ENSURANCE LIMITED ACN 148 142 634

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 3:00pm (EDST)

DATE: 12 October 2018

PLACE: Consolo Limited, Level 7, 1 York Street, Sydney NSW

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under ASX Listing Rule 10.1 (refer to Resolution 1). The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of Resolution 1 to the non-associated Shareholders. The Independent Expert has determined the transaction the subject of Resolution 1 is fair and reasonable to the non-associated Shareholders.

The business of the Meeting affects your shareholding and your vote is important.

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm (EDST) on 10 October 2018.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – DISPOSAL OF SAVILL HICKS CORP PTY LTD

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

"That, subject to and conditional upon the passing of Resolution 2, for the purposes of ASX Listing Rule 10.1 and section 260B of the Corporations Act and for all other purposes, approval is given for the Company to complete the Disposal on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by a party to the transaction and any associate of that party (or those parties). The Company will also disregard any votes cast in favour of this Resolution by Mr Stefan Hicks (and his nominee) and any of their associates and Mr Brett Graves (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Short Explanation:

Independent Expert's Report: Shareholders should carefully consider the report prepared by BDO Corporate Finance (WA) Pty Ltd for the purpose of the Shareholder approval required under ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders. The Independent Expert has determined the Disposal is **fair and reasonable** to the non-associated Shareholders in the Company.

Section 260B Corporations Act: Under section 260B(1) of the Corporations Act, Shareholder approval for financial assistance by a company in connection with the acquisition of Shares must be given by a special resolution passed at a general meeting of the Company or a resolution agreed to, at a general meeting, by all Shareholders. In this case, the Company intends to provide financial assistance to an entity controlled by Stefan Hicks (who has been a director of the Company in the last six months) and Brett Graves to acquire all of the shares in the Company's wholly-owned subsidiary Savill Hicks Corp Pty Ltd and therefore the financial assistance requires approval by Shareholders of the Company.

2. RESOLUTION 2 – SELECTIVE SHARE BUY-BACK

To consider, and if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, subject to the passing of Resolution 1, for the purposes of Section 257D of the Corporations Act and for all other purposes, approval is given for the Company to selectively buy-back and cancel 30,140,905 Shares currently held by the Buy-Back Shareholders on the terms and conditions set out in the Explanatory Statement."

Short Explanation: Under the Corporations Act, a company may make a selective buy-back by a special resolution passed at a general meeting. The Company has entered into an agreement for the buy-back and cancellation of 30,140,905 Shares held by the Buy-Back Shareholders. The agreement is conditional on obtaining a special resolution of Shareholders to approve the buy-back. Please refer to the Explanatory Statement for details.

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by any person whose Shares are proposed to be bought back and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – SHARES

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 20,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 12 September 2018

By order of the Board

Sam Hallab Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (02) 9806 2000.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO RESOLUTIONS 1 AND 2

1.1 General background

On 8 May 2018, the Company announced that it adopted a new strategic direction which involves building its operations internationally, predominantly as a managing general agent with large insurance capacity lines on a global basis.

As part of this new strategy, the Company intends to apply its resources to the expansion of its UK operations and its underwriting agencies.

Associated with the adoption of this new strategy, the Board confirmed its intent to dispose of its Australian retail brokerage businesses.

As announced on 25 July 2018, the Company has entered into a share sale agreement (**Agreement**) with SHC Insurance Holding Pty Ltd (**Purchaser**) to dispose of all of the shares in Savill Hicks Corp Pty Ltd (ACN 009 392 125) (**SHC Shares**) to the Purchaser (**Disposal**). The Purchaser is a company controlled by Mr Stefan Hicks and Brett Graves (both previous directors of the Company).

1.2 Key terms of the Agreement

The material terms of the Agreement are as follows:

- (a) (Consideration): the consideration for transfer of the Savill Hicks Corp Shares to the Purchaser totals \$4,100,000 and consists of the following:
 - (i) a deposit of \$200,000, which has been paid by the Purchaser to the Company;
 - (ii) the buy-back by Ensurance of 25,930,006 Shares held by the Hicks Shareholding Entities and 4,210,899 Ensurance Shares held by the Graves Shareholding Entities (the subject of Resolution 2);
 - (iii) cancellation of the Hicks Convertible Notes by the Company effective as at Settlement;
 - (iv) assumption by the Purchaser of the staff entitlements totalling \$44,648;
 - (v) a \$1,000,000 cash payment to the Company at Settlement; and
 - (vi) payment by the payment by the Purchaser of \$999,011 which will be satisfied by the provision by Ensurance of vendor finance (**Vendor Finance**). The Purchaser must notify the Vendor in writing prior to the settlement date of the Disposal as to whether the Vendor Finance is required or not.

