfields Money Performance Rights may be exercised up until 29 November 2021. Any unexercised Goldfields Money Performance Rights will lapse on the earlier of:

- The expiry date (being 30 November 2021);
- A failure to meet a performance condition within the applicable time period (being 31 August 2021, per 2016 AGM notice); or
- The occurrence of a forfeiture condition (being if the participant ceases to be employed by Goldfields Money, per terms of the issue).

7.3 Directors of Goldfields Money

As at the date of this Target's Statement, the Directors of Goldfields Money are:

Name	Position
Mr Peter Wallace	Non-executive Chairman
Mr Simon Lyons	Executive Director and CEO
Mr Derek La Ferla	Non-executive Director
Mr Peter Hall	Non-executive Director
Mr Keith John	Non-executive Director

A biography of each Director is provided in the 2017 Annual Report.

7.4 Financial overview

Goldfields Money's last published financial statements are for the financial year ended 30 June 2017, as set out in the Appendix 4E and Annual Financial Report announced on ASX on 21 August 2017. Except as set out in this Target's Statement and the Independent Expert's Report or as disclosed to ASX in announcements lodged with ASX prior to the date of this Target's Statement, the Directors are not aware of any material changes to the financial position of Goldfields Money since 30 June 2017.

Goldfields Money's financial reports, including the annual results release, are available at <http://www.goldfieldsmoney.com.au/>.

7.5 The impact of recent developments on Goldfields Money's financial outlook

Goldfields Money expects to incur costs between \$250,000 and \$300,000 as a result of the Firstmac Offer. This is in the absence of any other proposals which may require further examination and consideration, and incur further cost.

Goldfields Money announced on 24 February 2017 an initiative to rebrand its business and on 22 September 2017 announced a proposal to rename the Company "Bare Money Limited". Substantial resources have been invested in the branding strategy and the adoption of the proposed new brand in conjunction with the CBS. The rebranding initiative is currently on hold as a resolution to change the Company's name did not receive the requisite shareholder approval at the Goldfields Money Annual General Meeting on 22 October 2017. The impact of this going forward is not certain at the date of this Target's Statement.

There is a possibility that the developments above will negatively impact on Goldfields Money's results for the 2018 financial year, through the need to incur additional costs and potential delays to the new CBS roll-out.

Other than the impact of the matters outlined above and in section 9, the Directors expect the business will be profitable on an ongoing basis.

7.6 ASX announcements

Goldfields Money is a "disclosing entity" under the Corporations Act and as such has continuous disclosure obligations under that legislation and also under the ASX Listing Rules.

Goldfields Money has disclosed to the market all information that a reasonable person would expect to have a material effect on the price or value of Goldfields Money's securities. These announcements are available from ASX (see www.asx.com.au) and also from the "Investor" section of Goldfields Money's website (http://www.goldfieldsmoney.com.au/about_us/investors/).

The most recent financial information regarding Goldfields Money is in its 30 June 2017 Annual Report, released to ASX on 21 August 2017. A copy of this document is available from Goldfields Money's website.

Between 21 August 2017 and the date prior to the date of this Target's Statement, Goldfields Money has given the following notices to ASX as part of its continuous disclosure obligations:

Date	Announcement
30/10/2017	Appendix 3B
26/10/2017	Timing for Goldfields Money 's Target's Statement
25/10/2017	ASX Listing Rule 7.9 Waiver
24/10/2017	Initial Director's Interest Notice
24/10/2017	Final Director's Interest Notice
24/10/2017	Results of Meeting
19/10/2017	Take no action update
16/10/2017	On-Market Takeover Bid - Take no action
16/10/2017	Becoming a substantial holder
16/10/2017	Bidder's Statement
16/10/2017	Firstmac Holdings Ltd - Unconditional on-market T/O Bid
13/10/2017	Rebrand presentation - from Goldfields Money to Bare Money
13/10/2017	Letter to Shareholders
22/09/2017	Notice of Annual General Meeting/Proxy Form
22/09/2017	Appointment of KPMG as auditor
21/08/2017	Appendix 4G
21/08/2017	Investor Presentation & Results Release
21/08/2017	Appendix 4E & Annual Report

8 INFORMATION ABOUT FIRSTMAC

8.1 Disclaimer

The information about Firstmac and the Firstmac Group contained in this Target's Statement is based on publicly available information, including information in the Bidder's Statement, and has not been independently verified by Goldfields Money. Goldfields Money does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

Firstmac has not reviewed, nor approved the information contained in this Target's Statement and has not provided Goldfields Money with any information for the purposes of disclosure in this Target's Statement.

Further information relating to the Firstmac Group's business may be found at www.firstmac.com.au.

8.2 Overview

Firstmac is an unlisted public company and is a wholly owned subsidiary of Firstmac Limited, which is the ultimate holding company of the Firstmac Group.

The Firstmac Group was established in Australia in 1979. It is headquartered in Brisbane and has offices in Sydney, Melbourne, Singapore and Manila.

The Firstmac Group is Australia's largest non-bank prime home loan lender and operates as a specialised home loan lender, loan servicer and fund manager. The Firstmac Group has more than 38 years' experience in home and investment loans. It currently manages \$9 billion in mortgages and \$250 million in cash investments.

The Firstmac Group markets a range of financial products, including white labelled Goldfields Money products, to the Australian market via the internet and a national distribution network of partners. It currently services a customer base of over 29,000 borrowers domiciled in all states and territories of Australia.

The Firstmac Group has developed expertise in investment management and Firstmac Limited holds both an AFSL and an ACL (No. 290600) authorising it to:

- Deal in and provide financial product advice in relation to a number of investments; and
- Engage in credit activities as a credit provider.

8.3 Directors and Ownership of Firstmac

As at the date of this Target's Statement, the directors of Firstmac are:

Name	Position
Mr Kim Cannon	Chairman and Managing Director
Mr Rod Minell	Executive Director
Mr Andrew Kemp	Non-executive Director
Mr Bede King	Non-executive Director

Firstmac is 100% owned by Firstmac Limited. Cannon Trust, with Todlaw Pty Ltd as trustee, owns 100% of Firstmac Limited. The Cannon Trust is ultimately controlled by interests associated with the Cannon family.

8.4 Financial overview

As at 30 June 2017, the Firstmac Group had approximately \$8.6 billion in total assets and approximately \$56.6 million in net assets.

8.5 Other information

As of the date of this Target's Statement:

- Firstmac Limited holds 675,008 Goldfields Money Shares, representing 3% of the total number of Goldfields Money Shares on issue.
- Trio C Pty Ltd holds 2,350,024 Goldfields Money Shares, representing 10.43% of the total number of Goldfields Money Shares on issue. Trio C Pty Ltd is wholly owned by Bede Kind, a director of Firstmac and Firstmac Limited.
- Kim and Aspasia Cannon as trustees of The Nationale Super Fund hold 350,000 Goldfields Money Shares, representing 1.55% of the total number of Goldfields Money Shares on issue. Kim Cannon (the Chairman and Managing Director of Firstmac) is the beneficiary of The Nationale Super Fund.

Firstmac, Firstmac Limited, Trio C Pty Ltd and The Nationale Super Fund are deemed to be associated for the purposes of the Corporations Act in relation to Goldfields Money.

Accordingly, in determining Firstmac's voting power in Goldfields Money, the total number of votes attached to all voting shares in Goldfields Money that its Associates have a relevant interest in must be taken into account. This means that Firstmac has voting power in Goldfields Money of 14.99%.

For further information refer to the Bidder's Statement.

9 RISK FACTORS

In considering this Target's Statement and the Offer, Goldfields Money Shareholders should be aware that there are a number of risks which apply to a continuing investment in Goldfields Money. There are also risks associated with the alternative of accepting the Offer.

9.1 Risks associated with accepting the Offer

(a) Possibility of a superior proposal emerging

A third party may emerge with a superior proposal, and/or the Firstmac Offer price may be increased. The Company is currently engaged in discussions that could lead to the making of an alternative proposal, although this is not assured. If you accept the Offer, you will not receive the benefit of any superior proposal. Accepting the Offer will also preclude a Goldfields Money Shareholder from selling their Goldfields Money Shares on-market on the ASX, where they may trade at a higher price than the Offer Price.

(b) Possibility of future Goldfields Money Share price appreciation

It may be possible in the future to sell your Goldfields Money Shares for more valuable consideration than that offered under the Offer. The Directors make no forecast of whether this will occur. If you accept the Offer, you will no longer be eligible to access the benefits of remaining a Goldfields Money Shareholder. Those benefits include the opportunity to participate in:

- any future value that may be created from Goldfields Money continuing to execute its initiatives and growth strategies, the full value of which the Board considers has not yet been realised;
- any trading prices above the Offer Price. Since the Bid announcement on 16 October 2017 the Shares have been trading above the Offer Price;
- any future dividends declared by the Goldfields Money Board.

(c) Taxation consequences

You may also be liable to pay tax on the disposal of your Goldfields Money Shares which may have financial consequences for some Goldfields Money Shareholders. See Section 6 of the Bidder's Statement for further details of the tax consequences of accepting the Offer.

9.2 Risks associated with rejecting the Offer and continuing an investment in Goldfields Money

In considering this Target's Statement and the Offer, Goldfields Money Shareholders should be aware that there are a number of risks which may affect the future operating and financial performance of Goldfields Money and the value of Goldfields Money Shares. Some of the risks can be adequately mitigated by the use of safeguards and appropriate systems but many are beyond the control of Goldfields Money and its Directors and cannot be mitigated.

One or more or a combination of these risks could materially and adversely impact Goldfields Money's business, including its operating and financial performance, industry standing and the price and value of Goldfields Money Shares. If you do not

accept the Offer and continue to hold Goldfields Money Shares, your investment in Goldfields Money will be subject to these and other risks.

A non-exhaustive list of key risks applicable to maintaining your investment in Goldfields Money in the present circumstances, is set out in sections 9.2(a), (b) and (c) below.

(a) **Offer specific risks**

(i) Possibility of future Goldfields Money Share price depreciation

While there are many factors that influence the market price of Goldfields Money Shares, following the close of the Offer, the market price of Goldfields Money Shares may fall if the Offer fails (and there is no alternative takeover bid or proposal to the Offer), or if the Offer is otherwise unsuccessful. Even if Firstmac acquires less than 50% of the Goldfields Money Shares, Goldfields Money's share price may fall immediately following the end of the Offer Period and the liquidity of Goldfields Money Shares may be lower than it is presently.

Depending on the size of Firstmac's interest in Goldfields Money, there may also be a reduced likelihood that another party will make an offer to acquire all of the Goldfields Money Shares in the future.

Depending on the number of acceptances to the Offer, the number of Goldfields Money Shares held by investors for trading purposes may be reduced, thereby potentially diminishing the future liquidity of the ASX market trading of Goldfields Money Shares.

There is also a general risk of future depreciation of the price of Goldfields Money Shares due to other factors, such as the other risks described in this Target's Statement.

(ii) Other alternatives to the Offer

If you reject the Offer there can be no guarantee that a competing proposal will emerge.

While discussions are being held with several parties in relation to a potential competing proposal, at this stage, the Goldfields Money Board is not in a position to provide Goldfields Money Shareholders with any assurance that an alternative transaction will arise.

(iii) Lack of certainty of cash

The Offer Price is certain and allows you to realise cash on a T+2 basis. Goldfields Money Shares have, since announcement of the Firstmac Offer, traded at a premium to the Offer Price so accepting the Offer may be at a discount to the price you could receive on-market. Trading since announcement of the Firstmac Offer has, however, been at low volumes. The sale of large quantities of Shares on market may reduce the market price. If you reject the Offer you will lose the certainty of realising the Offer Price for your Shares.

(iv) Minority ownership consequences

Firstmac has set out, in section 4 of the Bidder's Statement, its intentions in relation to Goldfields Money in various different scenarios, where Firstmac acquires different levels of relevant interests in Goldfields Money Shares.

At the conclusion of the Offer, Firstmac may hold less Goldfields Money Shares than the compulsory acquisition threshold summarised in section 5.4 of this Target's Statement.

Depending upon the number of Goldfields Money Shareholders who accept the Offer, this may have a number of implications for remaining Goldfields Money Shareholders who do not accept the Offer, including:

- Firstmac may be in a position, either alone or in conjunction with one or more of the other Goldfields Money Shareholders, to significantly influence the composition of Goldfields Money's Board and management and the strategic direction of the businesses of Goldfields Money (or potentially to control those factors in conjunction with one or more other Goldfields Money Shareholders) although no forecast is made as to whether that will occur;
- the liquidity of Goldfields Money Shares may be lower than at present;
- if Firstmac becomes entitled at some later time to exercise any compulsory acquisition rights under the Corporations Act, it may exercise those rights (as described in section 4.5 of the Bidder's Statement);
- in the event that a change of control results from the Offer, this may have materially adverse consequences for Goldfields Money's material contracts, including as summarised in section 5.2 of this Target's Statement, which may adversely affect Goldfields Money's financial position and financial performance; and
- if the number of Goldfields Money Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing, then the ASX may suspend and/or de-list Goldfields Money. If this occurs, any remaining Goldfields Money Shareholders will not be able to sell their Goldfields Money Shares on-market.

(b) **Company specific risks**

(i) Additional requirements for capital

Although Goldfields Money had a net cash position of approximately \$16.2 million as at 30 June 2017, the Directors anticipate that these cash reserves will not be sufficient to finance the expenditure and capital costs associated with Goldfields Money's aim of growing its business. Particularly, as an ADI, Goldfields Money needs to grow its prudential capital base to grow its loan book. It must also maintain and meet prudential capital requirements. The Board anticipates that it will from time to time seek further funding if its growth strategy is successful, although the timing and structure of any potential funding have not been determined. If Goldfields Money is unable

to fund its activities there can be no assurances that Goldfields Money will have sufficient capital resources to take advantage of the growth opportunities which may be available, or that it will be able to obtain additional resources on terms acceptable to Goldfields Money or at all. Any additional equity financing will be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which may limit Goldfields Money's operations and business strategy.

(ii) Housing sector and credit cycles

Goldfields Money's financial performance is influenced by the level of activity and resilience of the housing and credit sectors, which are impacted by factors beyond the control of Goldfields Money.

In particular, Goldfields Money's mortgage lending directly exposes the Company's loan book to movements in house prices, as a mortgage over a residential home is the primary security for the majority of Goldfields Money's loans. House prices are subject to factors beyond Goldfields Money's control. Any significant or extended decline in house prices will impact the Company's financial performance and position.

Any significant or extended decline in the level of activity in the housing and credit sectors is likely to adversely impact Goldfields Money's financial performance and position. Goldfields Money is unable to accurately predict the timing, extent or duration of the industry cycles in which it operates, which may have an adverse impact on operating and financial performance.

(iii) Borrower repayment risk

Goldfields Money's financial performance is influenced by the performance of its loan portfolio. The Company is exposed to the risk that borrowers may default on their loans, and in this circumstance the Company may be unable to collect or enforce the borrower's outstanding obligations and could suffer losses as a result.

(iv) Contract risk

Goldfields Money's business and operations are reliant on various agreements and undertakings with third parties. If Goldfields Money is unable to satisfy the conditions of these agreements and undertakings, or if it defaults in the performance of its obligations under them, its business and operations may be adversely affected. Further, if the third parties default in the performance of their obligations under the agreements and undertakings, Goldfields Money may be adversely affected. In particular, as at the date of this Target's Statement, the shares in Stargroup Limited (being the owner of Star Payment Systems Pty Ltd, with which Goldfields Money has a cash convenience agreement and which owes amounts of approximately \$400,000 to the Company) are currently suspended from trading on the ASX pending a restructuring of its debt⁴. An inability to realise payment of the amounts owed by Star Payment Systems Pty Ltd, or for the

⁴ Source: Stargroup Ltd ASX Announcement dated 19 October 2017.

contract to continue in its current form, may have an adverse effect on the Company's financial position, particularly during the current financial year.

(v) Liquidity Risk

Goldfields Money's approach to managing liquidity is to aim to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Goldfields Money's reputation.

However, errors or unforeseen changes in actual and forecast cash flows that then create a mismatch against the maturity profiles of financial assets and liabilities could have a detrimental effect on a company's liquidity.

In addition, Goldfields Money is subject to minimum liquidity requirements as regulated by APRA.

(vi) Failure to complete the Company's growth strategy with distribution partners

Goldfields Money's growth is impacted by its ability to win, extend and complete new contracts with white label and other distribution partners. Any failure by Goldfields Money to continue to secure these arrangements, or the success of arrangements that are secured, will impact its financial performance and position.

(vii) Reputational risk

Goldfields Money is exposed to adverse consequences such as decreased financial performance which may flow from a loss of its reputation. Examples of circumstances which may adversely impact on Goldfields Money's reputation include unethical business practices, and otherwise not meeting the market's expectation for Goldfields Money's operational, managerial and financial performance.

(viii) Regulatory risk

As an ADI, Goldfields Money is regulated by APRA. The Company is therefore exposed to any regulatory changes at any point in time, including regulatory conditions that may adversely impact the Company.

(c) **General risks**

As with any entity with listed securities on the ASX, the future prospects, operating and financial performance of Goldfields Money and the value of the Goldfields Money Shares are affected by a wide variety of factors, including:

- (i) general business cycles;
- (ii) economic and political factors in Australia and overseas;
- (iii) interest rates;
- (iv) inflation;
- (v) employment levels;

- (vi) changes in government fiscal or regulatory regimes and foreign trade policies;
- (vii) changes in accounting or financial reporting standards; and
- (viii) changes in taxation laws (or their interpretation).

Deterioration of the general economic conditions, adverse foreign exchange rate movements, fluctuations in the Australian and overseas stock markets, natural disasters and catastrophic events may also affect Goldfields Money's operating and financial position.

10 ADDITIONAL INFORMATION

10.1 Executive incentives

No incentives to executives of Goldfields Money will be paid in connection with the Offer.

10.2 Consents to being named and inclusion of statements

Lavan has given and not withdrawn before the date of this Target's Statement its consent to being named in this Target's Statement as legal adviser to Goldfields Money.

Azure Capital Limited has given and not withdrawn before the date of this Target's Statement its consent to being named in this Target's Statement as financial adviser to Goldfields Money.

Ernst & Young Transaction Advisory Services Limited has given and not withdrawn its consent to being named in this Target's Statement as Independent Expert, and to the inclusion of the Independent Expert's Report and statements said to be based on statements made in the Independent Expert's Report.