- (b) (**Conditions Precedent**): Settlement of the Disposal is conditional upon the satisfaction (or waiver of conditions) of the following conditions precedent:
 - (i) the Company obtaining all necessary shareholder approvals required by the Corporations Act and the Company also obtaining all necessary approvals required by the ASX Listing Rules in relation to the Disposal including, without limitation:
 - (A) approval for the Disposal under ASX Listing Rule 10.1;
 - (B) approval for the Share Buy-Back; and
 - (C) any other shareholder approvals required to complete the matters set out in the Agreement;
 - (ii) the Parties obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act and any other law, as are required to allow the parties to lawfully complete the matters set out in the Agreement;
 - (iii) completion of re-branding of the business name "Ensurance NOW";
 - (iv) effective from the settlement date of the Disposal the Company releasing Savill Hicks Corp and Savill Hicks NSW from all security interests and encumbered obligations to Ensurance and/or any related parties of Ensurance;
 - (v) entry by Ensurance IT and Savill Hicks Corp into a deed of IT assignment, effective on the settlement date of the Disposal, under which Savill Hicks Corp shall have assigned to it ownership and full legal and beneficial title to the SHC Information Technology;
 - (vi) Ensurance Underwriting and Savill Hicks Corp entering into a software licence agreement, effective on the settlement date of the Disposal, pursuant to which Savill Hicks Corp will licence the software programme known generally by the parties as "DUNO" to Ensurance Underwriting, on a non-exclusive, non-transferable basis for as long as Ensurance Underwriting underwrites the "Householders" insurance product for Savill Hicks Corp;
 - (vii) Ensurance and Savill Hicks Corp agreeing on the form of a general security deed (formerly known as a fixed and floating charge) which will grant security over all the assets of Savill Hicks Corp and its subsidiaries to Ensurance, and be effective on and from Settlement, to secure repayment of the vendor finance; and
 - (viii) Stefan Hicks, Brett Graves and Ensurance agreeing on the form of guarantees to be provided in relation to the vendor finance and other payments due under the Agreement;
- (c) (**Settlement**): settlement will occur on that date which is five (5) Business day after satisfaction (or waiver) of the conditions precedent set out above (**Settlement**).
- (d) (Services during Transition Period): For three months from the settlement date of the Disposal, Ensurance IT and/or Ensurance Capital must provide the certain transition services to Savill Hicks Corp in accordance with a transition plan that has been agreed between the parties.

- (e) In relation to the Share Buy-Back, the Agreement provides as follows:
 - (i) Subject to receipt of Shareholder approval, the Hicks Shareholding Entities will transfer 25,930,006 Shares and the Graves Shareholding Entities will transfer 4,210,899 Shares, and Ensurance will buy-back the total 30,140,905 Shares.
 - (ii) The Hicks Shareholding Entities and the Graves Shareholding Entities must transfer their Shares with all rights attached to them at the date of settlement of the Disposal.
 - (iii) The Hicks Shareholding Entities and the Graves Shareholding Entities must transfer the Shares free from encumbrances.
 - (iv) At Settlement of the Disposal, Ensurance must deliver minutes of a special resolution, agreed to at a general meeting of Shareholders, approving the acquisition of the Shares by Ensurance as contemplated under section 257D of the Corporations Act.
 - (v) The parties acknowledge and agree that completion of the Share Buy-Back at the deemed issue price of \$0.045 per Share will satisfy payment of that part of the consideration set out in Section 1.2(a)(ii) above.
 - (vi) The Hicks Shareholding Entities and the Graves Shareholding Entities have given various representations and warranties in relation to their Shares as well as releases to the Company on and from Settlement.

2. RESOLUTION 1 – DISPOSAL OF SAVILL HICKS CORP SHARES FROM ENSURANCE CAPITAL PTY LTD

2.1 Background

As announced on 25 July 2018, the Company has entered into the Agreement with the Purchaser, Stefan Hicks, Brett Graves and entities associated with Messrs Hicks and Graves, details of which are summarised in Section 1.2 above.

Resolution 1 seeks Shareholder approval to:

- (a) enable the Company to dispose of a substantial asset to a substantial holder and a related party of the Company pursuant to ASX Listing Rule 10.1; and
- (b) enable the Company to provide financial assistance to the Purchaser to acquire all of the SHC Shares pursuant to section 260B(1) of the Corporations Act.

2.2 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, amongst other persons, a substantial holder in the entity or a related party of the entity, without the prior approval of holders of the entity's ordinary shareholders.

Substantial asset

For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

The equity interests of the Company as set out in the latest accounts given to ASX under the ASX Listing Rules (being for the year ended 30 June 2018) were negative \$778.

As the value of the SHC Shares is more than 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the ASX Listing Rules, the Disposal will result in the disposal of a substantial asset.