Each of the Shareholders referred to in paragraph 4 of Section 2 of this Target's Statement has given its consent to the inclusion in this Target's Statement of the statements made in that paragraph, which are based on statements made to the Board by those Shareholders.

Each party noted above as having given its consent to the inclusion of a statement or being named in this Target's Statement:

- (a) has not authorised or caused the issue of this Target's Statement;
- (b) does not make or purport to make any statement that is included in this Target's Statement or any statement on which statement in this Target's Statement is based, other than a statement included in this Target's Statement with the consent of that party; and
- (c) to the maximum extent permitted by law, specifically disclaims responsibility for any statement included in this Target's Statement other than references to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report included in this Target's Statement with the consent of that party.

10.3 ASIC Declarations and ASX Listing Rules waivers

As announced on 25 October 2017, Goldfields Money has been granted a waiver by the ASX from ASX Listing Rule 7.9 to the extent necessary to permit Goldfields Money to issue up to 200,000 Goldfields Money Performance Rights and up to 7,000 Goldfields Money Shares to employees under Goldfield Money's equity incentive plan within three months of receiving a written proposal from Firstmac in respect of the Offer.

As announced on 26 October 2017, Goldfields Money has been granted relief by ASIC to extend the deadline to lodge this Target's Statement with ASIC, the ASX and Firstmac, and to despatch this Target's Statement to shareholders, from 30 October 2017 to 6 November 2017.

10.4 Statements in documents lodged with ASIC or ASX

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or the ASX in compliance with the ASX Listing Rules, including the Bidder's Statement. Under this Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of such statements in this Target's Statement.

Any Goldfields Money Shareholder who would like to receive a copy of any of the documents (or parts of the documents) that contain the statements which have been included in reliance on Class Order 13/521 may obtain a copy free of charge during the Offer Period. A copy may be obtained by writing to the Company Secretary of Goldfields Money.

10.5 No other material information

This Target's Statement is required to contain all the information that Goldfields Money Shareholders and their professional advisors would reasonably require to make an informed assessment of whether to accept the Offer, but:

- (a) only to the extent to which it is reasonable for investors and their professional advisors to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any of the Directors.

The Directors are of the opinion that the information that Shareholders and their professional advisors would reasonably require to make an informed assessment of whether to accept the Offer is:

- (a) the information contained in the Bidder's Statement; and
- (b) the information contained in this Target's Statement.

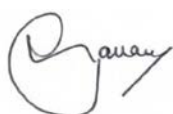
10.6 Date

This Target's Statement is dated 3 November 2017 which is the date on which it was lodged with ASIC.

10.7 Authorisation

This Target's Statement has been approved by a resolution passed by the Directors of Goldfields Money. No Director of Goldfields Money voted against the resolution authorising this Target's Statement.

Signed by Peter Wallace, Chairman of Goldfields Money, in accordance with section 351 of the Corporations Act.



Peter Wallace
Chairman

11 DEFINITIONS AND INTERPRETATION

11.1 Definitions

In this Target's Statement:

2017 Annual Report means the annual report of Goldfields Money for the year ended 30 June 2017.

ADI means authorised deposit-taking institution under the *Banking Act 1959* (Cth).

APRA means the Australian Prudential Regulation Authority.

ASIC means Australian Securities and Investments Commission.

Associate has the meaning given in section 12 of the Corporations Act.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the listing rules of the ASX from time to time.

Bidder's Statement means the bidder's statement (including the Offer) dated 16 October 2017 issued by Firstmac in respect of the on-market bid by Firstmac to acquire all the Goldfields Money Shares on issue.

Board means the board of Directors of Goldfields Money.

Business Day means a day on which banks are open for general banking business in Perth (not being a Saturday, Sunday or public holiday in Perth).

Court has the meaning given in section 58AA of the Corporations Act.

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

Director means a director of Goldfields Money.

Firstmac means Firstmac Holdings Limited ABN 55 621 282 157.

Firstmac Group means Firstmac and its Related Bodies Corporate.

FSSA means the *Financial Sector (Shareholdings) Act 1998* (Cth).

Goldfields Money or the **Company** means Goldfields Money Limited ABN 63 087 651 849.

Goldfields Money Board means the board of directors of Goldfields Money from time to time.

Goldfields Money Options and **Options** means options to acquire Shares.

Goldfields Money Performance Rights and **Performance Rights** means performance rights issued under Goldfields Money's equity incentive plan approved by Shareholders at Goldfields Money's annual general meeting held on 18 November 2016.

Goldfields Money Shareholder and **Shareholder** mean a registered holder of a Share.

Goldfields Money Shares and **Shares** mean fully paid ordinary shares in the capital of Goldfields Money.

Independent Expert means Ernst & Young Transaction Advisory Services Limited ABN 87 003 599 844.

Independent Expert's Report means the report and related financial services guide prepared by the Independent Expert, as set out in Annexure A to this Target's Statement.

Insolvency Event means any of the events set out in section 652C(2) of the Corporations Act.

Offer or **Firstmac Offer** means the offer by Firstmac to acquire all the Goldfields Money Shares under the terms and conditions contained in the Bidder's Statement and includes a reference to that offer as varied in accordance with the Corporations Act.

Offer Period has the same meaning as in the Bidder's Statement.

Offer Price means \$1.12 for each Share.

Prescribed Occurrence means any of the events set out in section 652C(1) of the Corporations Act.

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

Target's Statement means this document, being the target's statement in response to the Offer given by Goldfields Money under Part 6.5 Division 3 of the Corporations Act.

Trading Day has the meaning given in the ASX Listing Rules.

11.2 Interpretation

In this Target's Statement, unless the context requires otherwise:

- (a) Reference to:
 - (i) one gender includes the others;
 - (ii) the singular includes the plural and the plural includes the singular;
 - (iii) a person includes a body corporate;
 - (iv) a party includes the party's executors, administrators, successors and permitted assigns;
 - (v) a statute, regulation, code or other law or a provision of any of them includes:
 - (i) any amendment or replacement of it; and
 - (ii) another regulation or other statutory instrument made under it, or made under it as amended or replaced; and
 - (vi) dollars or "\$" is to Australian dollars, unless otherwise stated.
- (b) "Including" and similar expressions are not words of limitation.
- (c) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
- (d) Headings and any table of contents or index are for convenience only and do not form part of this Target's Statement or affect its interpretation.
- (e) A provision of this Target's Statement must not be construed to the disadvantage of a party merely because that party was responsible for the

preparation of the Target's Statement or the inclusion of the provision in the Target's Statement.

- (f) If an act must be done on a specified day which is not a Business Day, it must be done instead on the next Business Day.

ANNEXURE A: INDEPENDENT EXPERT'S REPORT



Independent Expert's Report and Financial Services Guide

In relation to the takeover offer by Firstmac Holdings Limited for Goldfields Money Limited

3 November 2017



**Building a better
working world**

Part 1 – Independent Expert’s Report

The Directors
Goldfields Money Limited
Unit 30
118 Royal Street
PERTH WA 6004

3 November 2017

Dear Directors

Takeover offer by Firstmac Holdings Limited for Goldfields Money Limited

Background

On 16 October 2017 Firstmac Holdings Limited announced an on-market cash offer to acquire all of the ordinary shares in Goldfields Money Limited (“GMY” or the “Company”) which it does not already own at a price of \$1.12 cash per ordinary share (the “Offer”). Firstmac is a wholly owned subsidiary of Firstmac Limited which, together with its associates (collectively referred to as “Firstmac”), is the largest shareholder of GMY.

There is no regulatory requirement under either the Corporations Act or Australian Securities Exchange Listing Rules for an independent expert’s report (“IER”) to be provided to the shareholders in relation to the Offer, as at the date of this Report, there were no common directors and no pre-existing Firstmac interest of greater than 30% in GMY was held by Firstmac or its associated entities. Notwithstanding this, the directors of GMY, have engaged Ernst & Young Transaction Advisory Services Limited to prepare an IER in relation to the Offer, as if such a report was required under the *Corporations Act 2001*. We have therefore prepared this IER setting out whether, in our opinion, the Offer is fair and reasonable to the shareholders of GMY not associated with Firstmac. Our report is to be included in the Target’s Statement being sent to GMY shareholders in respect of the Offer on or around 3 November 2017.

Approach

Neither the Corporations Act nor the ASX Listing Rules define the term “fair and reasonable”. In determining whether or not the Offer is fair and reasonable, we have principally had regard to relevant ASIC Regulatory Guides, particularly Regulatory Guide 111: *Content of expert reports* (“RG 111”) and Regulatory Guide 112: *Independence of experts* (“RG 112”) which provide some guidance as to how the term should be interpreted in a range of circumstances. With respect to a takeover offer, RG 111 makes it clear that:

- ▶ An offer is “fair” if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. The comparison is to be made assuming 100% ownership of the target and it is “inappropriate to apply a discount on the basis that the shares being acquired represent a minority or portfolio parcel of shares”.
- ▶ An offer is “reasonable” if it is fair. It might also be “reasonable” if, despite being “not fair”, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.
- ▶ An independent expert should provide a range of values for the securities that are the subject of the offer. If the value of the consideration offered falls within the range of values of the securities, under RG 111, the offer is “fair”. RG 111 lists a number of factors which experts may consider when assessing the reasonableness of an offer.

Summary of opinion

Fairness of the Offer

We have determined whether the Offer is fair by comparing the assessed value of a GMY ordinary share, on a controlling interest basis, to the consideration that will be received by GMY shareholders in the event that the Offer is accepted. In this case, the Offer price is \$1.12 cash per ordinary share.

In forming our opinion, we have concluded that the value of a GMY ordinary share is in the range of \$1.27 to \$1.39 on a control basis. As shown in the table below, the Offer is at a discount of 11.8% at the low end and a discount of 19.4% at the high end of our assessed value of a GMY share. The table below presents a summary of the assessed value of a GMY share on a controlling interest basis compared to the Offer price.

Evaluation of the fairness of the Offer			
\$/share	Reference	Low	High
Value of a GMY share on a controlling interest basis (\$)	Section 6	1.27	1.39
Offer Price per share (\$)	Section 1	1.12	1.12
Discount to the value of a GMY share (\$)		(0.15)	(0.27)
% Discount to the value of a GMY share		11.8%	19.4%

Source: Ernst & Young Transaction Advisory Services Limited analysis

As the Offer price falls below the range of assessed values of a GMY share, we consider the terms of the Offer to be not fair to GMY shareholders.

Reasonableness of the Offer

RG 111 provides that an offer may be “reasonable” despite being “not fair”, if the expert believes that there are sufficient reasons for the security holders to accept the offer in the absence of any superior proposal. In assessing the reasonableness of the Offer, we have considered the advantages, disadvantages and other factors.

Advantages of the Offer

The Offer provides liquidity

The Offer represents an opportunity for GMY shareholders to access liquidity in their shares. The low levels of trading in GMY shares historically means that it may otherwise be difficult for GMY shareholders to realise fair value in the open market for their shares. This opportunity for immediate liquidity may be of greater benefit for holders of larger parcels of GMY shares, which may ordinarily be more difficult to sell on-market due to the limited liquidity of GMY shares.

Disadvantages of the Offer

GMY shareholders are not receiving an adequate premium for control of the Company

The Offer price of \$1.12 per share represents a premium to GMY’s volume weighted average share price prior to the announcement of the Offer, as set out below.

Offer price premium to VWAP	3 months	1 month	1 week	1 day
\$/share				
Offer price	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.12
VWAP - minority basis	\$ 1.01	\$ 1.03	\$ 1.00	\$ 1.00
Premium %	10.9%	8.7%	12.0%	12.0%

Source: S&P Capital IQ, Ernst & Young Transaction Advisory Services Limited analysis

As indicated in the table on the previous page, the Offer price represents a premium of 12% to the share prices of GMY both one day and one week prior to the announcement of the Offer. The Offer price is also at an 8.7% premium to the one month average share price.

A premium is frequently paid in the acquisition of a controlling interest in a company where the acquisition may give rise to benefits such as the control of the board of directors and future strategy of the business, access to the cash flows and payment of dividends, as well as the ability to realise synergistic benefits. Historically, control premiums on successful takeovers in Australia have frequently been in the range of 20% to 40% with the premium varying significantly based on differing circumstances. Control premiums in the current environment have been observed to approximate 30%, or even higher where there is the potential for significant synergies to be realised by a particular purchaser. This view is supported by the Mergerstat control premium study at 30 June 2017, with the median 12 month control premium observed for transactions globally in the financial services sector of 29%. This compares to the 12 month control premium observed for all transactions globally of 33%.

While the potential synergies available to particular purchasers may differ, the Offer price implies a control premium significantly lower than those observed in other transactions. In our view, an acquisition of GMY may provide significant synergistic benefits to certain purchasers. These synergies may include increased revenues from the distribution and white labelling agreements combined with the proposed new digitised capabilities of the banking system, and/or lower cost funding opportunities given GMY's status as an ADI. While we have not quantified the potential synergies, we have taken them into account in considering the appropriateness of the control premium implied by the Offer price. In our view the potential synergies would indicate a control premium above the average observed in recent transactions, and as such the premium for control implied by the Offer price is too low in the circumstances.

Potential for alternative superior proposals to emerge

It is possible, but not certain, that an alternative superior proposal may emerge. As disclosed in the Target's Statement, GMY has recently had preliminary discussions with other parties, however, as at the date of this report, GMY has not received any formal competing proposal. Any assessment of the likelihood of a superior proposal being received prior to the close of the Offer is highly subjective, however we note the following factors:

- ▶ GMY is an ADI which may be highly attractive to companies seeking to diversify their funding sources through customer deposits. An acquisition of GMY by a non-ADI would likely result in significant funding synergies to such an acquirer. While typically an acquirer may not pay for all synergies they expect to realise, we consider the fact that GMY is an ADI significantly increases the attractiveness to an acquirer.
- ▶ The Company is in the process of implementing a new core banking system which is highly scalable and expected to support new products and services, and facilitate its future growth strategy.
- ▶ The Offer from Firstmac was unsolicited and not as a result of a formal sale process by the Company.
- ▶ Regulatory approvals are required in order to acquire a greater than 15% interest in an ADI. While this may deter some bidders, it is not unreasonable to assume that the APRA may provide approval to qualifying bidders in addition to Firstmac particularly since such approvals have been provided to Firstmac (subject to conditions discussed subsequently).
- ▶ The existence of four major shareholders, each holding more than 10% of the current share capital and having various distribution and white labelling agreements with GMY, may deter some bidders.

The Offer price is below the level at which the shares have traded since announcement of the Offer

Since announcement of the Offer, GMY shares have traded at between \$1.14 and \$1.22 per share, being above the Offer price of \$1.12 per share. As such, shareholders may in the short term be able to realise a higher value than the Offer price by selling their shares on-market. However, the volumes of shares traded during this period are relatively low indicating that this position can not be assured. As discussed below this position may also erode towards the end of the Offer period especially in the event that no alternative proposal emerges.

No participation in the future of GMY's business

Shareholders who choose to accept the Offer would not benefit from any potential future increases in value of the Company, should the proposed growth from additional distribution and white labelling and digitisation of the business be successful.

Possible minority ownership consequences

Based on the stated intentions set out in the Bidders' Statement, in the event that Firstmac acquires greater than 90% of the shares, the remaining shares will be compulsorily acquired. In the event that Firstmac acquires 50% but less than 90% of all GMY shares, there are potential adverse consequences of remaining as a minority interest shareholder in GMY. In these circumstances, GMY shareholders who do not accept the Offer or otherwise dispose of their shares will remain minority shareholders in GMY. This has a number of implications, including:

- ▶ Firstmac may seek to de-list GMY if it acquires greater than 50% of the GMY shares, subject to complying with ASX guidance on this matter. If this occurs, GMY shareholders who do not accept the Offer may be left with shares in an unlisted entity. If GMY was de-listed, the marketability of shares in GMY would be significantly reduced which may also have an adverse impact on the price at which GMY shareholders could arrange to sell their shares.
- ▶ If GMY remains listed, or if Firstmac acquires less than 50% of the total shares:
 - The GMY share price would be expected to decrease immediately following the end of the Offer period. This would reflect the fact that at that stage, the attraction of GMY as a takeover target will be diminished should Firstmac be a controlling or particularly significant shareholder. Any prospect of ongoing shareholders realising a control value for their shares would depend upon Firstmac or another buyer offering a further proposal in the future.
 - The reduced free float of GMY shares is likely to further reduce the number of available shares and their liquidity. This may negatively affect the trading prices of GMY's shares.
 - GMY would be entitled to acquire additional GMY shares under the 'creeping' acquisition provisions which allow for up to 3% of GMY shares to be acquired every six months (and subject to meeting the approval requirements of the Treasurer). Such an approach would not provide minority GMY shareholders with the opportunity of realising a control value for their shares.

Other factors

If the Offer does not result in Firstmac acquiring all of the outstanding GMY shares, the price of a GMY share is likely to fall below current trading levels

If the Offer does not result in the acquisition of 100% of GMY shares, and in the absence of an alternative superior proposal, GMY will continue to operate in its current form and be listed on the ASX unless delisted in accordance with the discussion above. As a consequence, GMY shareholders will maintain ownership of GMY shares but will not receive any cash consideration. Further, in these circumstances there is a risk that

the price of GMY shares will fall back towards levels experienced prior to 16 October 2017 ("Announcement Date").

Tax consequences

We have not considered the specific taxation implications that may be relevant for individual GMY shareholders in connection with the Offer. The exact nature and impact of any tax consequences are uncertain and will depend upon the profile of each GMY shareholder. These specific consequences need to be borne in mind by each GMY shareholder in weighing up the merits of the Offer. GMY shareholders should consider the information contained in the Target's Statement. As set out in these documents, GMY shareholders should consider to what extent they may be liable to pay capital gains tax on the disposal of their GMY shares if they accept the Offer and whether there are any other Australian tax implications.

Transaction expenses

As set out in the Target's Statement transaction expenses of approximately \$300,000 are expected to be incurred in respect of the Offer. However the majority of these have already been incurred or will be incurred irrespective of whether or not the proposed Offer is accepted.

Implications of selling the GMY shares on-market

Any shareholder who accepts the Offer by selling their shares on-market would not benefit from any subsequent superior proposal, if received.

In our view as the disadvantages outweigh the advantages of the Offer we consider the Offer to be not reasonable.

Conclusion

Taking into consideration the matters detailed in this IER, in the opinion of Ernst & Young Transaction Advisory Services Limited, the Offer is not fair and not reasonable to GMY shareholders not associated with Firstmac.