Purchaser – Substantial Holder and Related Party

For the purposes of ASX Listing Rule 10.1, a person is a substantial holder in an entity if the person and the person's associates have a relevant interest or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attaching to the voting securities in the entity. The Hicks Shareholding Entities and Graves Shareholding Entities have had a relevant interest in at least 10% of the total votes attached to Shares in the last 6 months and currently have a combined shareholding interest in the Company of 8.71%.

For the purposes of ASX Listing Rule 10.1 a related party is a person, at any time within the previous 6 months, has been a director of a public company. Mr Stefan Hicks resigned as director of the Company on 3 May 2018. The Purchaser is a controlled company of Mr Hicks (**Related Party**).

Mr Hicks' resignation falls within 6 months of the date of the Agreement meaning Mr Hicks is a related party of the Company.

As a result of the above conclusions, the Disposal will result in the disposal to a substantial holder and related party of the Company and the Company is required to seek Shareholder approval under ASX Listing Rule 10.1.

2.3 Independent Expert's Report

ASX Listing Rule 10.10.2 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert.

The Independent Expert's Report included in Annexure A sets out a detailed independent examination of the proposed Disposal to enable non-associated Shareholders to assess the merits and decide whether to approve the Disposal.

The Independent Expert's Report concludes that the Disposal is **fair and reasonable** to the non-associated Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

2.4 Sections 260A and 260B of the Corporations Act

Under section 260A of the Corporations Act, a company may financially assist a person to acquire shares in the company or a holding company of the company only if:

- (a) giving the assistance does not materially prejudice:
 - (i) the interests of the company of its shareholders; or
 - (ii) the company's ability to pay its creditors; or

- (b) the assistance is approved by shareholders under section 260B of the Corporations Act; or
- (c) the assistance is exempted under section 260C of the Corporations Act.

What constitutes 'financial assistance' is very broad, and can range from mere cooperation to the furnishing of something which is needed or, at the least, which is wanted, in order that the transaction be carried out. Further, financial assistance may be held to have been made to 'acquire shares' even if the assistance comes after the completion of the acquisition, possibly sometime after its completion, provided there is a link between the transaction and the assistance which draws the transaction within the policy concerns which section 260A of the Corporations Act addresses.

In the current context, the Vendor Finance, for the purposes of section 260A of the Corporations Act, constitute the Company giving financial assistance to the Related Party to acquire the SHC Shares.

Section 260B(1) of the Corporations Act requires that shareholder approval for financial assistance by a company must be given by:

- (a) a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by the person acquiring the shares or by their associates; or
- (b) a resolution agreed to, at a general meeting, by all ordinary shareholders.

Accordingly, Resolution 1 also seeks Shareholder approval for the proposed Vendor Finance to be given by the Company to the Related Party to acquire the SHC Shares.

2.5 Shareholder Approval Sought and information provided

This Explanatory Statement is given to Shareholders of the Company for the purposes of section 260B(4) of the Corporations Act. It contains all information known to the Company to be material to deciding how to vote on Resolution 1. As such the material terms of the Vendor Finance is as follows:

- (a) the Vendor Finance must be paid to Ensurance by the Purchaser within three (3) months of Settlement;
- (b) interest will accrue on the Vendor Finance at a rate of 8% per annum, compounded monthly;
- (c) if the Purchaser still owes \$750,000 (or more) on that date which is three (3) months after Settlement, an additional \$200,000 will be added to the Vendor Finance and be payable by the Purchaser;
- (d) at the sole and absolute discretion of Ensurance, a negotiated amount may be financed at a rate of 15% per annum, compounded monthly, effective on and from that date which is three (3) months after Settlement for a further three (3) month period or such longer term as determined by Ensurance and agreed in writing by the Purchaser;
- (e) provision of personal guarantees from each of Stefan Hicks and Brett Graves in relation to repayment of the Vendor Finance;
- (f) entry into a general security deed to secure repayment of the Vendor Finance; and

(g) such other terms and conditions that may otherwise be agreed in writing subsequent to the date of the Agreement between Purchaser and Ensurance.

In accordance with section 260B(5) of the Corporations Act, a copy of this Notice of Meeting was lodged with ASIC before being sent to Shareholders.

2.6 Reasons for and effect of giving the financial assistance

The reasons for the giving of the financial assistance described above is to enable the Related Party to acquire the SHC Shares.

The Directors believe that the giving of the financial assistance is unlikely to have any adverse effect on the Company. Further, upon payment of the Vendor Finance by the Purchaser the Company will receive \$999,011 plus interest from the Related Party as part of the consideration payable for the Purchaser's acquisition of the SHC Shares.

The disadvantage of approving the giving financial assistance to the Related Party is that, although the Directors consider this unlikely, the Related Party may not be able to access sufficient capital to fully repay the Vendor Finance plus any interest. However, the Company notes that this risk is mitigated by the requirements of provision of personal guarantees from each of Stefan Hicks and Brett Graves in relation to repayment of the Vendor Finance and entry into a general security deed to secure repayment of the Vendor Finance.

2.7 Recommendation of Directors

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

The reason the Directors make this recommendation is that they believe, after careful consideration of all relevant factors, that the giving of financial assistance as described in Section 2.5 is in the best interests of the Company for the following reasons:

- (a) enables the Related Party to acquire the SHC Shares and the Company to dispose of the SHC Shares for value; and
- (b) is unlikely to have any adverse effect on the Company.

The Directors intend to vote the shares in which they hold an interest in favour of Resolution 1.

2.8 ASIC notification

In accordance with the requirements of the Corporations Act, the Company has notified the ASIC of the details of the proposed financial assistance.

In the event Shareholder approval is obtained at the General Meeting, notification of the passing of Resolution 1 will also be given to the ASIC as well as notification of intention to give the financial assistance.

In accordance with Section 260B(6) the financial assistance the subject of Resolution 1 will not be given until 14 days after the ASIC has been notified.

3. RESOLUTION 2 – SELECTIVE SHARE BUY-BACK

As announced on 25 July 2018, the Company has entered into the Agreement with the Purchaser, details of which are summarised in Section 1.2 above.

Resolution 2 seeks Shareholder approval to enable the Company to buy-back and cancel the Buy-Back Shares, which is part of the consideration payable by the Purchaser in relation to the acquisition of the SHC Shares.

3.1 Section 257D of the Corporations Act

The Corporations Act provides that the rules relating to share buy-backs are designed to protect the interests of shareholders and creditors by:

- (a) addressing the risk of the transaction leading to the company's solvency;
- (b) seeking to ensure fairness between the shareholders of the company; and
- (c) requiring the company to disclose all material information.

In particular, Section 257A of the Corporations Act provides that a company may buy back its own shares if:

- (d) the buy-back does not materially prejudice the company's ability to pay its creditors; and
- (e) the company follows the procedures laid down in Division 2 of Part 2J.1 of the Corporations Act.

The procedures required differ for each type of buy-back. The Buy-Back is classified as a selective buy-back.

Pursuant to Section 257D(1) of the Corporations Act, a selective share buy-back must be approved by either:

- (f) a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person whose shares are to be bought back or by their associates; or
- (g) a resolution agreed to, at a general meeting by all ordinary shareholders.

Pursuant to Section 257D(2) of the Corporations Act, the Company must include with the Notice a statement setting out all information known to the Company that is material to the decision on how to vote on the Resolution. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to Shareholders.

Section 257H(3) of the Corporations Act provides that immediately after the registration of the transfer to a company of shares bought back, the shares are cancelled.

3.2 Details of the Share Buy-Back

ASIC Regulatory Guide 110 sets out what ASIC expects a company to provide when disclosing such information to shareholders with a notice of meeting. This information is set out below:

- (a) The Company has 346,227,724 Shares on issue at the date of this Notice;
- (b) The number and percentage of Shares to be bought back are 30,140,905 Shares representing approximately 8.7% of the Shares on issue at the date of this Notice;

- (c) The terms of the Share Buy-Back are set out in the Agreement which is summarised in Section 1.2(e) above;
- (d) The Agreement requires that the Share Buy-Back occur at a deemed issue price of \$0.045 to satisfy the part of the consideration for the acquisition by the Purchaser of the SHC Shares.
- (e) The reason for the Share Buy-Back is that it has been agreed between the parties to the Agreement that part of the consideration for the acquisition by the Purchaser of the SHC Shares be satisfied by way of the Company buying back the Hicks Shareholding Entitles' and Graves Shareholding Entitles' Shares;
- (f) No Directors will participate in the Share Buy-Back;
- (g) The financial effect of the Share Buy-Back on the Company is a decrease in issued capital of 30,140,905 Shares and \$1,356,340 in market capitalisation;
- (h) The Directors believe the advantages and disadvantages of the Share Buy-Back are:

(i) (Advantages):

- (A) the Share Buy-Back will allow the Company to satisfy part of the process required to complete the Disposal;
- (B) in turn, completion of the Disposal will allow the Company to focus on its new strategic direction, as previously announced to the market;
- (C) the financial effect of the Share Buy-Back is minimal; and
- (D) the Share Buy-Back will not have an effect on the control of the Company.