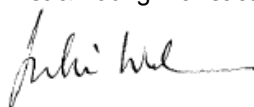
This IER has been prepared specifically for GMY shareholders. Neither Ernst & Young Transaction Advisory Services Limited, Ernst & Young, nor any employee thereof undertakes responsibility to any person, other than GMY shareholders, in respect of this report, including any errors or omissions howsoever caused.

This IER constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of GMY shareholders. The decision as to whether to accept the Offer is a matter for individual GMY shareholders. GMY shareholders should have regard to the Target's Statement prepared by GMY's directors and management. GMY shareholders who are in doubt as to the action they should take in relation to the Offer should consult their own professional advisor.

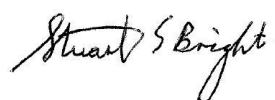
Our opinion is made as at the date of this letter and reflects circumstances and conditions as at that date. This letter must be read in conjunction with the full IER as attached. All amounts are in Australian dollars ("A\$") unless otherwise stated.

Ernst & Young Transaction Advisory Services Limited has prepared a Financial Services Guide in accordance with the Act. The Financial Services Guide is included as Part 2 of this report.

Yours faithfully
Ernst & Young Transaction Advisory Services Limited



Julie Wolstenholme
Director and Representative



Stuart Bright
Director and Representative

Contents

Part 1 – Independent Expert’s Report

1.	Details of the Offer.....	7
1.1	Key terms of the Offer	7
1.2	Firstmac’s intentions with respect to the Offer	7
2.	Scope of the independent expert’s report.....	9
2.1	Purpose of the report.....	9
2.2	Meaning of fair and reasonable.....	9
2.3	Basis of evaluation	9
2.4	Fair value	10
2.5	Independence	10
2.6	Limitations and reliance on information	10
2.7	Shareholders’ decisions	11
3.	Industry overview	12
3.1	Regulations	14
3.2	Industry performance and outlook	15
4.	Overview of GMY	16
4.1	Background.....	16
4.2	Financial performance	18
4.3	Financial position	19
4.4	Capital adequacy	20
4.5	Capital structure	20
4.6	Shareholders.....	21
4.7	Share price performance.....	21
4.8	Trading volume	23
5.	Valuation approach	25
5.1	Valuation methodologies adopted.....	25
5.2	Control premium	25
5.3	Valuation cross checks	26
6.	Valuation of GMY	27
6.1	Valuation methodology	27
6.2	Net assets	27
6.3	Asset multiples	27
6.4	Other assets and liabilities	31
6.5	Number of shares on issue	31
6.6	Summary of values	31
7.	Evaluation of the Offer	33
7.1	Overview	33
7.2	Fairness of the Offer.....	33
7.3	Reasonableness of the Offer	33
7.4	Conclusion	34
	Appendices	38

1. Details of the Offer

1.1 Key terms of the Offer

On 16 October 2017 Firstmac Holdings Limited (“Firstmac”) announced an on-market cash offer to acquire all of the ordinary shares in Goldfields Money Limited (“GMV” or the “Company”) at a price of \$1.12 cash per ordinary share (the “Offer”). GMV is a Western Australian based authorised deposit-taking institution, regulated by the Australian Prudential Regulation Authority (“APRA”). The Company offers a range of retail banking products, including loans, fixed term deposits and other business and personal banking services. As at 30 June 2017, GMV had net assets of \$20.2 million¹ and its market capitalisation one day prior to the date of announcement of the Offer was \$22.5 million². The Offer implies a value for GMV of \$25.22 million³.

Firstmac is a wholly owned subsidiary of Firstmac Limited, an unlisted public company and ultimate holding company for the Firstmac group³. The Firstmac group was established in 1979 and is a non-bank provider of residential home loans, loan servicing and investment management. Headquartered in Brisbane, it has offices in Sydney, Melbourne, Singapore and Manila. Firstmac currently manages \$9 billion in mortgages with approximately \$56.6 million in net assets as at 30 June 2017. It services a customer base of 29,000 borrowers located across Australia³. Firstmac, together with its associates, is the largest shareholder of GMV, holding 14.99% of the ordinary share capital as at the date of announcement of the Offer.

As the Offer involves the proposed acquisition of a greater than 15% interest in an authorised deposit-taking institution (“ADI”), approval from the Treasurer is required. As set out in the Bidder’s Statement dated 16 October 2017, Firstmac and Firstmac Limited received approval from the Treasurer to hold a 100% interest in GMV. The approval is subject to certain conditions, which are set out in the Bidder’s Statement and include various future financial reporting obligations, the business activities of Firstmac are to remain primarily focused on providing housing finance in Australia, that Firstmac Limited’s interest in GMV must be held by Firstmac, no related party exposures, that GMV must maintain operational independence from Firstmac Limited as well as imposing various minimum financial and capital requirements. These conditions will be reviewed by the Treasurer after a period of 5 years from the date of approval on 10 October 2017, unless Firstmac Limited requests an earlier review.

As set out in the Bidder’s Statement, the Offer is scheduled to close on 1 December 2017 unless otherwise extended or withdrawn by Firstmac as permitted by the Corporations Act. Up until this date, Firstmac intends to conduct on-market purchases of GMV shares during the Offer period which commenced on 31 October 2017. However, we understand from commencement of trading on 16 October 2017, Patersons Securities Limited, as the appointed on-market broker for Firstmac, will acquire all GMV shares offered to it at the Offer price³.

The Offer does not include the acquisition of any options or performance rights issued by GMV. However, the Offer will extend to all GMV shares that are issued and listed for quotation on the Australian Securities Exchange (“ASX”) at any time during the Offer period as a result of the exercise or conversion of any existing options or performance rights³.

1.2 Firstmac’s intentions with respect to the Offer

According to the Bidder’s Statement lodged by Firstmac, the strategic rationale for the acquisition of GMV is to assist Firstmac in delivering innovation and digitisation of banking services to a larger combined customer base. The final details as to its intentions and the implications thereof, will be subject to a review by Firstmac of the operations, assets, structure and employees of GMV following the close of the Offer. Nonetheless, Firstmac has stated that its current intentions, which may change as information becomes available, are summarised below and set out in the Bidder’s Statement. These include generally to continue the GMV business with no major changes and to retain existing employees.

¹ GMV Annual Report as at 30 June 2017

² S&P Capital IQ market data

³ Firstmac Bidder’s Statement dated 16 October 2017 based on the ordinary share capital of GMV

In the event that the Offer results in Firstmac acquiring a relevant interest of 90% or more of total GMY ordinary shares on issue, Firstmac will become entitled to, and has stated that it intends to, compulsorily acquire the remaining outstanding GMY shares. If this is the case, Firstmac intends to de-list GMY from the ASX. In addition, Firstmac's stated intentions are to:

- ▶ Retain all directors of the GMY board and ensure that the Company remains operationally independent of the Firstmac group pursuant to the regulatory approval conditions imposed by the Treasurer.
- ▶ Continue the operations of GMY and to not make any major changes to the operations of GMY pursuant to the regulatory approval conditions.
- ▶ Leverage Firstmac's expertise to support the GMY business, banking products and services.
- ▶ Retain the existing employees of GMY.
- ▶ Unless required to do so, Firstmac has no intention to acquire outstanding options and performance rights.

In the event that Firstmac acquires an interest greater than 50% but less than 90% of all GMY shares, Firstmac's intentions include:

- ▶ If Firstmac at a later date becomes entitled to exercise any compulsory acquisition rights under the Corporations Act, it intends to exercise those rights.
- ▶ Review the ongoing suitability of GMY remaining listed on the ASX and subject to compliance with the law and ASX guidance, may seek to remove GMY from the official list of the ASX.
- ▶ To continue the operations of GMY and to not make any major changes to the operations or board members pursuant to the regulatory approval conditions imposed. However Firstmac would attempt to procure that the Board of GMY implements the objectives and goals stated by Firstmac to the extent possible.

In the event that Firstmac acquires an interest of 50% or less of all GMY ordinary shares, Firstmac intends to firstly gain a more detailed understanding of the business, assets and operations of GMY and evaluate its options.

2. Scope of the independent expert's report

2.1 Purpose of the report

Chapter 6 of the Corporations Act regulates takeover offers of the nature proposed by Firstmac. Specifically, section 640 requires an independent expert's report to be commissioned where the bidder already holds greater than 30% of a target's shares or where there are common directors between the two entities. We understand that, as at the date of announcement of the Offer, Firstmac held 14.99% of the ordinary shares of GMY and that an officer of Firstmac (James Austin, Chief Financial Officer) was a non-executive director of GMY. Subsequent to the announcement of the Offer, James Austin was not re-elected to the board of GMY at the Company's annual general meeting held on 23 October 2017.

While there is no regulatory requirement for GMY to commission an IER, as Firstmac does not hold a 30% or greater interest and there are no common directors, the directors have decided to commission this IER to assist the shareholders of GMY not associated with Firstmac, in assessing the merits of the Offer. This report has therefore been prepared as if Section 640 of the Corporations Act applied and provides our opinion as to whether the takeover Offer is fair and reasonable to the shareholders of GMY not associated with Firstmac.

This IER will accompany the Target's Statement to be sent to GMY shareholders. We recommend that GMY shareholders read the Target's Statement and the Bidder's Statement to obtain a full understanding of the Offer.

2.2 Meaning of fair and reasonable

In preparing our report, we had regard to RG 111. As the Offer represents a "control" transaction, as discussed in the aforementioned ASIC Regulatory Guide, we have considered whether the Offer is "fair and reasonable".

The meaning of "fair and reasonable" in the context of a takeover offer is outlined in RG 111 paragraphs 111.10 to 111.14. This guidance makes it clear that "fair" and "reasonable" are two distinct concepts. Under this approach:

- ▶ An offer is "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. The comparison is to be made assuming 100% ownership of the target and it is "inappropriate to apply a discount on the basis that the shares being acquired represent a minority or portfolio parcel of shares".
- ▶ An offer is "reasonable" if it is fair. It might also be "reasonable" if, despite being "not fair", the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111 states that an independent expert should usually provide a range of values for the securities that are the subject of the offer. If the value of the consideration offered falls within the range of values of the securities, under RG 111, the offer is "fair". RG 111 lists a number of factors which experts may consider when assessing the reasonableness of an offer.

2.3 Basis of evaluation

In assessing whether the Offer is fair, we have compared the fair value of a GMY ordinary share, on a controlling interest basis, with the fair value of the consideration being offered by Firstmac, being in this case the \$1.12 cash Offer price. In assessing the value of a GMY share, we have assumed 100% ownership, which implicitly includes a control premium. The Offer is considered fair if the value of the consideration is equal to or greater than the range of values assessed for a GMY ordinary share.

RG 111 provides that an offer may be “reasonable” despite not being “fair”, if the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of a superior offer before the close of the offer period. In considering whether the Offer is reasonable, we also considered the following matters:

- ▶ The liquidity of, and prices at which, GMY shares have recently traded on the ASX and the premium that Firstmac is paying over pre-announcement trading levels.
- ▶ The existence of alternatives to the Offer and the consequences for GMY shareholders.
- ▶ The likelihood of a superior proposal being received.
- ▶ The likely impact on GMY’s share price in the event that the Offer does not result in over 50% of the outstanding shares being acquired.
- ▶ Other advantages and disadvantages that GMY shareholders should consider in assessing whether to accept the Offer.

In undertaking our assessment of the Offer we have had regard to a number of references including ASIC Regulatory Guidelines, in particular, RG 111 and RG 112, and relevant market valuation guidelines and generally accepted practices in the preparation of expert reports. This report has also been prepared in accordance with APES 225 *Valuation Services* issued by the Accounting Professional & Ethical Standards Board Limited in July 2008 (revised May 2012).

A glossary summarising the abbreviations we have used in this report is contained in Appendix F - *Glossary*.

2.4 Fair value

We have assessed the value of a GMY share and the Offer on a fair value basis. Fair value in this context is considered to be:

“The price at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer both acting at arm’s length”.

Fair value does not incorporate any special value. Special value is the additional value, which may be in the form of synergistic benefits, 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 value that they expect to realise from the acquisition to the seller.

2.5 Independence

Prior to accepting this engagement, we considered our independence with respect to GMY, and Firstmac with reference to RG 112. In our opinion, we are independent of GMY and Firstmac. Ernst & Young Transaction Advisory Services Limited and Ernst & Young have not provided any services to GMY or Firstmac in relation to the Offer.

Ernst & Young has previously provided professional services to both GMY and Firstmac, and subsidiaries thereof. These professional services were of a compliance nature and in respect of matters not related to the Offer. We do not consider these services to compromise our independence.

2.6 Limitations and reliance on information

We have considered a number of sources of information in preparing our report and arriving at our opinion. These sources of information are detailed in Appendix E – *Sources of information*.

The information provided to us for the preparation of our report has been evaluated through analysis, enquiry and review for the purposes of forming an opinion as to whether the Offer is fair and reasonable for GMY

shareholders. We also held discussions with management of GMY in relation to the Offer, as well as the operations, financial position and operating results of GMY. However, we do not warrant that our enquiries have identified all of the matters that an audit, an extensive examination or tax investigation might disclose.

Preparation of this report does not imply that we have, in any way, audited the accounts or records of GMY. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles including the Australian equivalents to International Financial Reporting Standards and International Financial Reporting Standards, as applicable.

In forming our opinion we have also 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 material legal proceedings, other than as publicly disclosed.
- ▶ The assessments by GMY and its advisers with regard to legal, regulatory, tax and accounting matters relating to the transaction are complete and accurate.
- ▶ The information set out in the Target's Statement and accompanying documents to GMY shareholders is complete, accurate and fairly presented in all material respects.
- ▶ The publicly available information relied upon by us in our analysis was accurate and not misleading.
- ▶ To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations and policies, we assume no responsibility and offer no legal opinion or interpretation on any issue.

The statements and opinions given in this IER are given in good faith and in the belief that such statements and opinions are not false or misleading. This report should be read in the context of the full qualifications, limitations and consents set out in Appendix A – *Statement of qualifications and declarations* of this report.

Our assessment of the Offer is based on economic, market and other conditions prevailing as at the date of this IER. As evidenced in recent years these conditions can change significantly over relatively short periods of time. If they did change materially, subsequent to the date of this report, our opinion could be different.

We provided draft copies of this IER to the Directors and management of GMY for their comments as to factual accuracy, as opposed to opinions, which are the responsibility of us alone. Amendments made to this IER as a result of this review by GMY have not changed the conclusions reached by us.

2.7 Shareholders' decisions

This IER constitutes general financial product advice only. In forming our opinion we have considered the interests of GMY shareholders as a whole, and have not considered, nor is it practical or possible to consider, the individual circumstances of each shareholder. Individual shareholders may be impacted by specific issues that are not general to shareholders as a whole and this Report cannot, and does not, consider such issues.

The decision to accept the Offer is a matter for individual shareholders. GMY shareholders should consider the advice in the context of their own circumstances, including investment objectives, liquidity preferences, risk profiles, tax position and expectations of future market conditions. Shareholders should also have regard to the Target's Statement prepared by the Directors and management of GMY. Shareholders who are in doubt as to the action they should take in relation to the Offer should consult their own professional advisor.

Similarly it is a matter for individual shareholders as to whether to buy, hold or sell shares in GMY. This is an investment decision upon which we do not offer an opinion and is independent of a decision to accept the Offer. Shareholders should consult their own professional advisor in this regard.

Ernst & Young Transaction Advisory Services Limited has prepared a Financial Services Guide in accordance with the Act. The Financial Services Guide is included as Part 2 of this report.

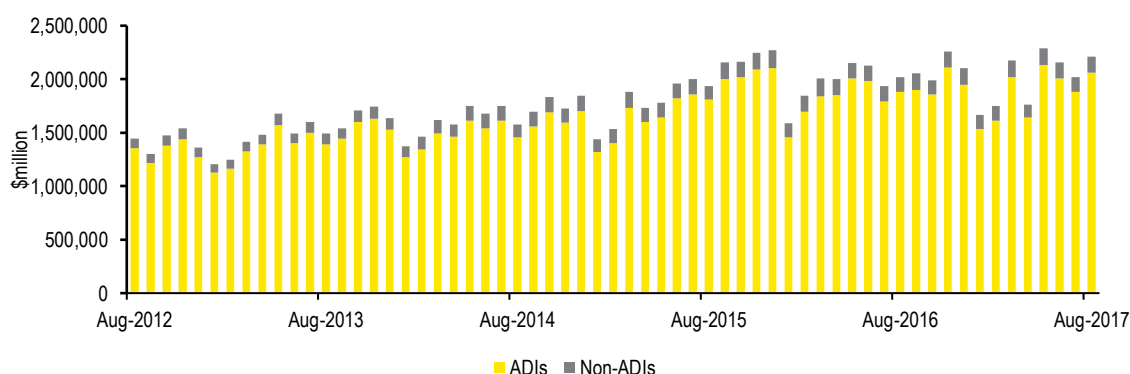
3. Industry overview

GMV currently provides a range of retail banking products and services in Australia. Its core business, and source of asset growth, is the provision of residential mortgages. As such, we discuss the primary drivers of this business, as well as considering the funding sources available particularly for “ADIs” such as GMV.

Within the Australian financial services industry, the banks, credit unions and building societies, known as ADIs, provide the bulk of banking services to Australian households and businesses. The four major domestic banks dominate the retail and commercial banking sectors, each with national operations and significant branch networks. A number of regional banks also operate in Australia, focussing principally on their regional markets. Within this sector, the mortgage lending industry is comprised of ADIs, securitisers and non-ADIs, providing a range of services including sourcing and originating loans, lending and distributing loan products to households and businesses. It is a highly competitive industry dominated by the major banks. GMV operates as principally a residential mortgage lender generating the majority of new loans through direct channel mortgage lending and mortgage brokers.

Residential mortgages represent the largest lending exposure in the Australian market. Total loan growth in Australia has been strong in recent years and is heavily dependent on prevailing macro-economic conditions as well as regulation. As indicated in the chart below, over the last five years, total residential loans outstanding have increased at a compound annual growth rate of 8.9%. Loans have increased from approximately \$1.4 trillion in August 2012 to \$2.2 trillion in August 2017, with ADIs representing \$2.1 trillion⁴.