(ii) (Disadvantages):

- (A) The Shares subject to the Share Buy-Back will be cancelled and as such will not result in any cash flow to the Company.
- (i) The Share Buy-Back is not expected to have an effect on the control of the Company. As at 28 August 2018, those Shareholders holding more than 5% in the Company and their increased interest in the Company as a result of the Share Buy-Back are as set out in the table below:

| Substantial holder | Shares | % (pre Buy- Back) | % (post Buy- Back) |
|--|------------|-------------------------|--------------------------|
| Kalonda Pty Ltd <leibowitz super<br="">Fund></leibowitz> | 50,348,795 | 14.54 | 15.92 |
| Museum Investments Ltd | 22,164,047 | 6.40 | 7.01 |
| Church Street Trustees Ltd <matlas a="" c=""></matlas> | 21,552,063 | 6.22 | 6.81 |

- (j) The Buy-Back Shares are held by the Hicks Shareholding Entities (25,930,006 Shares) and the Graves Shareholding Entities (4,210,899 Shares); and
- (k) The net effect on the Company of the disposal of the SHC Shares is beneficial as the Board considers, despite the Company no longer retaining the potential benefit of the SHC Shares, the Company will have disposed of the SHC Shares for value and will be able to focus on the Company's repositioning as contemplated in the Company's ASX announcements of 8 May 2018 and 25 July 2018.

3.3 Director's recommendation

Based on the information available, including that contained in this Explanatory Statement, the Directors unanimously recommend that Shareholders vote in favour of Resolution 2 as they consider the proposed Share Buy-Back to be in the best interests of Shareholders for the following reasons:

- (a) the Share Buy-Back will allow the Company to satisfy part of the process required to complete the Disposal;
- (b) in turn, completion of the Disposal will allow the Company to focus on its new strategic direction, as previously announced to the market;
- (c) the financial effect of the Share Buy-Back is minimal and immaterial; and
- (d) the Share Buy-Back will not have an effect on the control of the Company.

The Directors confirm that they intend to vote in favour of Resolution 2 in relation to all votes that they control.

3.4 Other material information

There is no other information material to the making of a decision by Shareholders whether or not to vote in favour of Resolution 2 being information that is known to the Directors which has not previously been disclosed to Shareholders, other than as set out in this Notice.

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – SHARES

4.1 General

On 1 May 2018, the Company issued 20,000,000 Shares at an issue price of \$0.04 per Share to raise \$800,000.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 20,000,000 Shares were issued;
- (b) the issue price was \$0.04 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated investors. None of these subscribers are related parties of the Company; and
- (e) the funds raised from this issue were used for the repayment of short term debt, expand its UK business operations and working capital.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Buy-Back has the meaning given in Section 3.1.

Buy-Back Shares means 25,930,006 Shares held by the Hicks Shareholding Entities and 4,320,899 Shares held by the Graves Shareholding Entities;

Buy-Back Shareholders means the Buy-Back Shares held by the Hicks Shareholding Entities and the Graves Shareholding Entities.

Chair means the chair of the Meeting.

Company or **Ensurance** means Ensurance Limited (ACN 148 142 634).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Ensurance Capital means Ensurance Capital Pty Ltd (ACN 158 971 718) of Level 2, 2 Glen Street, Milsons Point NSW 2061.

Ensurance IT means Ensurance IT Pty Ltd (ACN 090 514 015) of Level 2, 2 Glen Street, Milsons Point NSW 2061.

EDST means Eastern daylight Savings Time as observed in Sydney, New South Wales.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Graves Shareholding Entities means:

- (a) Brett Graves and Kerrie Graves ATF B&K Graves Family Trust; and
- (b) Kerrie Graves.

Hicks Convertible Notes means the two (2) convertible note agreements between Savill Hicks Corp (Vic) Pty Ltd ATF Hicks Big Buckaroo Superannuation Fund (**Subscriber**) and Ensurance dated 27 February 2017 (for \$485,000) and 3 March 2017 (for \$15,00) respectively, pursuant to which the Subscriber subscribed for 2 convertible notes with a combined face value of \$500,000.

Hicks Shareholding Entities means:

- (a) Stefan Hicks ATF Hicks Family Trust;
- (b) Caroline Hicks; and
- (c) Savill Hicks Corp (VIC) Pty Ltd ATF Hicks Big Buckaroo Super Fund.

Independent Expert means BDO Corporate Finance (WA) Pty Ltd (ACN 124 034 045).

Independent Expert's Report means the report prepared by the Independent Expert and attached to this Notice.

Notice or **Notice** of **Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Savill Hicks NSW means Savill Hicks Corp Pty Ltd (ACN 009 392 125).

Section means a section of the Explanatory Statement.