Total residential loans outstanding



Source: Australian Bureau of Statistics

The key drivers of growth include:

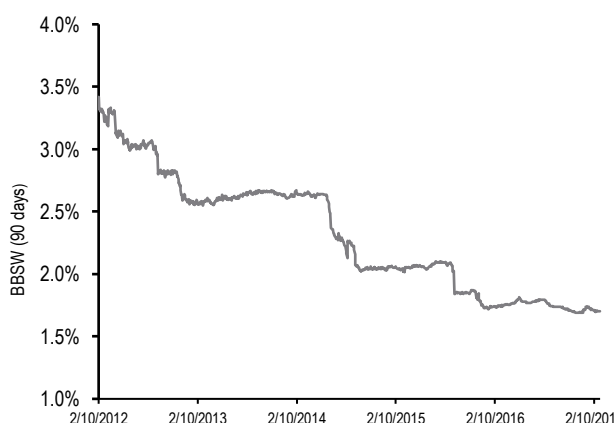
- ▶ **Economic activity** – higher levels of economic growth generally results in higher demand for financing of investment activities as well as wage increases. Higher disposable incomes assist in providing the income required to service the loans. The Australian economy currently maintains a relatively low, but stable level of growth, with low unemployment rates.
- ▶ **Property prices** – Property prices have trended higher across all Australian major capital cities over the past five years providing attractive investment opportunities. In particular, Sydney and Melbourne have experienced the largest price increases growing at compound annual growth rates of 11.7% and 8.4% respectively⁵.

⁴ Australian Bureau of Statistics (ABS), '5609.0 Housing Finance, Australia' (2017)

⁵ Australian Bureau of Statistics (ABS), 'Property Price Index, Australia' (2017)

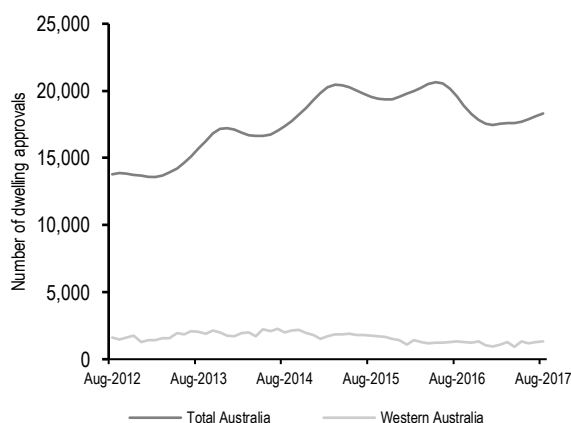
- ▶ **Residential housing loan rates** – the official cash rate in Australia has continued to decline over the last five years, and remains at record low levels of 1.50% as at October 2017. This is also reflected in the key benchmark rate for borrowers, being the bank bill swap rate, as indicated in the chart below. While the low interest rate may lead to a growth in new loans provided, this also has a negative effect on the revenue of mortgage lenders through lower interest revenues. Recently, various bank and non-bank lenders have increased interest rates and pricing of interest-only mortgages as a result of the changes in requirements imposed by APRA.
- ▶ **Population growth** – an increase in population will typically lead to an increase in demand for housing, particularly in urban areas. In the last five years New South Wales, Queensland and Victoria have experienced the highest growth in population and have experienced the largest increases in median house prices⁶. New dwelling approvals have helped fuel mortgage demand growth as shown by the upward trend in Australian housing approvals in the chart below. In Western Australia, new dwelling approvals remain relatively flat.

Historical interest rates



Source: Thomson Reuters

Monthly housing approvals



Source: Australian Bureau of Statistics

ADIs are corporations which are authorised under the Banking Act 1959⁷. ADIs include banks, credit unions and building societies and are subject to prudential standards enforced by APRA. The key advantage for registered ADIs is the ability to fund their operations through deposits raised from their retail and corporate customers. Depositor protection up to a maximum of \$250,000 per ADI per customer is guaranteed by the Australian Government pursuant to the Financial Claims Scheme.

Credit unions and building societies mainly source their funds from retail deposits and securitisation programs before being redistributed as personal, commercial and housing loans. APRA allows credit unions with more than \$50.0 million in Tier 1 capital to convert to bank status⁸. Although banks have similar prudential regulations to other ADIs, the branding benefits in acquiring new customers has driven many credit unions and building societies to convert to bank status as customers perceive banks to be a safer institution⁹.

Non-ADIs refer to financial institutions which are not authorised under the Banking Act 1959. Non-ADIs typically raise funds through wholesale channels and loans. Non-ADIs are primarily regulated by ASIC but only to the

⁶ Australian Bureau of Statistics (ABS), '6416.0 Residential Property Indexes: Eight Capital Cities' (2017)

⁷ Australian Prudential Regulation Authority

⁸ IBISWorld, 'Credit Unions in Australia' (2017)

⁹ IBISWorld, 'Credit Unions in Australia' (2017)

extent of the ASIC Act, however greater industry regulation changes are currently being proposed to allow APRA to implement rules on Non-ADI lenders to restrict the lending and the provision of finance¹⁰.

3.1 Regulations

Australia's financial regulation framework is governed by three main agencies:

- ▶ APRA is responsible for prudential regulation and supervision of individual financial institutions
- ▶ ASIC is responsible for regulating Australian companies, financial markets, financial services organisations and professionals who deal in investments; and
- ▶ The Reserve Bank of Australia is responsible for monetary policy, overseeing financial system stability and oversight of the payments system.

APRA is the primary regulator of the mortgage lending sector and has developed a regulatory framework for ADIs. The framework aims to enhance the ability of institutions to identify, measure and manage the various risks in its business. APRA requires an ADI to hold a minimum level of capital that is considered by the regulatory body as adequate for the type of activities it undertakes. In terms of capital adequacy, an ADI requirement is categorised within two tiers:

- ▶ Tier 1 capital – comprises of the highest quality capital elements which meet all the essential characteristics of capital such as ordinary shares, retained earnings and reserves.
- ▶ Tier 2 capital – includes other elements of capital which are of varying degrees of quality to Tier 1 Capital however contribute to the strength of an institution.

In July 2017, APRA announced its intention to raise minimum Tier 1 capital ratio requirements for the major Australian banks to 10.5%, including a 1.0% capital conservation buffer. This is considered by APRA as necessary to improve the resilience to weakening credit conditions. The revised minimum Tier 1 capital requirements are expected to take effect in early 2020¹¹. In respect of GMY, the Company is currently required to meet a minimum capital ratio of 16.5%, which includes a 1.5% capital conservation buffer¹². However the minimum ratio increases to 17.0% in January 2020.

In addition to the capital requirements, in April 2017 APRA introduced additional measures with the aim of softening demand for housing loans and reducing the riskiness of banks' loan portfolios. This reflects the rise in loan arrears of the major banks over the last 12 months and the risks perceived by APRA in the housing market which is expected to lead to further increases in non-performing loans¹³. The additional measures recently introduced by APRA include, amongst others:

- ▶ New interest-only loans limited to 30% of total new residential mortgages
- ▶ Volumes of interest-only loans with a loan-to-value ratio exceeding 80% are subject to banks' internal limits, with those exceeding 90% required to be closely scrutinised
- ▶ Growth in housing investment loans as a proportion of total new mortgages should remain below 10%

¹⁰ IBISWorld, 'Non-Depository Financing in Australia' (2017)

¹¹ Moody's Investor Services, 'Increasing capital buffers and stable profitability offset risks' (2017)

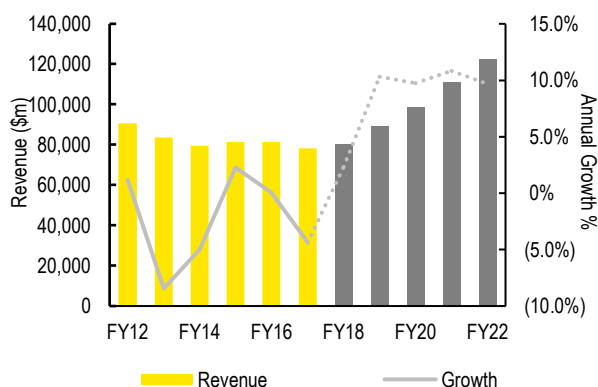
¹² GMY Annual Internal Capital Adequacy Assessment Process Report to APRA dated 30 June 2017

¹³ IBISWorld, 'Credit Unions in Australia' (2017)

3.2 Industry performance and outlook

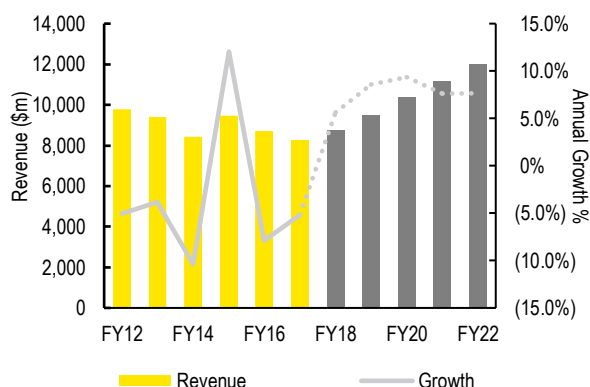
The graphs below illustrate the historical and forecast performance of the Australian ADI mortgage lending industry and the Non-ADI financing sub-sector.

Australian ADI mortgage revenue



Source: IBISWorld

Australian Non-ADI financing revenue



Source: IBISWorld

As indicated above, the overall revenues of ADIs have decreased at a compound annual growth rate of 2.9% over the past five years¹⁴. The continuous reduction in the cash rate combined with high funding margins has negatively impacted net interest margins, and therefore revenue, despite an increase in total loans over this period. Similar trends are observed in the non-ADI sector.

However, as indicated in the charts above, overall revenues are forecast to rise over the next five years through higher outstanding loan balances and potential interest rate rises in coming years¹⁵. Australian ADI mortgage revenue is forecast to increase at a compound annual growth rate of 9.4% over the next five years to 2021-22. Australian Non-ADI revenue is forecast to increase at a slightly lower compound average rate of 7.8% over the same period.

As mentioned previously, APRA announced additional measures to limit interest only loans at 30% of total new mortgage lending. It is believed that interest-only loans represented approximately 40% of residential lending by ADIs in March 2017¹⁶. Following the introduction of the regulations in April 2017, the share of interest-only loans fell to 30% in the June 2017 quarter. The reduction in ADIs share of interest-only loans is anticipated to create an opportunity for the Non-ADI sector and ADIs operating below the 30% limit by increasing competition.

¹⁴ IBISWorld, 'Mortgages in Australia' (2017)

¹⁵ IBISWorld, 'Mortgages in Australia' (2017)

¹⁶ AFR, 'APRA takes on Australia's dangerous addiction – interest-only home loans' (31/03/2017)

4. Overview of GMY

4.1 Background

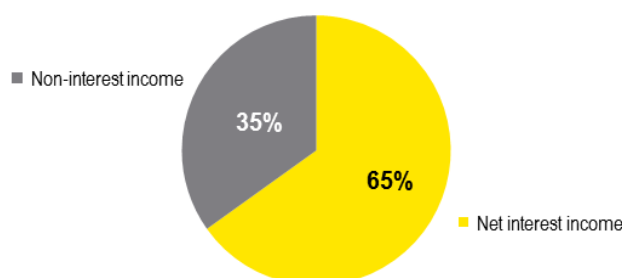
GMY is a Western Australian based authorised deposit-taking institution regulated by APRA. The Company offers a range of retail banking products, including loans, fixed term deposits and other business and personal banking services. As at 30 June 2017, GMY had net assets of \$20.2 million¹⁷ and its market capitalisation one day prior to the date of announcement of the Offer was \$22.5 million¹⁸.

The Company commenced operations in Kalgoorlie, Western Australia in 1982 as Goldfields Credit Union, an authorised credit union under the Credit Union Act 1972. Subsequently, the Company's members approved the demutualisation and listing on the ASX on 18 May 2012 changing its name to GMY. At the time of the initial public offering, the Company raised \$9.0 million at a price of \$1.00 per share. Since then GMY has completed additional equity issuances, most recently in March 2017, raising \$4.3 million at \$0.95 per share. The equity issuances have assisted GMY in growing the business, broadening its customer base outside of Western Australia, as well as more recently investing in a new core banking system to facilitate a digital offering.

GMY's principal activity is the provision of a range of retail banking services. The key products offered include a range of loans, principally home loans, as well as business and personal loans. The Company also offers cheque accounts, savings accounts, and business accounts. As an ADI, GMY also provides at call and term deposit accounts. As a reflection of its origins in Kalgoorlie, GMY principally operates in Western Australia, with branches in Kalgoorlie and Esperance, and a corporate office in Perth.

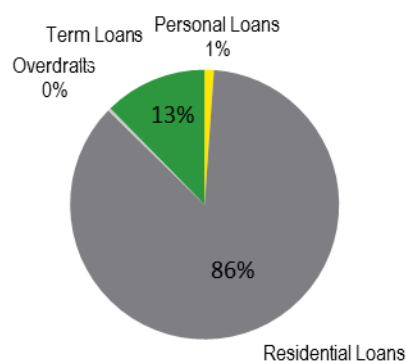
As set out in the charts below, the majority of its revenue is derived from net interest income. For the year ended 30 June 2017, net interest comprised 65% of revenues. This is predominantly derived from its growing residential loan book, and funded through its depositor base which provides a relatively cost effective source of funds. As at 30 June 2017, its loan portfolio was largely comprised of residential loans, with relatively low levels of loan losses experienced. Non-interest revenue constituted 35% of revenues in FY17. This is largely comprised of fees and commissions such as bank fees, ATM fees and commissions, servicing fees and residual income from the management of loans originated by GMY and sold to third parties. It also includes lending fees, insurance income and the recovery of bad debts.

GMY FY17 revenue breakdown



Source: GMY Annual Report FY17

GMY loan portfolio FY17



Source: GMY Annual Report FY17

¹⁷ GMY Annual Report as at 30 June 2017, page 21

¹⁸ S&P Capital IQ market data

The Company has entered into a number of alliances in order to support and grow its business. Loans are typically provided either direct to GMY's existing customer base or through alliances. These include a distribution arrangement whereby GMY issues Pioneer Credit branded personal loans to Pioneer Credit's customers. In addition, GMY has an agreement with a number of Aura Funds Management entities offering strata lending finance options. In addition through the Aura Funds Management relationship, GMY has access to Finsure which has a significant broker aggregation platform. GMY also has a relationship with Firstmac with which it provides white label loan and deposit products for Firstmac. New business is also generated through mortgage brokers, with around three quarters of home loan approvals being broker sourced in FY17. The Company also originates loans on behalf of Bendigo and Adelaide Bank Limited for which it acts as the loan servicer. We understand that all of the above relationships have been developed with the view to increase the volume of future business, which is expected to enable the Company to drive strong future loan growth. We note that Pioneer Credit, Aura Funds Management and Firstmac are all shareholders in GMY. Refer to Section 4.6 below for their equity interests.

GMY also provides ATM services in various locations across Australia through an agreement with Star Group Limited ("Star Group"). Under this arrangement, GMY supplies the cash to a large number of the Star Group's ATM network for which it receives fees. The current agreement was recently increased in May 2017, from supplying a maximum of \$15 million to \$30 million¹⁹. The agreement is for a three year period with an option to extend. In addition, GMY recently agreed to provide cash convenience services to another ATM network which is in the process of being implemented. In addition, GMY recently signed a memorandum of understanding with a Singapore based payments business, InstaRem, to provide cross border payments and hosting of customer accounts which enables a lower cost source of funding compared to term deposits.

As an ADI, GMY funds the majority of its lending activities through its depositor base. In order to assist in growing its depositors, the Company also has a distribution agreement with Firstmac to issue and distribute Firstmac branded term deposits.

4.1.1 New core banking system

During 2017²⁰ the Company announced the proposed implementation of a new core banking system. The business currently operates on a system provided by Ultradata Australia Pty Ltd under a long term outsourced contract. However in order to facilitate the enhanced digitisation of the business and industry, and expand its product base and geographic reach, the Company has made significant investments in a new system, being the Temenos T24 system. The T24 system is a software as a service offering which streamlines the banking process and is fully scalable in order to support the potential growth of GMY. Implementation of the new system is anticipated in FY18.

In connection with the proposed future product offerings and a desire to appeal to a potentially broader market, the Company has conducted market research into its current branding²¹. A proposed new brand was recently announced with the intention to launch in FY18 in conjunction with the new banking system. However the proposed re-branding was not approved by the requisite majority, being 75%, at the annual general meeting on 23 October 2017.

4.1.2 Outlook

GMY has made significant investment across its business during 2016 and 2017, most notably in its people and the proposed new core banking system. If the system implementation is successful, this is expected by management to support its future growth initiatives with limited additional costs, given its scalability. Strong growth opportunities are then expected through the inclusion on one of the largest mortgage broker platforms as well as further distribution and white labelling arrangements. While management of GMY have not provided any earnings guidance for the year ending 30 June 2018, given these systems and initiatives are not expected to commence until early 2018, any earnings impact will likely not be realised until at least the following financial year.

¹⁹ GMY ASX Announcement "STL: Doubles value of ATM Cash Convenience Agreement to \$30M" dated 18 May 2017

²⁰ GMY ASX Announcement "Update on Core Banking System Deployment" dated 9 June 2017

²¹ GMY ASX Announcement "Rebrand presentation - from GMY to Bare Money" dated 13 October 2017

4.2 Financial performance

A summary of GMY's financial performance for the last three years ended 30 June is detailed below.