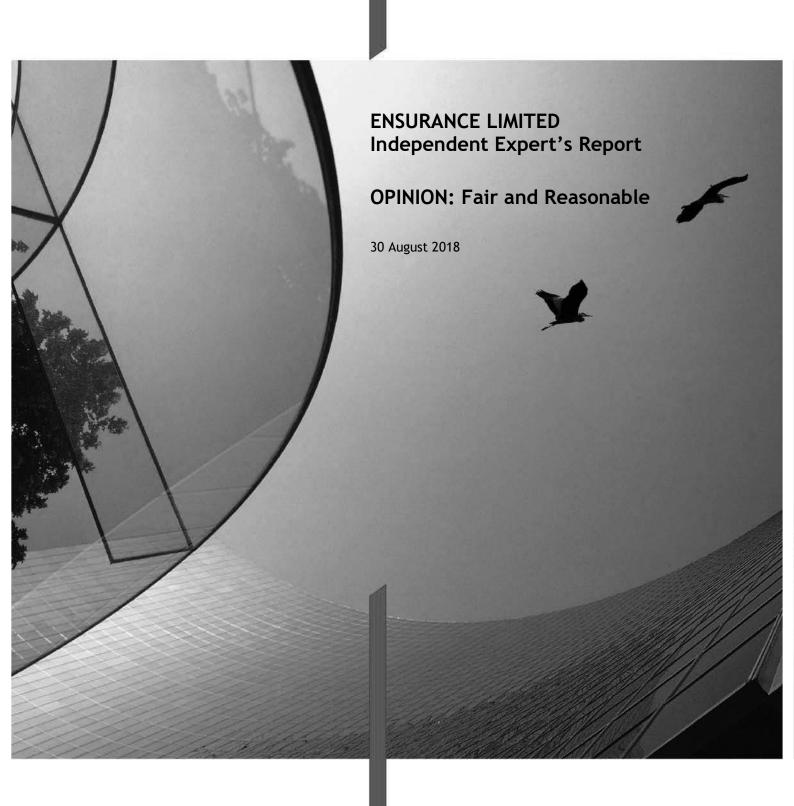
Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

SHC Information Technology means the software programmes known generally by the parties as "BOB", "SHC EBS", and "DUNO" and their respective source codes.

WST means Western Standard Time as observed in Perth, Western Australia.

| ANNEXURE | A - | INDE | PENDI | ENT | EXPERT | REPORT | • | | |
|----------|-----|------|-------|-----|--------|--------|---|--|--|
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Financial Services Guide

30 August 2018

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Ensurance Limited ('Ensurance') to provide an independent expert's report on the proposal to dispose of 100% of the issued capital of Savill Hicks Corp Pty Ltd ('Savill Hicks') to SHC Insurance Holding Pty Ltd ('SHCIHPL'). You will be provided with a copy of our report as a retail client because you are a shareholder of Ensurance.

Financial Services Guide

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

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.



Financial Services Guide

Page 2

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$32,000.

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

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Ensurance for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

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

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

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

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service GPO Box 3 Melbourne VIC 3001

Free call: 1800 367 287 Facsimile: (03) 9613 6399

Email: info@fos.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.



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30 August 2018

The Directors
Ensurance Ltd
Level 2, 2 Glen Street
Milsons Point NSW 2061

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 25 July 2018, Ensurance Ltd ('Ensurance' or 'the Company') announced that it had entered into a share sale agreement with former Company directors Stefan Hicks ('Hicks') and Brett Graves ('Graves') and their controlled entities (collectively 'Hicks Graves') to dispose of Savill Hicks Corp Pty Ltd ('Savill Hicks Corp'), the Company's Australian retail brokerage business ('Proposed Transaction').

The Directors of Ensurance have engaged BDO to prepare an IER in relation to the Proposed Transaction that satisfies the requirements of Australian Securities Exchange ('ASX') Listing Rule 10.1.

The Proposed Transaction is subject to ASX Listing Rule 10.1 because Ensurance is disposing of a substantial asset to Hicks Graves and Hicks Graves together had a relevant interest in more than 10% of the voting shares in Ensurance during the six months prior to the Proposed Transaction and Hicks is a recent former director of Ensurance (having resigned as a director on 3 May 2018) and therefore a related party of Ensurance.

2. Summary and Opinion

2.1 Requirement for the report

The directors of Ensurance have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the non-associated shareholders of Ensurance ('Shareholders').

Our Report is prepared pursuant to ASX Listing Rule 10.1 and is to be included in the Explanatory Memorandum and Notice of Meeting for Ensurance in order to assist the Shareholders in their decision whether to approve the Proposed Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').



In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of Our Report. We have considered:

- How the value of the assets being disposed of compares to the value of the consideration to be received for the disposal of the assets. We have assessed this by comparing the value of an Ensurance share if the Proposed Transaction is approved with the value of an Ensurance share prior to the Proposed Transaction;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Proposed Transaction; and
- The position of Shareholders should the Proposed Transaction not proceed.

2.3 Opinion

We have considered the terms of the Proposed Transaction as outlined in the body of Our Report and have concluded that, in the absence of an alternative offer, the Proposed Transaction is fair and reasonable to Shareholders.