GMY income statement			
Currency \$	Jun 15A	Jun 16A	Jun 17A
Interest income	7,259,134	6,722,634	6,545,552
Interest expense	(4,318,923)	(3,612,759)	(3,788,690)
Net interest revenue	2,940,211	3,109,875	2,756,862
Non-interest revenue	404,209	507,865	1,475,909
Total Revenue	3,344,420	3,617,740	4,232,771
Impairments on loans	(20,000)	(50,124)	(283,809)
Operating expenses	(3,234,359)	(3,784,756)	(5,284,987)
(Loss) / Profit before tax	90,061	(217,140)	(1,336,025)
Income tax benefit	49,890	121,953	339,569
(Loss) / Profit after tax	139,951	(95,187)	(996,456)
Other Comprehensive Income			
Revaluations of property, plant & equipment	0	0	(79,377)
Revaluation of available for sale financial assets	0	0	282,832
Income tax effect	0	0	(55,963)
Total Comprehensive (loss) / Income	139,951	(95,187)	(848,964)

Source: GMY annual report FY15, FY16 & FY17

Key Metrics			
Currency \$	Jun 15A	Jun 16A	Jun 17A
Loans	126,040,931	128,798,590	157,044,459
Loans in off balance sheet facility	19,751,001	26,035,307	26,355,626
Total loans under management	145,791,932	154,833,897	183,400,085
Deposits	143,214,317	138,665,272	194,134,305
Average net interest margin	1.87%	1.98%	1.49%
Losses as % total loans	0.02%	0.06%	0.18%

Source: GMY annual report FY15, FY16 & FY17

In relation to the historical financial performance we note:

- ▶ Interest income has declined over the last three years reflecting the prevailing low interest rate environment. This is despite growth in the underlying loan portfolio by an average of 12% per annum over the last three years. The net interest margin also declined over this period from 1.87% in FY15 to 1.49% for the year ended 30 June 2017 as a result of higher interest rates offered, particularly on term deposits. The higher rates offered were part of the Company's strategy to raise additional funds for the higher cash convenience agreement requirements with the Star Group's ATM network on which it generates non-interest income. While the higher deposits has slightly increased the cost of funding, customer deposits still remain a relatively cost effective source of funding.
- ▶ Non-interest revenue has increased significantly over the last three financial years. The significant increase in FY17 is largely due to an increase in the fees and commission income following the extension of the cash convenience agreement in relation to Star Group's ATM network.
- ▶ The main expenses are operating expenses, which have increased significantly in recent years. In FY16, the 17% increase in expenses primarily relates to internal restructuring costs. The rise in FY17 reflects various non-recurring charges such as the contract termination fee payable to Ultradata as a result of

the intended replacement of the core banking system. Non-recurring re-branding costs are also included in FY17's operating expenditure.

- ▶ Loan impairments are relatively low, with losses as a proportion of total loans rising from 0.02% of loans, to 0.18% of loans in FY17.

As a result of the above factors, a loss after tax was recorded in both FY16 and FY17. No distributions have been paid by GMY since listing.

4.3 Financial position

A summary of GMY's financial position as at 30 June 2015, 2016 and 2017 is provided below.

Balance Sheet			
Currency \$	Jun 15A	Jun 16A	Jun 17A
Cash & Equivalents	2,170,697	2,433,831	16,223,367
Due from other financial institutions	21,951,890	14,460,639	26,939,505
Loans & Advances	126,040,931	128,798,590	157,044,459
Other Financial Assets	7,197,112	9,207,785	11,510,426
Other Assets	332,408	305,844	1,647,097
Current tax assets	58,903	-	-
PPE	691,044	716,718	787,812
Intangibles	181,986	225,524	450,167
Deferred tax assets	359,224	265,510	598,529
Total Assets	158,984,195	156,414,441	215,201,362
Deposits	143,214,317	138,665,272	194,134,305
Creditors & Other payables	463,902	655,914	633,832
Provisions	233,262	225,154	225,782
Deferred tax liabilities	166,939	-	-
Total Liabilities	144,078,420	139,546,340	194,993,919
Net Assets	14,905,775	16,868,101	20,207,443
Number of shares	15,666,830	18,016,850	22,521,066
Net assets per share	0.951	0.936	0.897
Net tangible assets per share	0.940	0.924	0.877

Source: GMY annual report FY15, FY16 & FY17

In relation to the historical financial position we note:

- ▶ The majority of its assets are loans and advances, which accounted for 73% of total assets as at 30 June 2017. Its loan portfolio experienced strong growth in FY17 of 22%. Of its portfolio, residential loans comprise 86% of the loan portfolio with the remainder consisting of personal loans, term loans and overdrafts.
- ▶ GMY's liquidity is strong with cash and amounts due from financial institutions rising in FY17 due to the capital raising in March 2017 and increases in deposits.
- ▶ Other financial assets include investments in securities issued by other ADIs of \$11.1 million. It also includes GMY's shareholding in Cuscal Limited ("Cuscal"), which was recorded at fair value at 30 June 2017 of \$0.4 million. The fair value is measured based on prices at which shares have recently transacted through Cuscal's off-market exchange which facilitates trades between shareholders.

- ▶ Property, plant and equipment (“PPE”) includes land & buildings, office equipment, motor vehicles and computer equipment. Land & buildings were re-valued in FY17. The overall increase in PPE and intangibles in FY17 largely reflects investments made in IT equipment and computer software.
- ▶ The Company has deferred tax assets in the amount of \$598,000 as at 30 June 2017, the majority of which is comprised of carry forward tax losses from previous periods.
- ▶ Liabilities are largely comprised of deposits, which increased significantly in FY17. Its deposit portfolio is relatively short term, with only 25% of deposits being for maturities between 3 months and 12 months, and less than 1% greater than one year. The deposit base is its key source of funding. The Company also has an overdraft facility of \$1.2 million provided by Cuscal, which was undrawn as at 30 June 2017. GMY has \$26.4 million loans in an off balance sheet facility with a further \$34 million available.
- ▶ In March 2017, a placement of 4.5 million ordinary shares was undertaken at a price of \$0.95 per share. The placement raised \$4.3 million from new and existing investors, and was significantly oversubscribed.
- ▶ GMY’s net asset position has improved over the last three years to \$20.2 million as at 30 June 2017. The Company’s net tangible assets were \$19.8 million at this date.

4.4 Capital adequacy

As an ADI the Company is regulated by APRA, and amongst other requirements, is subject to minimum capital requirements. As per the most recent advice from APRA, GMY is required to maintain a minimum capital adequacy ratio of 17% of risk weighted assets from 1 January 2020²². This was increased from the previous minimum of 16.5%.

As set out in the table below, the Company’s capital adequacy ratio has historically been well above APRA’s minimum target ratios.

GMY capital adequacy ratios			
	Jun 15A	Jun 16A	Jun 17A
CET 1 ratio	18.8%	20.5%	19.0%
Tier 1 ratio	18.8%	20.5%	19.0%
Total capital ratio	19.2%	20.9%	19.4%

Source: GMY annual report FY15, FY16 & FY17

4.5 Capital structure

As at 30 October 2017, GMY had 22,521,066 ordinary shares on issue. In addition, GMY had certain unlisted options and performance rights on issue as set out in the table below.

GMY – capital structure	
Security type	Number of shares
Ordinary shares	22,521,066
Unlisted options	4,500,000
Performance rights	1,940,000

Source: GMY Appendix 4E & Annual Report for the year ended 30 June 2017 as lodged with the ASX on 21 August 2017

The 4,500,000 unlisted options were issued in 2012 at the time of listing. Each option entitles the holder to subscribe for one GMY share upon exercise. The options are unlisted, have an exercise price of \$1.50 per share and can be exercised any time up to their expiry date of 11 May 2019²³.

As at the date of announcement of the Offer the Company has also issued a total of 1,740,000 performance rights to certain key management personnel. Further on 25 October 2017, GMY was granted a waiver by the

²² Strengthening banking system resilience – establishing unquestionably strong capital ratios issued by APRA 19 July 2017

²³ GMY Annual Report 2017

ASX from ASX Listing Rule 7.9 to the extent necessary allowing it to issue up to 200,000 performance rights and up to 7,000 shares to employees under GMY's equity incentive plan within three months of receiving a written proposal from Firstmac in respect of the Offer²⁴. The performance rights entitle the holder to a grant of shares subject to certain conditions being met²⁵. Vested performance rights may be exercised up until 29 November 2021. However, in the event of a control event such as a takeover, the board of GMY may exercise its discretion to convert all or any of the performance rights to ordinary shares, whether or not the relevant performance conditions (if any) have been met, and/or remove any disposal restrictions, whether or not all requirements (if any) have been met. We have assumed that this discretion is exercised by the board of GMY should Firstmac acquire a controlling interest.

4.6 Shareholders

GMY's shareholders include a number of companies with whom it has strategic alliances and distribution agreements. However, as a result of its status as an ADI and the requirements for approval to hold greater than a 15% interest, no current shareholder holds more than 15% of its share capital. The top four shareholders (including associates) all have an interest in or an agreement to be a distributor of products, for GMY. The top four shareholders currently hold 53.93% of its share capital.

The current substantial holders are set out in the table below.

GMY – Substantial shareholders		
Shareholder	Number of shares	% of total units on issue
Trio C Pty Ltd / Firstmac	3,375,032	14.99%
One Managed Inv't Funds Ltd (Aura Funds Management 1 Pty Ltd)	3,220,266	14.30%
Aoyin Group Ltd	3,008,049	13.36%
Pioneer Credit Connect Pty Ltd	2,540,397	11.28%
JH Nominees (Harry Family Superfund)	1,063,373	4.72%

Source: GMY Management

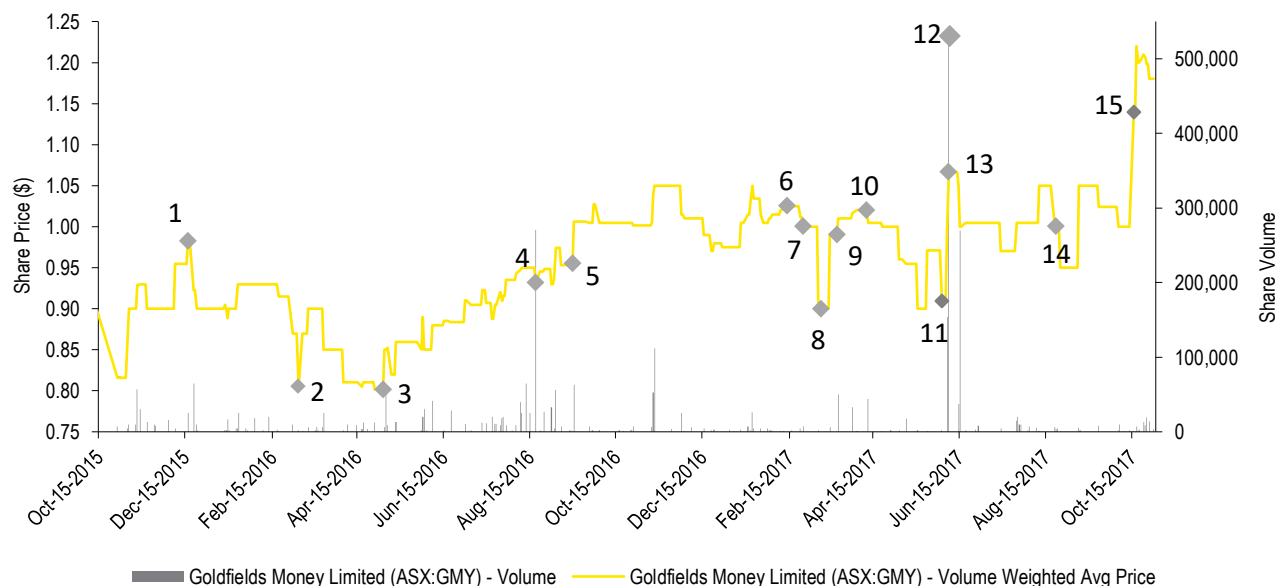
4.7 Share price performance

The chart on the following page shows the daily volume weighted average price ("VWAP") and volumes of GMY shares on the ASX for two years prior to the Announcement Date, being from 15 October 2015, and the period after the Announcement Date, up to 2 November 2017. The share price on the date of this report was \$1.19 per share. Prior to the announcement of the Offer, the Company's share price had reached a high of \$1.05 at various dates, and a low of \$0.80 per share from 27 April 2016 to 3 May 2016. The share price on 15 October 2017, being the last trading day prior to the Announcement Date, was \$1.00 per share. Subsequent to the announcement of the Offer, the share price has consistently traded above the Offer price with a high of \$1.22 and a low of \$1.14 per share.

²⁴ GMY ASX Announcement dated 25 October 2017

²⁵ GMY Annual Report 2017 & ASX Appendix 3B announcement 30/10/2017

GMV VWAP October 2015 to 2 November 2017



Source: S&P Capital IQ

GMV VWAP October 2015 to 2 November 2017

GMV's share price has shown some fluctuation over the last two years, albeit the overall trend indicates a rise from around \$0.90 to \$1.00 per share over the two years prior to the announcement of the Offer. The share price fell in early 2016 which is broadly in line with the experience of other Australian lenders, possibly reflecting the regulators' increased focus on the residential loan market and responsible lending practices. Since then, GMV's share price has generally risen. Factors that may have impacted the share price are summarised below:

1. 15 December 2015: Simon Lyons is announced as the new CEO.
2. 19 February 2016: Half year accounts are released.
3. 2 May 2016: GMV completes a fundraising at \$0.90 per share, raising \$2.12 million.
4. 19 August 2016: FY16 annual financial results are released.
5. 13 September 2016: GMV signs a 3 year \$15 million Cash Convenience agreement with Star Group, to supply money to Star Group's ATM network.
6. 13 February 2017: GMV announces the appointment of a new CFO and Company Secretary.
7. 24 February 2017: GMV releases half year results.
8. 21 March 2017: GMV successfully completes a fundraising round, raising \$4.3 million at \$0.95 per share.
9. 11 April 2017: GMV announces a memorandum of understanding with InstaRem to develop a cross border banking application for consumers and small to medium enterprises.
10. 18 May 2017: GMV increase the facility under the Cash Convenience agreement with Star Group to \$30 million.
11. 8 June 2017: Sequoia Financial Group subsidiary sells its entire shareholding, selling 435,334 shares for a total consideration of \$465,807.
12. 9 June 2017: GMV provide an update on the status of the new core banking system and the implications of Temenos acquiring 100% of Rubik Financial Ltd.
13. 21 August 2017: GMV announces FY17 annual results.
14. 13 October 2017: GMV announces the proposed rebranding of GMV to Bare Money.
15. 16 October 2017: Firstmac announce an on-market takeover bid for GMV.

4.8 Trading volume

The following table summarises the monthly trading prices and volumes of GMY's shares on the ASX over the period 15 October 2016 to 15 October 2017, one day prior to the Announcement Date.

Monthly trading volumes preceding the offer announcement

Monthly Trading - GMY						
Month	High (A\$)	Low (A\$)	Close (A\$)	VWAP (A\$)	Monthly Volume (\$)	Liquidity %
Oct-16	1.01	1.00	1.00	1.00	17,696	0.10%
Nov-16	1.05	1.00	1.01	1.03	198,861	1.10%
Dec-16	1.01	0.97	0.98	1.00	15,373	0.09%
Jan-17	1.05	0.98	1.01	1.00	57,803	0.32%
Feb-17	1.03	1.00	1.00	1.02	20,428	0.11%
Mar-17	1.02	0.90	1.02	0.98	90,803	0.50%
Apr-17	1.02	1.00	1.00	1.01	47,803	0.21%
May-17	1.00	0.90	0.98	0.95	23,000	0.10%
Jun-17	1.05	0.91	1.01	1.01	1,010,686	4.49%
Jul-17	1.01	0.97	1.01	0.99	59,106	0.26%
Aug-17	1.05	0.95	0.95	1.00	30,509	0.14%
Sep-17	1.05	0.95	1.05	1.03	16,435	0.07%
Oct-17	1.05	1.00	1.00	1.02	14,212	0.06%

Source: S&P Capital IQ

Having regard to the last 12 months, the shares have traded within the range of \$0.90 to \$1.05 per share. The monthly liquidity of GMY shares, measured as total volume traded divided by total shares on issue, over the same period ranged between 0.06% and 4.49%. The higher volumes in June 2017 were as a result of one former shareholder, Sequoia Financial Group, selling their entire holding of 435,334 shares. The October 2017 data presented in the table above only indicates price and volumes data up until the Announcement Date.

The overall trading volume of GMY shares over the last 12 months was approximately 7% of the total shares on issue. As indicated in the table below, these volumes are lower than the average trading volumes of selected peers of 39% and median of 27%.

Liquidity preceding the offer announcement

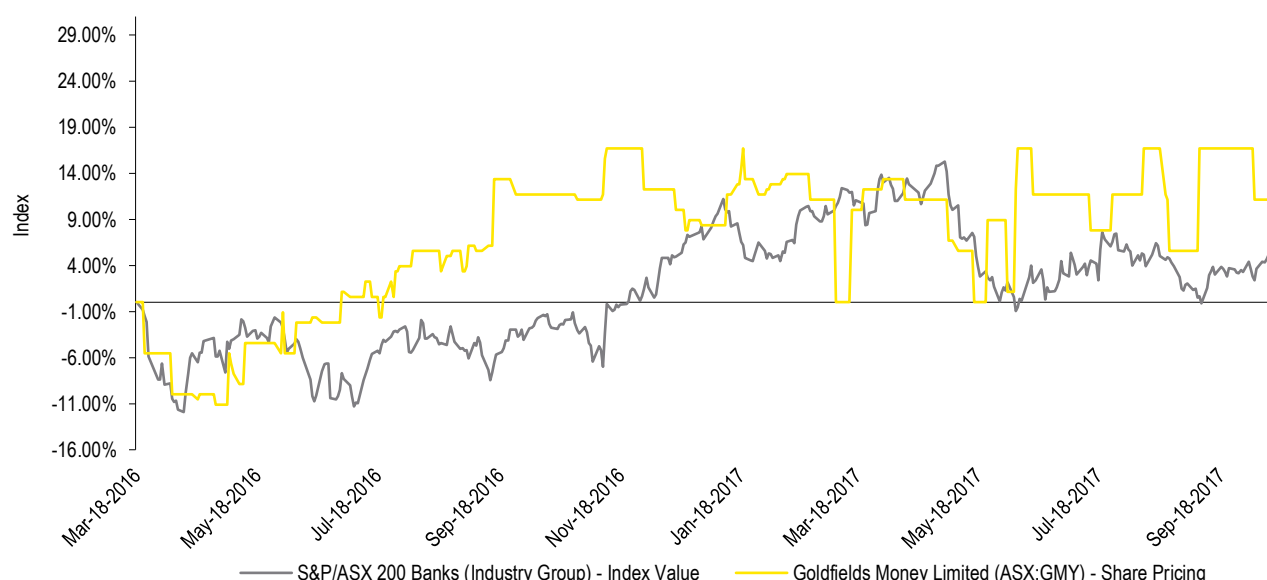
12 Month share price and volumes		
Company	Volume	Period %
GMV Ltd	1,600,412	7.1%
Auswide Bank Ltd	5,111,800	12.2%
Bank of Queensland Limited	413,807,790	105.8%
Heartland Bank Limited	93,658,050	18.2%
Bendigo and Adelaide Bank Limited	436,941,460	90.3%
Australian Finance Group Limited	88,143,390	41.0%
Homeloans Limited	10,579,620	2.7%
Mortgage Choice Limited	40,650,910	32.9%
Pepper Group Limited	36,154,630	20.6%
	Low	2.7%
	Average	39.0%
	Median	27.3%
	High	105.8%

Source: S&P Capital IQ

The very low levels of trading in GMY shares means that it may be difficult for shareholders to realise value for large volumes of shares in the open market, particularly without having a potential adverse impact on share prices.

In addition, we considered any correlation in movements in the share price to the S&P ASX 200 Banks industry group. As indicated in the chart below, the GMY share price is not highly correlated to the industry.

GMY share price vs S&P ASX 200 Banks industry group



Source: S&P Capital IQ

4.9 Illiquidity of GMY shares

Our analysis of the movements in GMY's share price and trading volumes indicates that its shares are relatively illiquid. As such, we also do not consider the share price to be reflective of fair value for the following reasons:

- ▶ GMY's free float is approximately 30%²⁶. The top 10 shareholders own approximately 70% of the issued share capital.
- ▶ The overall volume traded in the 12 months prior to the Announcement Date was 7.1% of total issued shares. On average, monthly volume traded as a percent of total shares on issue is 0.6%. Its shares are not well traded, nor traded on a daily basis. GMY's shares traded on 162 days over the preceding two year period and 74 days over the 12 months prior to the Announcement Date.
- ▶ GMY is a small company and is not a member of any ASX indices. The Company is not a member of the ASX All Ordinaries Index, which includes the largest 500 ASX listed companies, being ranked 1,291 out of a total of 2,232²⁷ ASX listed companies as at 26 October 2017.
- ▶ As a result of the above factors many funds or investors are not required to or may be restricted from holding GMY shares.
- ▶ GMY is only followed by a small number of analysts and therefore there is limited analysis by brokers as to the Company's share price performance and prospects.

²⁶ S&P Capital IQ

²⁷ <http://www.asx.com.au/asx/research/listedCompanies.do?coName=G>

5. Valuation approach

As discussed in section 2.2, we have considered whether the Offer is fair by comparing our assessed value of a GMY share, on a controlling interest basis, with the Offer price. The Offer is considered fair if the Offer price is within or greater than the range of values assessed for a GMY share.

5.1 Valuation methodologies adopted

5.1.1 Value of GMY shares

The most commonly adopted valuation approaches for a financial services business, such as GMY, is to assess the value of the company based on the future earnings stream expected to be generated, or an asset based approach assuming a going concern basis. In recent years, GMY has undertaken significant investments in its business including the proposed re-branding, improvement of its systems and processes and implementation of the new banking system. These costs and its current small size have impacted on its earnings as the business invests to increase its capacity and the efficiency with which it operates. The Company has also been in discussions with various additional third parties for distribution and white labelling arrangements including the proposed inclusion on one of the largest Australian mortgage broker platforms. While the business currently lacks scale, these initiatives, supported by a digital banking platform, are key to any future growth. As such, we do not consider an earnings approach adequately reflects the current value of the Company. As primarily a lending business, we have instead focussed on GMY's ability to grow its asset base. We have therefore based our valuation on a multiple of net tangible assets ("NTA") methodology whereby we consider the latest reported net assets, making adjustments where we consider necessary to reflect the NTA. We consider this approach appropriate as:

- ▶ Earnings and NTA based approaches are widely used methodologies in valuing banks and other ADI's
- ▶ These multiples are able to be calculated with recent evidence from trading multiples and acquisitions of broadly similar companies
- ▶ Net tangible assets and liabilities of banks are generally reported on a fair value, or mark-to-market basis. As goodwill is not able to be revalued under current accounting standards, we consider NTA multiples more appropriate than relying on the value of all net assets (i.e. unadjusted for intangible assets).
- ▶ Long term forecasts have been prepared by Management however these do not meet the presentation requirements of prospective information for this purpose, are preliminary in nature and commercially sensitive. These were used solely by us to understand the potential growth, capital and funding requirements under a number of scenarios.

We have calculated a value per share based on the number of shares in GMY expected to be outstanding at the close of the Offer should Firstmac acquire a controlling interest.

5.1.2 Other assets and liabilities

We have separately assessed the fair value of GMY's minority equity investment in Cuscal Limited.

5.2 Control premium

As noted previously, our valuation of GMY has been assessed on a 100% controlling interest basis and as such, includes a premium for control. This is consistent with the requirements of RG 111. This approach reflects that the Offer by Firstmac is for 100% of the outstanding shares, and reflects a control transaction.

5.3 Valuation cross checks

Prior to finalising our valuation of GMY, we considered the reasonableness of our assessed valuation ranges using the market approach by comparison with market evidence including the traded price of GMY's shares both prior to and following the announcement of the Offer. We have not placed significant reliance on the share price due to the limited liquidity of GMY shares. We also considered the premium to NTA achieved in recent capital raisings by GMY.

6. Valuation of GMY

6.1 Valuation methodology

As discussed in section 5 of this report, our fair valuation of a GMY share has been conducted on a controlling interest basis primarily using a multiple of NTA. When considering the value of one GMY share, we have performed the following:

- ▶ An assessment of the net tangible assets of GMY as of 30 June 2017
- ▶ An assessment of an appropriate NTA multiple to apply to GMY's NTA in order to derive an equity value for the business of GMY on a control basis
- ▶ Considered any surplus assets or other adjustments to arrive at the equity value
- ▶ Calculated the total number of GMY shares assumed to be outstanding to arrive at a fair value per GMY share on a controlling interest basis.

6.2 Net tangible assets

The table below summarises the NTA of GMY for the financial year ended 30 June 2017.

Balance Sheet	
Currency \$	Jun 17A
Net assets	20,207,443
Less: Cuscal equity investment	424,800
Adjusted net assets	19,782,643
Less intangible assets	450,167
Net tangible assets	19,332,476

Source: Ernst & Young Transaction Advisory Services Limited analysis, Annual Report 2017

In arriving at our estimate of NTA, we have had regard to the following factors:

- ▶ GMY has reported net assets of \$20.2 million as at 30 June 2017. While no subsequent financial information or guidance has been announced by management, we understand that the current net assets are not materially different to the position at 30 June 2017.
- ▶ We have deducted the book value of the equity investment in Cuscal Limited and valued this separately.
- ▶ We have deducted the intangible assets which were reported on the balance sheet as at 30 June 2017. These principally include software assets which are recognised at amortised cost. While we would typically make adjustments for intangible assets other than software, as detailed breakdowns of intangible assets were not available for all quoted companies, we instead adjusted for all intangible assets so as to ensure the calculation for GMY and other companies are comparable.

Based on the above, the adjusted NTA is \$19.3 million as at 30 June 2017.

6.3 NTA multiples

We have capitalised the selected NTA at a multiple that we consider reasonably reflects the business and growth prospects of GMY as well as the potential synergistic benefits available to potential acquirers. In assessing appropriate NTA multiples we considered the current trading multiples of companies that may be considered broadly comparable to GMY. In addition, we analysed the multiples implied from recent acquisitions of companies with similar operations.

6.3.1 Trading multiples

Presented in the table below are the trading multiples of the selected comparable companies. These multiples are based on the observed share prices of minority parcels of shares as at 1 November 2017. Further information on these companies is provided in Appendix C – *Trading multiples and data*.

Comparable company trading multiples - ADIs					
Company	Market cap (\$m)	FY16 P/BV	FY17 P/BV	FY16 P/NTA	FY17 P/NTA
Bank of Queensland Limited	5,198	1.4x	1.4x	1.9x	1.8x
Heartland Bank Limited	971	1.9x	1.7x	2.2x	1.9x
Auswide Bank Ltd	230	1.1x	1.0x	1.4x	1.4x
Bendigo and Adelaide Bank Limited	5,405	1.1x	1.0x	1.6x	1.4x
MyState Limited	432	1.4x	1.4x	2.0x	1.9x
Min		1.1x	1.0x	1.4x	1.4x
Median		1.4x	1.4x	1.9x	1.8x
Mean		1.4x	1.3x	1.8x	1.7x
Max		1.9x	1.7x	2.2x	1.9x

Source: S&P Capital IQ, Company Annual Accounts

Comparable company trading multiples - Non-ADIs					
Company	Market cap (\$m)	FY16 P/BV	FY17 P/BV	FY16 P/NTA	FY17 P/NTA
Australian Finance Group Limited	353	4.0x	3.3x	4.0x	3.3x
Homeloans Limited	179	2.2x	1.3x	2.2x	1.5x
Mortgage Choice Limited	277	2.7x	2.7x	2.9x	2.8x
Pepper Group Limited	645	1.5x	1.4x	1.8x	1.6x
Min		1.5x	1.3x	1.8x	1.5x
Median		2.4x	2.0x	2.6x	2.2x
Mean		2.6x	2.2x	2.7x	2.3x
Max		4.0x	3.3x	4.0x	3.3x

Source: S&P Capital IQ, Company Annual Accounts

Note: We note that the Pepper Group multiples reflect controlling interest multiples given the KKR offer for the company announced on 7 May 2017

The multiples have been calculated based on the share prices as at 1 November 2017 and NTA at each respective reporting date.

6.3.2 Transaction multiples

The table below summarises the transaction multiples implied in recent transactions involving companies with operations broadly comparable to those of GMY. While ideally we would consider acquisitions of ADIs with a similar business mix to be the most comparable, many of these transactions occurred more than 5 years ago in very different market conditions and are therefore not presented below. As such, there are very few recent relevant transactions, and our listing of acquisitions therefore includes a broad range of financial services providers. Some of these listed below are not overly comparable and have more diversified revenue streams than GMY currently. Further details regarding the transactions are presented in Appendix D – *Recent transactions*.

Transaction multiples					
Acquirer	Target	Transaction value (mm)	Percentage acquired (%)	P/BV	Price/NTA
KKR Credit Advisors (US) LLC	Pepper Group Limited	635	100	1.4x	1.6x
Commonwealth Bank of Australia	AHL Investments Pty Ltd	165	20	n/a	n/a
HNA Group Co., Ltd	UDC Finance Limited	660	100	1.6x	1.6x
Somers Limited	Homeloans Limited	89	79	1.4x	1.4x
Homeloans Limited	RESIMAC Limited*	135	100	1.6x	1.6x
Auswide Bank Ltd	Qld Professional Credit Union	32	100	1.2x	1.2x
Pioneer Credit (White Label) Pty Ltd	Goldfields Money Limited *	2	14	1.1x	1.1x
Yellow Brick Road Holdings Limited	Resi Mortgage Corporation Pty Ltd	36	100	n/a	1.4x
MyState	The Rock	68	100	1.1x	1.3x
Bendigo and Adelaide	Rural Bank	165	40	1.2x	n/a
Low				1.1 x	1.1 x
Mean				1.3 x	1.4 x
Median				1.3 x	1.4 x
High				1.6 x	1.6 x

Source: Ernst & Young Transaction Advisory Services Limited analysis, MergerMarket, S&P Capital IQ

*Note: The RESIMAC transaction multiple reflects a minority basis through the issuance of shares in the merged group

*Note: The GMY transaction is for a minority interest in GMY and not reflective of control

6.3.3 Assessment of NTA multiples

In assessing an appropriate range of NTA multiples to apply in valuing GMY, we considered the following factors:

- ▶ GMY has shown strong consistent growth in its loan book since FY15, with annual loan book growth averaging around 12% per annum which is above the rate of growth in the larger comparable ADIs.
- ▶ GMY has made significant investments across its business during 2016 and 2017, most notably in its people and the proposed new core banking system. If the system implementation is successful, this and the inclusion on one of the largest mortgage broker platforms as well as further distribution and white labelling arrangements, are expected by management to support its future growth initiatives. We note that Auswide Bank Limited has recently implemented new loan origination and e-banking platforms.
- ▶ Non-interest income currently represents around 35% of GMY revenues. These revenue streams are generally less asset intensive albeit are factored into APRA's overall assessment of risk in setting minimum capital adequacy requirements. In considering the NTA multiples of quoted companies and multiples implied in recent transactions, we placed greater reliance on companies with a similar mix of interest and non-interest income to GMY. We placed low reliance on less asset intensive companies due to their differing business models to GMY.
- ▶ GMY is significantly smaller, in terms of both market capitalisation and loans and advances, than the selected trading companies and recently acquired companies. With a relatively fixed cost base associated with businesses of this nature, scale benefits may result in increased profitability as the business grows.

- ▶ Funding availability is key to achieving growth. As an ADI benefitting from depositor protection under the Financial Claims Scheme, GMY may be able to raise additional funds relatively cost efficiently. We note that over the years FY15 to FY17, GMY generated net interest margins similar to the selected quoted companies.
- ▶ Certain of the quoted companies, such as Homeloans Limited have relatively low levels of trading in their shares, which we have taken into consideration when analysing their implied multiples.
- ▶ We view the Homeloans merger with RESIMAC as broadly similar based on its operations. The transaction was a merger between RESIMAC (an unlisted entity) and Homeloans (an ASX listed entity). The merger was a scrip transaction with RESIMAC shareholders collectively holding more than 72% of the enlarged group post completion. The merger created a large non-bank lender with a combined portfolio exceeding \$13 billion and was expected to generate significant synergies.
- ▶ Based on our analysis of the NTA of comparable companies and transactions, ADIs and non-ADIs are currently trading at a premium to the NTA.
- ▶ Prior to the announcement of the Offer, GMY's share price (on a minority interest basis) implied a FY17 P/NTA multiple of 1.0x²⁸. This is significantly lower than the mean of the selected comparable trading ADIs of 1.7x.
- ▶ The trading multiples presented in section 6.3.1 are based on the prices for minority parcels of shares (except where indicated) and therefore do not include a premium for control. A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as:
 - ▶ The ability to realise some synergistic benefits, for example by merging the operations with those of the acquiring entity and generating revenue synergies and/or funding synergies such as through an ADI. In the case of GMY we consider that depending on the acquirer, the potential funding synergies as an ADI could be significant
 - ▶ Access to cash flows and payment of dividends
 - ▶ Access to tax benefits
 - ▶ Control of the board of directors and the direction of the company
- ▶ Historically, control premiums on successful takeovers in Australia have frequently been in the range of 20% to 40% with the premium varying significantly from circumstance to circumstance. Control premiums in the current environment have been observed to approximate 30%, or even higher where there is the potential for significant synergies to be realised by a particular purchaser. This view is supported by the Mergerstat control premium study at 30 June 2017, with the median 12 month control premium observed for transactions globally in the financial services sector of 29%. This compares to the 12 month control premium observed for all transactions globally of 33%. We note that in this case we would view the high end of this range as more reflective of the attractiveness as an ADI offering potential funding synergies.

After considering the above factors we have selected a NTA multiple range of 1.60x to 1.75x on a control basis to apply to the selected NTA of GMY.

Selected multiple range – Control basis	NTA	
	Low	High
Selected multiple range	1.60x	1.75x

Source: Ernst & Young Transaction Advisory Services Limited analysis

²⁸ On an undiluted basis assuming 22.5 million shares outstanding

6.4 Other assets and liabilities

GMY owns a minority interest in the ordinary equity of Cuscal Limited. The investment was recorded at fair value at 30 June 2017 at \$0.425 million. The fair value is measured based on prices at which shares have recently transacted through Cuscal Limited's off-market exchange which facilitates trades between shareholders. We have reviewed this transaction price and shareholding information which was provided to us by Management and considered the value recorded in GMY's accounts as being materially reflective of current fair value.

Management of GMY has advised that as at the date of this report, there are no other significant surplus assets or liabilities which require inclusion within the valuation.

6.5 Number of shares on issue

As detailed in section 4.5 of this report, GMY currently has 22,521,066 ordinary shares outstanding. As at the date of this report, there were 1,940,000 performance rights on issue. In the event of a control event such as a takeover, the board of GMY may exercise its discretion to convert all or any of the performance rights to ordinary shares, whether or not the relevant performance conditions (if any) have been met, and/or remove any disposal restrictions, whether or not all requirements (if any) have been met. We have assumed that this discretion is exercised by the board of GMY should Firstmac acquire a controlling interest. As such on a diluted basis, the number of ordinary shares assumed to be outstanding for the purposes of our valuation analysis is therefore 24,461,066. In calculating the number of ordinary shares, we have assumed that the Board of GMY resolves to vest and convert all outstanding performance shares into ordinary shares assuming Firstmac achieves control. However we have not assumed that the 7,000 ordinary shares approved under the GMY equity incentive plan will be acquired by relevant employees prior to the close of the Offer.

We have also considered the 4,500,000 unlisted options and have performed high level calculations to ascertain if these have material value and therefore if they are likely to be exercised. We note that the options have an expiry date of May 2019 and exercise price of \$1.50 per share. Whilst they could have some value, based on our analysis, this is not significant in the context of the Offer and we have therefore not explicitly adjusted for these options in the valuation calculations.

6.6 Summary of values

We have valued GMY using a range of NTA multiples on a controlling interest basis. Our valuation is summarised in the following table.

GMY – Valuation summary		NTA Basis	
P/NTA Multiple Valuation		Low	High
\$	Reference		
Net tangible assets	Section 6.2	19,757,276	19,757,276
Less: Cuscal equity investment	Section 6.4	424,800	424,800
Adjusted net tangible assets		19,332,476	19,332,476
Assessed multiple (Control basis)	Section 6.3	1.60x	1.75x
Equity value of GMY (Control basis)		30,931,962	33,831,833
Add: Cuscal equity investment	Section 6.4	424,800	424,800
Less: One off transaction costs		(300,000)	(300,000)
Fair value of equity		31,056,762	33,956,633
Number of shares on issue	Section 4.5	24,461,066	24,461,066
Fair value of a GMY share (Control basis)		\$ 1.27	\$ 1.39

Source: Ernst & Young Transaction Advisory Services Limited analysis

Accordingly, we assessed the value of each GMY share to be between \$1.27 and \$1.39 on a controlling basis.

6.6.1 Valuation cross check using GMY share price

We have compared our assessed valuation range for GMY to the prices at which the shares have traded both prior to and since announcement of the Offer. Prior to the announcement of the Offer, the 3 month, 1 month and 1 week VWAP was \$1.01, \$1.03 and \$1.00, respectively. These prices reflect a minority share price and our valuation conclusion reflects a controlling basis. Our value range implies a premium to the previous VWAP range discussed above prior to the announcement of between 23% and 39%.