2.4 Fairness

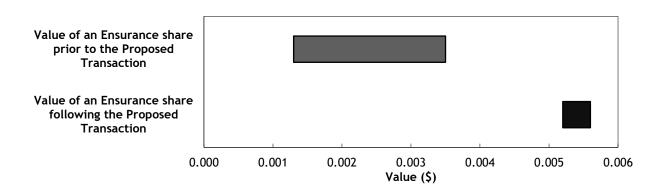
In section 12, we determined that the Proposed Transaction consideration compares to the value of the asset being disposed of, as detailed below.

| Value of an Ensurance share on a minority basis | Ref | Low \$ | Midpoint \$ | High \$ |
|---|-------|-----------|----------------|------------|
| Pre the Proposed Transaction | 10.10 | 0.0013 | 0.0024 | 0.0035 |
| Post the Proposed Transaction | 11.2 | 0.0052 | 0.0054 | 0.0056 |

Source: BDO analysis

The above valuation ranges are graphically presented below:

Valuation Summary





The above pricing indicates that, in the absence of any other relevant information, and an alternative offer, the Proposed Transaction is fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in section 13 of this report, in terms of both:

- advantages and disadvantages of the Proposed Transaction; and
- other considerations, including the position of Shareholders if the Proposed Transaction does not proceed and the consequences of not approving the Proposed Transaction.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position if the Proposed Transaction is not approved. Accordingly, in the absence of any other relevant information and/or an alternative proposal we believe that the Proposed Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

| ADVANTAGES AND DISADVANTAGES | | | | | |
|------------------------------|---|---------|--|--|--|
| Section | Advantages | Section | Disadvantages | | |
| 13.3 | The Proposed Transaction is fair | 13.4 | Losing synergies with a closely related business | | |
| 13.3 | More focussed strategy for the Company | 13.4 | Smaller entity may make it harder to raise working capital | | |
| 13.3 | Greater degree of control | | | | |
| 13.3 | Wider business of Ensurance restricted by the requirement of retail brokerage to secure quotes from a number of sources | | | | |
| 13.3 | Ensurance will be more agile in pursuing its future strategies | | | | |

Other key matters we have considered include:

| Section | Description |
|---------|--|
| 13.1 | Alternative proposals |
| 13.2 | Consequences of not approving the Proposed Transaction |



3. Scope of the Report

3.1 Purpose of the Report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of a substantial asset, when the consideration to be paid for the asset or the value of the asset being disposed of constitutes more than 5% of the equity interest of that entity at the date of the latest published accounts. Based on the reviewed accounts as at 31 December 2017, the value of the assets being disposed of (Savill Hicks Corp, the Company's Australian retail brokerage business) represents more than 5% of the equity interest of Ensurance.

Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a related party of the listed entity.

The acquirers of Ensurance's Australian retail brokerage business are former Ensurance directors Stefan Hicks and Brett Graves and their controlled entities; Hicks and Graves and their associates are considered related parties by virtue of their recent former directorships and their current shareholdings of 8.71%.

Listing Rule 10.10.2 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded.

Accordingly, an independent expert's report is required for the Proposed Transaction. The independent expert's report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of the listed entity.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111 which provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

RG 111 suggests that, where an expert assesses whether a related party transaction is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1, this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

We do not consider the Proposed Transaction to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered the Proposed Transaction as if it were not a control transaction.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities/ asset which is the subject of the offer. The comparison between the consideration and the value of the asset should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. RG 111 states that when considering the value of the securities/ asset which is the subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. However, as



stated in Section 3.2 we do not consider that the Proposed Transaction is a control transaction. As such, we have not included a premium for control.

RG 111 also states that a transaction 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 alternative options.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of an Ensurance share prior to the Proposed Transaction and the value of an Ensurance share following the Proposed Transaction (fairness - see Section 12 'Is the Proposed Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution relating to the Proposed Transaction, after reference to the value derived above (reasonableness see Section 13 'Is the Proposed Transaction Reasonable?').

3.4 Compliance with APES 225 'Valuation Services'

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.



4. Outline of the Proposed Transaction

On 8 May 2018, Ensurance announced a new strategic direction which involves applying its resources to the expansion of its operations in the United Kingdom ('UK') and its underwriting agencies. As part of this change in strategy, the Company decided to dispose of Savill Hicks Corp, its Australian retail brokerage business.

On 25 July 2018, the Company announced that it had entered into a share sale agreement ('Agreement') with SHC Insurance Holding Pty Ltd ('SHC Insurance') to dispose of all the shares in Savill Hicks Corp Pty Ltd ('Savill Hicks Corp') to SHC Insurance. SHC Insurance is a company controlled by Mr Stefan Hicks and Mr Brett Graves (both previous directors of the Company).