However we note that since announcement of the Offer certain additional performance rights have been issued. Furthermore as a result of the announcement of the Offer we have assumed that all performance rights will immediately vest if Firstmac acquires a controlling interest. This may reflect a higher level of assumed outstanding shares than the expected dilution in the market price pre announcement. If we adjusted our fair value per share to exclude the dilutive effect of all performance rights this would imply a premium from the VWAP prior to the announcement of between 34% and 51%. We consider that this significant premium is warranted given the potential value of the ADI, specifically in relation to the funding synergies which may be achieved.

We also compared our assessed range of \$1.27 to \$1.39 per share to the capital raising undertaken by GMY in March 2017. This capital raising was undertaken at \$0.95 per share. Our value range implies a premium to this price of 33.7% to 46.3%.

Subsequent to the announcement of the Offer, GMY shares have consistently traded above the Offer price with a high of \$1.22 and a low of \$1.14 per share. However as noted earlier, in our view, GMY shares do not have high levels of liquidity.

6.6.2 Prior capital issuances

We also considered the recent capital raisings and the implied premium to NTA of those recent capital raisings. There have been two capital raisings over the previous 18 month period in May 2016 and March 2017, for 2.4 million shares and 4.5 million shares, respectively. The prices at which the shares were issued reflected minority parcels of shares. In order to compare the implied premium to NTA to our assessed range we included a premium for control on the share price of the capital raisings and compared this assumed controlling price to the most recent reported NTA at the time of the raising.

The March 2017 capital raising (uplifted to be reflective of a control basis for this comparison purpose) implies a premium to NTA of 39% on a control basis. The May 2016 capital raising (similarly uplifted for control for comparison purposes) implies a premium to NTA of 26% on an assumed control basis.

GMY prior capital raisings		
Date	21/03/2017	2/05/2016
Price per share (Minority basis)	\$ 0.95	\$ 0.90
Net tangible assets at last reporting date prior to raising	15,971,745	14,571,173
Shares outstanding	18,016,850	15,666,830
Net tangible asset per share (\$)	0.89	0.93
Price per share (Control basis)	\$ 1.23	\$ 1.17
Premium to net tangible asset per share	39.3%	25.8%

Source: Ernst & Young Transaction Advisory Services Limited analysis

Our assessed value range of \$1.27 to \$1.39 per share implies a premium to NTA of between 45% and 58%. The lower end of this range is above the most recent capital raising on an assumed control basis. We consider this reasonable, reflecting the Company's progress in achieving its strategic initiatives and potential synergies available to an acquirer.

7. Evaluation of the Offer

7.1 Overview

In forming our opinion as to whether the Offer is fair and reasonable for GMY shareholders, we have considered a number of factors including:

- ▶ Whether the assessed value of a GMY share, on a controlling interest basis, is higher or lower than the Offer price of \$1.12 per share.
- ▶ The price at which the GMY shares are proposed to be acquired relative to the listed market price of GMY shares prior to the announcement of the Offer and whether a premium for control is being paid and is appropriate in the circumstances.
- ▶ The existence of alternatives to the Offer and the consequences for shareholders.
- ▶ The likelihood of an alternative superior proposal being received.
- ▶ The likely market price of GMY shares in the event that the Offer is not approved.
- ▶ The advantages and disadvantages relevant to GMY shareholders and other relevant matters shareholders should consider.

7.2 Fairness of the Offer

We have determined whether the Offer is fair by comparing the assessed value of a GMY ordinary share, on a controlling interest basis, to the consideration that will be received by GMY shareholders in the event that the Offer is accepted. In this case, the Offer price is \$1.12 cash per ordinary share.

In forming our opinion, we have concluded that the value of a GMY ordinary share is in the range of \$1.27 to \$1.39 on a control basis. As shown in the table below, the Offer is at a discount of 11.8% at the low end and a discount of 19.4% at the high end of our assessed value of a GMY share. The table below presents a summary of the assessed value of a GMY share on a controlling interest basis compared to the Offer price.

Evaluation of the fairness of the Offer			
\$/share	Reference	Low	High
Value of a GMY share on a controlling interest basis (\$)	Section 6	1.27	1.39
Offer Price (\$)	Section 1	1.12	1.12
Discount to the value of a GMY share (\$)		(0.15)	(0.27)
% Discount to the value of a GMY share		11.8%	19.4%

Source: Ernst & Young Transaction Advisory Services Limited analysis

As the Offer price falls below the range of assessed values of a GMY share, we consider the terms of the Offer to be not fair to GMY shareholders.

7.3 Reasonableness of the Offer

RG 111 provides that an offer may be “reasonable” despite being “not fair”, if the expert believes that there are sufficient reasons for the security holders to accept the offer in the absence of any superior proposal. In assessing the reasonableness of the Offer, in the following section, we have considered the advantages, disadvantages and other factors.

Advantages of the Offer

The Offer provides liquidity

The Offer represents an opportunity for GMY shareholders to access liquidity in their shares. The low levels of trading in GMY shares historically means that it may otherwise be difficult for GMY shareholders to realise fair value in the open market for their shares. This opportunity for immediate liquidity may be of greater benefit for holders of larger parcels of GMY shares, which may ordinarily be more difficult to sell on-market due to the limited liquidity of GMY shares.

Disadvantages of the Offer

GMY shareholders are not receiving an adequate premium for control of the company

The Offer price of \$1.12 per share represents a premium to GMY's volume weighted average share price prior to the announcement of the Offer, as set out below.

Offer price premium to VWAP	3 months	1 month	1 week	1 day
\$/share				
Offer Price	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.12
VWAP - Minority basis	\$ 1.01	\$ 1.03	\$ 1.00	\$ 1.00
Premium %	10.9%	8.7%	12.0%	12.0%

Source: S&P Capital IQ, Ernst & Young Transaction Advisory Services Limited analysis

As indicated in the table above, the Offer price represents a premium of 12% to the share prices of GMY both one day and one week prior to the announcement of the Offer. The Offer price is also at an 8.7% premium to the one month average share price.

A premium is frequently paid in the acquisition of a controlling interest in a company where the acquisition may give rise to benefits such as the control of the board of directors and future strategy of the business, access to the cash flows and payment of dividends, as well as the ability to realise synergistic benefits. Historically, control premiums on successful takeovers in Australia have frequently been in the range of 20% to 40% with the premium varying significantly based on differing circumstances. Control premiums in the current environment have been observed to approximate 30%, or even higher where there is the potential for significant synergies to be realised by a particular purchaser. This view is supported by the Mergerstat control premium study at 30 June 2017, with the median 12 month control premium observed for transactions globally in the financial services sector of 29%. This compares to the 12 month control premium observed for all transactions globally of 33%.

While the potential synergies available to particular purchasers may differ, the Offer price implies a control premium significantly lower than those observed in other transactions. In our view, an acquisition of GMY may provide significant synergistic benefits to certain purchasers. These synergies may include increased revenues from the distribution and white labelling agreements combined with the proposed new digitised capabilities of the banking system, and/or lower cost funding opportunities given GMY's status as an ADI. While we have not quantified the potential synergies, we have taken them into account in considering the appropriateness of the control premium implied by the Offer price. In our view the potential synergies would indicate a control premium above the average observed in recent transactions, and as such the premium for control implied by the Offer price is too low in the circumstances.

Potential for alternative superior proposals to emerge

It is possible, but not certain, that an alternative superior proposal may emerge. As disclosed in the Target's Statement, GMY has recently had preliminary discussions with other parties, however, as at the date of this report, GMY has not received any formal competing proposal. Any assessment of the likelihood of a superior proposal being received prior to the close of the Offer is highly subjective, however we note the following factors:

- GMY is an ADI which may be highly attractive to companies seeking to diversify their funding sources through customer deposits. An acquisition of GMY by a non-ADI would likely result in significant funding

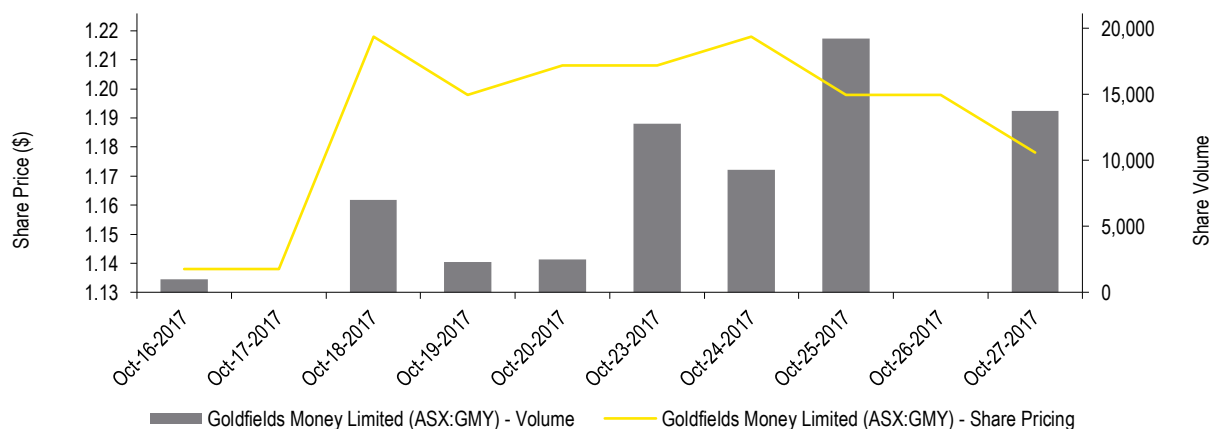
synergies to such as acquirer. While typically an acquirer may not pay for all synergies they expect to realise, we consider the fact that GMY is an ADI significantly increases the attractiveness to an acquirer.

- ▶ The Company is in the process of implementing a new core banking system which is highly scalable and expected to support new products and services, and facilitate its future growth strategy.
- ▶ The Offer from Firstmac was unsolicited and not as a result of a formal sale process by the Company.
- ▶ Regulatory approvals are required in order to acquire a greater than 15% interest in an ADI. While this may deter some bidders, it is not unreasonable to assume that the APRA may provide approval to qualifying bidders in addition to Firstmac particularly since such approvals have been provided to Firstmac (subject to conditions discussed subsequently).
- ▶ The existence of four major shareholders, each holding more than 10% of the current share capital and having various distribution and white labelling agreements with GMY, may deter some bidders.

The Offer price is below the level at which the shares have traded since announcement of the Offer

Since announcement of the Offer, GMY shares have traded at between \$1.14 and \$1.22 per share, being above the Offer price of \$1.12 per share. As such, shareholders may in the short term be able to realise a higher value than the Offer price by selling their shares on-market. However, the volumes of shares traded during this period are relatively low indicating that this position can not be assured. As discussed below this position may also erode towards the end of the Offer Period especially in the event that no alternative proposal emerges.

GMY share price movement after the Announcement Date



Source: S&P Capital IQ

No participation in the future of GMY's business

Shareholders who choose to accept the Offer would not benefit from any potential future increases in value of the Company, should the proposed growth from additional distribution and white labelling and digitisation of the business be successful.

Possible minority ownership consequences

Based on the stated intentions set out in the Bidders' Statement, in the event that Firstmac acquires greater than 90% of the shares, the remaining shares will be compulsorily acquired. In the event that Firstmac acquires 50% but less than 90% of all GMY shares, there are potential adverse consequences of remaining as a minority interest shareholder in GMY. In these circumstances, GMY shareholders who do not accept the Offer or

otherwise dispose of their shares will remain minority shareholders in GMY. This has a number of implications, including:

- ▶ Firstmac may seek to de-list GMY if it acquires greater than 50% of the GMY shares, subject to complying with ASX guidance on this matter. If this occurs, GMY shareholders who do not accept the Offer may be left with shares in an unlisted entity. If GMY was de-listed, the marketability of shares in GMY would be significantly reduced which may also have an adverse impact on the price at which GMY shareholders could arrange to sell their shares.
- ▶ If GMY remains listed, or if Firstmac acquires less than 50% of the total shares:
 - The GMY share price would be expected to decrease immediately following the end of the Offer period. This would reflect the fact that at that stage, the attraction of GMY as a takeover target will be diminished should Firstmac be a controlling or particularly significant shareholder. Any prospect of ongoing shareholders realising a control value for their shares would depend upon Firstmac or another buyer offering a further proposal in the future.
 - The reduced free float of GMY shares is likely to further reduce the number of available shares and their liquidity. This may negatively affect the trading prices of GMY's shares.
 - GMY would be entitled to acquire additional GMY shares under the 'creeping' acquisition provisions which allow for up to 3% of GMY shares to be acquired every six months. Such an approach would not provide minority GMY shareholders with the opportunity of realising a control value for their shares.

Other factors

If the Offer does not result in Firstmac acquiring all of the outstanding GMY shares, the price of a GMY share is likely to fall below current trading levels

If the Offer does not result in the acquisition of 100% of GMY shares, and in the absence of an alternative superior proposal, GMY will continue to operate in its current form and be listed on the ASX unless delisted in accordance with the discussion above. As a consequence, GMY shareholders will maintain ownership of GMY shares but will not receive any cash consideration. Further, in these circumstances there is a risk that the price of GMY shares will fall back towards levels experienced prior to 16 October 2017.

Tax consequences

We have not considered the specific taxation implications that may be relevant for individual GMY shareholders in connection with the Offer. The exact nature and impact of any tax consequences are uncertain and will depend upon the profile of each GMY shareholder. These specific consequences need to be borne in mind by each GMY shareholder in weighing up the merits of the Offer. GMY shareholders should consider the information contained in the Target's Statement. As set out in these documents, GMY shareholders should consider to what extent they may be liable to pay capital gains tax on the disposal of their GMY shares if they accept the Offer and whether there are any other Australian tax implications.

Transaction expenses

As set out in the Target's Statement transaction expenses of approximately \$300,000 are expected to be incurred in respect of the Offer. However the majority of these have already been incurred or will be incurred irrespective of whether or not the proposed Offer is accepted.

Implications of selling the GMY shares on-market

Any shareholder who accepts the Offer by selling their shares on-market would not benefit from any subsequent superior proposal, if received.

In our view as the disadvantages outweigh the advantages of the Offer we consider the Offer to be not reasonable.

7.4 Conclusion

Taking into consideration the matters detailed in this IER, in the opinion of Ernst & Young Transaction Advisory Services Limited, the Offer is not fair and not reasonable to GMY shareholders not associated with Firstmac. This IER has been prepared specifically for GMY shareholders. Neither Ernst & Young Transaction Advisory Services Limited, Ernst & Young, nor any employee thereof undertakes responsibility to any person, other than GMY shareholders, in respect of this report, including any errors or omissions howsoever caused.

This IER constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of GMY shareholders. The decision as to whether to accept the Offer is a matter for individual GMY shareholders. GMY shareholders should have regard to the Target's Statement prepared by GMY's directors and management. GMY shareholders who are in doubt as to the action they should take in relation to the Offer should consult their own professional advisor.

Appendices

Appendix A Statement of qualifications and declarations

Ernst & Young Transaction Advisory Services Limited, which is wholly owned by Ernst & Young, holds an Australian Financial Services Licence under the Act and its representatives are qualified to provide this report. The representatives of Ernst & Young Transaction Advisory Services Limited responsible for this report have not provided financial advice to GMY or Firstmac.

Prior to accepting this engagement, we considered our independence with respect to GMY and Firstmac with reference to Regulatory Guide 112: *Independence of experts*. While Ernst & Young, and its global affiliates, have previously provided professional services to GMY and Firstmac, these services were of a compliance nature. Ernst & Young, and its global affiliates have not provided any services in connection with this Offer. In our opinion, and considering RG 112, we are independent of GMY and Firstmac.

This report has been prepared specifically for the shareholders of GMY not associated with Firstmac in relation to the Offer. Neither Ernst & Young Transaction Advisory Services Limited, Ernst & Young, nor any member or employee thereof, undertakes responsibility to any person, other than the shareholders of GMY, in respect of this report, including any errors or omissions howsoever caused.

The statements and opinions given in this report are given in good faith and the belief that such statements and opinions are not false or misleading. In the preparation of this report Ernst & Young Transaction Advisory Services Limited has relied upon and considered information believed after due inquiry to be reliable and accurate. We have no reason to believe that any information supplied to us was false or that any material information has been withheld from us. We have evaluated the information provided to us by GMY, its advisors, as well as other parties, through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base our report. We do not imply and it should not be construed that we have audited or in any way verified any of the information provided to us, or that our inquiries could have verified any matter which a more extensive examination might disclose.

GMY has provided an indemnity to us for any claims arising out of any mis-statement or omission in any material or information provided to us in the preparation of this report.

We provided draft copies of this report to the directors and management of GMY for their comments as to factual accuracy, as opposed to opinions, which are the responsibility of us alone. Changes made to this report as a result of this review by the directors and management of GMY have not changed the methodology or conclusions reached by us.

We will receive a professional fee based on time spent in the preparation of this report estimated at approximately \$71,500 (inclusive of GST). We will not be entitled to any other pecuniary or other benefit whether direct or indirect, in connection with the preparation of this report.

This report has been jointly prepared by Ms Julie Wolstenholme and Stuart Bright, both being directors and representatives of Ernst & Young Transaction Advisory Services Limited and partners of Ernst & Young. Both have the necessary experience and professional qualifications appropriate to the advice being offered.

The preparation of this report has had regard to ASIC Regulatory Guides and APES 225 *Valuation Services* issued by the Accounting Professional and Ethical Standards Board Limited in July 2008. It is not intended that the report should be used for any other purpose other than to accompany the Target's Statement to be sent to GMY shareholders. In particular, it is not intended that this report should be used for any other purpose other than as an expression of our opinion as to whether or not the Offer is fair and reasonable to the shareholders of GMY not associated with Firstmac.

Any forward looking information prepared by GMY and used as a basis for the preparation of this report reflects the judgement of GMY management based on the present circumstances, as to both the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the relevant future period will almost always differ from the forward looking information and such differences may be material. To the extent that our conclusions are based on such forward looking information, we express no opinion on the achievability of that information.

We consent to the issue of this report in the form and context in which it is included in the Target's Statement.

Appendix B Valuation approaches

Most valuation approaches can be categorised under one or more of the following broad approaches:

- ▶ The income approach under which an asset is valued as the present value of the future net economic benefits that are expected to accrue to the owner from the use or sale of the asset.
- ▶ The market approach under which an asset is valued by reference to evidence (if any) of prices obtained in sales of interests in the asset that is the subject of the valuation, or by reference to the value of comparable assets related to some common variable such as earnings, cash flow or revenue.
- ▶ The cost approach under which an asset is valued by reference to its historical cost or replacement cost.

Each of these approaches is appropriate in certain circumstances. The decision as to which approach and methodology to utilise generally depends on the availability of appropriate information and type of business.

Income approach

The most common methodology within the income approach is the discounted cash flow (“DCF”) methodology. The DCF methodology involves calculating the net present value of cash flows that are expected to be derived from future activities. The forecast cash flows are discounted by a rate that reflects the time value of money and the risk inherent in the cash flows.

This methodology is particularly appropriate in valuing projects, businesses and companies that are in a start-up phase and are expecting considerable volatility and/or growth in earnings during the growth phase, as well as businesses with a finite life. The utilisation of this methodology generally requires management to be able to provide long term cash flows for the company, asset or business.

Market approach

The main methodology within the market approach is the capitalisation of earnings methodology. This involves capitalising the earnings of a business at an appropriate multiple, which reflects the risks underlying the earnings together with growth prospects. This methodology requires consideration of the following factors:

- ▶ Estimation of normalised earnings having regard to historical and forecast operating results, abnormal or non-recurring items of income and expenditure and other factors. The normalised earnings are generally based on net profit after tax, EBIT, EBITA or EBITDA.
- ▶ Determination of an appropriate earnings multiple reflecting the risks inherent in the business, growth prospects and other factors. Multiples may be derived from quoted comparable trading companies and well as implied from recent acquisitions of similar companies.
- ▶ Earnings multiples applied to net profit after tax are known as price earnings multiples and are commonly used in relation to listed public companies. Earnings multiples applied to EBIT, EBITA or EBITDA are known, respectively, as EBIT, EBITA or EBITDA multiples, and are commonly used in respect of companies comprising a number of businesses where debt cannot be precisely allocated or in acquisition scenarios where the purchaser is likely to influence the capital structure.
- ▶ An adjustment for financial debt, in the event that maintainable earnings are based on EBIT, EBITA or EBITDA.
- ▶ An assessment of any surplus assets and liabilities, being those which are not essential to the generation of the future maintainable earnings.

This methodology is appropriate where a company or business is expected to generate a relatively stable record of earnings.

Cost approach

The main method within the cost approach is the net realisable value of assets methodology. This involves the determination of the net realisable value of the assets of a business or company, assuming an orderly realisation of those assets. This value includes a discount to allow for the time value of money and for reasonable costs of undertaking the realisation. It is not a valuation on the basis of a forced sale, where assets may be sold at values materially different to their fair market value.

This methodology is appropriate for asset intensive businesses, or where a business does not generate an adequate return on its assets.

Appendix C Trading multiples and data

Comparable company trading multiples

The table below summarises current trading multiples of listed companies operating in the financial services sector in Australia. We have excluded the major banks due to their significantly larger size. These companies are split into ADIs and Non-ADIs. The multiples are calculated based on the share prices as at 1 November 2017.

Comparable company trading multiples - ADIs					
Company	Market cap (\$m)	FY16 P/BV	FY17 P/BV	FY16 P/NTA	FY17 P/NTA
Bank of Queensland Limited	5,198	1.4x	1.4x	1.9x	1.8x
Heartland Bank Limited	971	1.9x	1.7x	2.2x	1.9x
Auswide Bank Ltd	230	1.1x	1.0x	1.4x	1.4x
Bendigo and Adelaide Bank Limited	5,405	1.1x	1.0x	1.6x	1.4x
MyState Limited	432	1.4x	1.4x	2.0x	1.9x
Min		1.1x	1.0x	1.4x	1.4x
Median		1.4x	1.4x	1.9x	1.8x
Mean		1.4x	1.3x	1.8x	1.7x
Max		1.9x	1.7x	2.2x	1.9x

Comparable company trading multiples - Non-ADIs					
Company	Market cap (\$m)	FY16 P/BV	FY17 P/BV	FY16 P/NTA	FY17 P/NTA
Australian Finance Group Limited	353	4.0x	3.3x	4.0x	3.3x
Homeloans Limited	179	2.2x	1.3x	2.2x	1.5x
Mortgage Choice Limited	277	2.7x	2.7x	2.9x	2.8x
Pepper Group Limited	645	1.5x	1.4x	1.8x	1.6x
Min		1.5x	1.3x	1.8x	1.5x
Median		2.4x	2.0x	2.6x	2.2x
Mean		2.6x	2.2x	2.7x	2.3x
Max		4.0x	3.3x	4.0x	3.3x

Source: S&P Capital IQ, Ernst & Young Transaction Advisory Services Limited analysis

Note: We note that the Pepper multiples represent a controlling value given the KKR offer announced on 7 May 2017

Description of comparable companies

A brief overview of the comparable companies is provided below:

ADIs

Bank of Queensland Limited

Bank of Queensland Limited ("BOQ") is a regional Australian bank with more than 190 branches across Australia. It offers a diverse range of products for personal and business customers, leveraging a number of its brands including Virgin Money, BOQ Finance, BOQ Specialist and St. Andrews Insurance. As at 30 June 2017 BOQ had \$43.6 billion in loans and advances outstanding.

Heartland Bank Limited

Heartland Bank Limited (“Heartland”) is a New Zealand registered bank with operations in New Zealand and Australia. Heartland Bank Limited provides various financial services to small-to-medium sized businesses, farmers, and families in New Zealand and Australia. It operates through households, business, and rural segments. The company offers term, transactional, and savings accounts, residential and reverse mortgage lending products, motor vehicle and consumer finance, and term debt, plant and equipment finance, commercial mortgage lending, working capital solutions and insurance products. As at 31 December 2016 Heartland Bank Limited had \$3.3 billion in loans and advances outstanding.

Auswide Bank Ltd

Auswide Bank Ltd (“Auswide”) is a licenced credit and financial services provider and ADI. It provides finance (principally mortgage finance), investment opportunities and associated banking, insurance and financial services to business and consumer customers in Australia. As at 30 June 2017 Auswide had \$2.8 billion in loans and advances outstanding.

Bendigo and Adelaide Bank Limited

Bendigo and Adelaide Bank Limited (“BAB”) is an Australian retail bank. It provides a range of banking and other financial services, including retail banking, mortgage distribution through third-parties, business lending, business banking and commercial finance, funds management, treasury and foreign exchange services, superannuation, financial advisory and trustee services. As at 30 June 2017 Bendigo and Adelaide Bank Limited had \$60.7 billion in loans under management.

MyState Limited

MyState Limited (“MyState”), through its subsidiaries, provides a range of financial products and services in Australia. It operates through banking, wealth management and corporate and consolidation divisions. The company offers banking products, including transactional savings accounts and fixed term deposits, lending, such as home loans, personal, overdraft, line of credit, and commercial products and insurance products. As at 30 June 2017 MyState had a loan portfolio of \$4.3 billion with 200,000 customers across Australia.

Non-ADIs

Australian Finance Group Limited

Australian Finance Group Limited (“AFG”), together with its subsidiaries, provides mortgage broking services in Australia. The company operates in two segments, AFG wholesale mortgage broking and AFG home loans. It offers residential mortgages, AFG-branded and securitised products, such as home loans, and business loans. AFG was formerly known as Australian Finance Group Pty Ltd. The company was founded in 1994 and is headquartered in Perth. As at 30 June 2017 AFG had a residential trail book of \$126.5 billion across 45 lenders.

Homeloans Limited

Homeloans Limited (“Homeloans”) is one of Australia’s largest mortgage broking groups and is a non-bank lender, mortgage manager service provider and mortgage broker with a nationwide presence. As a non-bank lender and mortgage manager, Homeloans sells residential mortgage loans through external third party mortgage brokers as well as its own branded mortgage broker relationships. In October 2016 Homeloans merged with RESIMAC Limited, a provider of home loan solutions in Australia and New Zealand. As at 30 June 2017 Homeloans had \$10.0 billion assets under management and 50,000 mortgage customers.

Mortgage Choice Limited

Mortgage Choice Limited (“Mortgage Choice”) primarily runs a franchise network of mortgage brokers and provides mortgage broking services in Australia. It operates through three segments: Mortgage Choice Franchised Mortgage Broking, Mortgage Choice Financial Planning, and Help Me Choose Health Fund and Mortgage Comparison Website. The company offers assistance in determining the borrowing capacities of borrowers, assessment of a range of home loans and other products, and submission of loan applications on behalf of borrowers. It also provides car loans, credit cards, and financial planning and business lending services. As at 30 June 2017 Mortgage Choice’s loan book totalled \$53.4 billion.

Pepper Group Limited

Pepper Group Limited (“Pepper”) is principally a specialist residential mortgage and consumer lending and loan servicer, operating in targeted segments in Australia and New Zealand and internationally. On 7 May 2017 KKR Credit Advisors LLC announced its intention to acquire 100% of Pepper for a consideration of \$635 million. We note that this multiple already reflects control as of 7 May 2017 when the acquisition was announced.

Appendix D Recent transactions

The table below summarises the transaction multiples implied in recent transactions involving companies with operations broadly comparable to those of GMY. While ideally we would consider acquisitions of ADIs with a similar business mix to be the most comparable, many of these transactions occurred more than 5 years ago in very different market conditions and, for this reason, are not presented below. As such, there are very few recent relevant transactions, and our listing of acquisitions therefore includes a broad range of financial services providers. Some of these listed below are not overly comparable and have more diversified revenue streams than GMY currently.

A brief overview of recent transactions is provided below:

- ▶ On 4 August 2017 Commonwealth Bank of Australia Limited agreed to acquire the remaining 20% stake in AHL Investments Pty Ltd, which traded as Aussie Homeloans, from John Symonds. Under the terms of the transaction, the purchase consideration was paid in the form of Commonwealth Bank of Australia Limited shares. The transaction completed on 5 September 2017 for approximately \$170 million. AHL is a non-bank lender with more than \$76.0 billion in loans as at the end of 2016.
- ▶ On 7 May 2017 KKR Credit Advisors (US) LLC announced its intention to acquire 100% of Pepper Group Limited for \$635 million. Pepper is principally a specialist residential mortgage and consumer lending and loan servicer, operating in targeted segments in Australia and New Zealand and internationally. Under the terms the shareholders of Pepper may receive \$3.6 per share and with permission for the Directors to declare and pay a fully franked dividend of up to \$0.03 per share.
- ▶ On 11 January 2017 HNA Group Co., Ltd. entered into an agreement to acquire UDC Finance Limited from ANZ Bank New Zealand Limited for NZ\$660 million. The transaction also included the Esanda name and trademarks in Australia and New Zealand. UDC is New Zealand's largest non-bank lender with NZ\$2.6 billion in loans in 2016. HNA is China's largest non-bank leasing company with 410,000 employees across Asia, North America and Europe.
- ▶ On 16 September 2016 Somers Limited agreed to acquire a 79% stake in Homeloans Limited for \$88.5 million. Homeloans Limited is an ASX listed non-bank lender and alternative provider of residential mortgage finance. Homeloans Limited sells residential mortgages through external third party mortgage brokers as well as its own branded broker relationships.
- ▶ On 20 July 2016 Homeloans entered into a scheme implementation agreement with RESIMAC Limited to implement a proposed merger of both companies. The transaction was a merger between RESIMAC (an unlisted entity) and Homeloans (an ASX listed entity). The merger was a scrip transaction with RESIMAC shareholders collectively holding more than 72% of the enlarged group post completion. The merger created a large non-bank lender with a combined portfolio exceeding \$13 billion and was expected to generate significant synergies.
- ▶ On 22 December 2015 Auswide Bank Ltd announced its intention to merge with Queensland Professional Credit Union Ltd (trading as Your Credit Union ("YCU")). Under the terms of the merger the total consideration was \$32 million, implying a value of \$7,813 per YCU member. The transaction represented a P/BV multiple of 1.2x.
- ▶ On 29 August 2014 Yellow Brick Road Holdings Limited entered into a conditional agreement to acquire 100% of Vow Financial Pty Ltd ("Vow") for \$17.6 million in cash and stock. Vow was a mortgage aggregator that represented 776 independent mortgage broker groups. The transaction implied a P/NTA multiple of 1.4x.
- ▶ On 8 July 2014 Yellow Brick Road Holdings Limited entered into a conditional agreement to acquire 100% of RESI Mortgage Corporation Pty Ltd for \$36.2 million in cash and stock. RESI Mortgage was a non-bank lending specialist focusing on the origination and management of residential home loans and commercial loans. The transaction implied a P/NTA multiple of 1.4x.

- In August 2011 MyState Limited (“My State”) announced its intention to acquire 100% of Rock Building Society (“Rock”). The transaction consideration was share based, whereby Rock’s shareholders received 7.75 MyState shares for every 10 Rock shares held. This implied a value of \$68 million for Rock and a price to NTA of 1.3x. The transaction completed on 12 December 2011.
- On 26 October 2010 Bendigo and Adelaide Bank Limited (“BAB”) announced its intention to acquire a 40% stake in Rural Bank Limited from Elders Limited. The transaction brings BAB’s holding in Rural Bank to 100%. The transaction consideration was for \$165 million and its completion was announced on 10 December 2010. The implied P/BV multiple for the transaction was 1.2x.

Transaction multiples					
Acquirer	Target	Transaction value (mm)	Percentage acquired (%)	P/BV	Price/NTA
KKR Credit Advisors (US) LLC	Pepper Group Limited	635	100	1.4x	1.6x
Commonwealth Bank of Australia	AHL Investments Pty Ltd	165	20	n/a	n/a
HNA Group Co., Ltd	UDC Finance Limited	660	100	1.6x	1.6x
Somers Limited	Homeloans Limited	89	79	1.4x	1.4x
Homeloans Limited	RESIMAC Limited*	135	100	1.6x	1.6x
Auswide Bank Ltd	Qld Professional Credit Union	32	100	1.2x	1.2x
Pioneer Credit (White Label) Pty Ltd.	Goldfields Money Limited *	2	14	1.1x	1.1x
Yellow Brick Road Holdings Limited	Resi Mortgage Corporation Pty Ltd	36	100	n/a	1.4x
MyState Limited	Rock Building Society	68	100	1.1x	1.3x
Bendigo and Adelaide Bank Limited	Rural Bank Limited	165	40	1.2x	n/a
Low				1.1 x	1.1 x
Mean				1.3 x	1.4 x
Median				1.3 x	1.4 x
High				1.6 x	1.6 x

Source: Capital IQ, comparable company announcements, Ernst & Young Transaction Advisory Services Limited analysis

*Note: The RESIMAC transaction multiple reflects a minority basis through the issuance of shares in the merged group

*Note: The GMY transaction is for a minority interest in GMY and not reflective of control

Appendix E Sources of information

In arriving at our views, we have had regard to the following sources of information:

- ▶ Audited annual financial statements and investor presentations of GMY for FY15, FY16, FY17
- ▶ GMY unaudited financial management report on the results for the three months to 30 September 2017.
- ▶ GMY draft Target's Statement
- ▶ ASX announcements issued by GMY for the period from 2015 to 2017.
- ▶ Company websites for GMY, Firstmac and other listed companies in the sector.
- ▶ Market data obtained from sources including ThomsonOne, S&P Capital IQ, IBIS World, Datanalysis, Mergermarket, Moodys Investor Services, Factiva and the Australian Bureau of Statistics.
- ▶ Annual Internal Capital Adequacy Assessment Process report to APRA dated June 2017.
- ▶ Prospectus lodged by GMY in 2012 (then known as Goldfields Credit Union Limited).
- ▶ Regulatory data obtained from APRA.
- ▶ Cuscal Limited shareholding information.

In addition we held discussions with various members of senior management of GMY.

Appendix F Glossary

Glossary	
Abbreviation	Full Title / Description
\$	Australian dollars
ADI	Authorised deposit-taking institution
Announcement Date	16 October 2017
ASIC	Australian Securities and Investments Commission
APRA	Australian Prudential Regulation Authority
ASX	Australian Securities Exchange
Bidder's Statement	Statement lodged by Firstmac detailing its intention to acquire 100% of GMY ordinary shares
CAGR	Compound annual growth rate
Capex	Capital expenditure
CET1	Common equity tier 1 capital
Company	Goldfields Money Limited or GMY
Corporations Act	Corporations Act 2001
DCF	Discounted cash flow
EBIT	Earnings before interest & tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FCS	Financial Claims Scheme
Firstmac	Firstmac Holdings Limited and associated entities
FSG	Financial Services Guide
GMY	Goldfields Money Limited
ICAAP	Internal capital adequacy assessment process
IER	Independent Expert's Report
LTM	Last 12 months
LTV	Loan to value
NIM	Net interest margin
Non-ADI	Non-authorised deposit-taking institutions
NPAT	Net profit after tax
NTA	Net tangible assets
Opex	Operating expenses
Offer	Firstmac's proposal to acquire 100% of the shares in GMY at \$1.12 cash per share
Offer Price	\$1.12 per GMY share
P/BV	Price to book value multiple
P/NTA	Price to net tangible assets multiple
PPE	Property, plant and equipment
RG 111	Regulatory Guide 111: <i>Content of expert reports</i>
RG 112	Regulatory Guide 112: <i>Independence of experts</i>
RWA	Risk weighted asset
Target's Statement	GMY's Target's Statement in relation to the Offer to be dispatched to GMY shareholders
VWAP	Volume weighted average price
YoY	Year-on-year

Part 2 – Financial Services Guide

THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INDEPENDENT EXPERT'S REPORT
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3 November 2017

1. Ernst & Young Transaction Advisory Services Limited

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services" or "we," or "us" or "our") has been engaged to provide general financial product advice in the form of an Independent Expert's Report ("Report") in connection with a financial product of another person. The Report is set out in Part 1.

2. Financial Services Guide

This Financial Services Guide ("FSG") provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

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

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is \$71,500 (inclusive of GST).

Ernst & Young Transaction Advisory Services Limited is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits referred to above, Ernst & Young Transaction Advisory Services Limited, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services Limited and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services Limited, if any, is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited.

9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

<p>Contacting Ernst & Young Transaction Advisory Services</p> <p>AFS Compliance Manager Ernst & Young 200 George Street Sydney NSW 2000</p> <p>Telephone: (02) 9248 5555</p>	<p>Contacting the Independent Dispute Resolution Scheme:</p> <p>Financial Ombudsman Service Limited PO Box 3 Melbourne VIC 3001 Telephone: 1300 78 08 08</p>
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This Financial Services Guide has been issued in accordance with ASIC Class Order CO 04/1572.

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