4.1 Key terms of the Agreement

As set out in the Agreement and summarised in the Notice of Meeting, the material terms of the Agreement are as follows:

Consideration

The consideration for the disposal of the Savill Hicks Corp shares consists of the following:

- a deposit of \$200,000, which has been paid by SHC Insurance to the Company;
- the buy-back by Ensurance of 25,930,006 Ensurance Shares held by Mr Stefan Hicks and associates and 4,210,899 Ensurance Shares held by the Mr Brett Graves and associates at a deemed issue price of \$0.045 per share ('Buy-back'). The \$0.045 per share is a deemed issue price used in calculating the total consideration of approximately \$4.1 million and is not actually paid to Hicks Graves as part of the Proposed Transaction. Therefore, the Buy-back effectively represents a share cancellation;
- cancellation of convertible notes held by Hicks Graves and associates (which were issued under two convertible note agreements between Savill Hicks Corp (Vic) Pty Ltd ATF Hicks Big Buckaroo Superannuation Fund ('Convertible Notes Subscriber') and Ensurance dated 27 February 2017 (with a face value of \$485,000) and 3 March 2017 (with a face value of \$15,000) respectively, pursuant to which the Convertible Notes Subscriber subscribed for two convertible notes with a combined face value of \$500,000);
- assumption by SHC Insurance of staff entitlements totalling \$44,648;
- a \$1,000,000 cash payment to the Company; and
- payment by SHC Insurance of \$999,011 which will be satisfied by the provision by Ensurance of vendor finance ('Vendor Finance'). The Vendor Finance is to be provided at a rate of 8% per annum, compounded monthly for a period of three months from settlement, with an option to extend. The Vendor Finance amount can be increased and extended past three months by agreement with SHC Insurance. Any extension to the Vendor Finance will be at a rate of 15% per annum, compounded monthly. In the event that SHC Insurance still owes \$750,000 or more three months after settlement, an additional \$200,000 will be payable by SHC Insurance.



Conditions Precedent

Settlement of the Proposed Transaction is conditional upon the satisfaction (or waiver of conditions) of the following conditions:

- the Company obtaining all necessary shareholder approvals required by the Corporations Act
 2001 (Cth) ('Corporations Act') and required by the ASX Listing Rules in relation to the Proposed
 Transaction including:
 - approval for the Disposal under ASX Listing Rule 10.1;
 - approval for the Share Buy-Back; and
 - any other shareholder approvals required to complete the matters set out in the Agreement;
- the parties obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules,
 Corporations Act and any other law, as are required to allow the parties to lawfully complete the matters set out in the Agreement;
- completion of re-branding of the Ensurance NOW business of SHC Insurance;
- the Company releasing Savill Hicks Corp and Savill Hicks (NSW) Pty Ltd ('Savill Hicks NSW') from all security interests and encumbered obligations to Ensurance and/or any related parties of Ensurance;
- entry by Ensurance IT Pty Ltd ('Ensurance IT') and Savill Hicks Corp into a deed of IT assignment
 under which Savill Hicks Corp shall have assigned to it ownership and full legal and beneficial
 title to the SHC Information Technology;
- Ensurance Underwriting Pty Ltd ('Ensurance Underwriting') and Savill Hicks Corp entering into a software licence agreement, pursuant to which Savill Hicks Corp will licence the software programme known generally by the parties as "DUNO" to Ensurance Underwriting, on a non-exclusive, non-transferable basis for as long as Ensurance Underwriting underwrites the "Householders" insurance product for Savill Hicks Corp;
- Ensurance and Savill Hicks Corp agreeing on the form of a general security deed which will grant security over all the assets of Savill Hicks Corp and its subsidiaries to Ensurance to secure repayment of the Vendor Finance; and
- Stefan Hicks, Brett Graves and Ensurance agreeing on the form of guarantees to be provided in relation to the Vendor Finance and other payments due under the Agreement.

Settlement

Settlement will occur on that date which is five Business day after satisfaction (or waiver) of the conditions precedent set out above ('Settlement').

For three months from the Settlement Date of the Disposal, Ensurance IT and/or Ensurance Capital Pty Ltd ('Ensurance Capital') must provide certain transition services to Savill Hicks Corp in accordance with a transition plan that has been agreed between the parties.

In relation to the Share Buy-Back, the Agreement provides as follows:



- Subject to receipt of Shareholder approval, Ensurance will buy back a total of 30,140,905 shares comprising 25,930,006 shares held by Hicks and associates and 4,210,899 Ensurance shares held by Graves;
- Hicks Graves and associates must transfer their Ensurance shares with all rights attached to them and free from encumbrances at the date of Settlement;
- At Settlement of the Proposed Transaction, Ensurance must deliver minutes of a special resolution, agreed to at a general meeting of Shareholders, approving the acquisition of the 30,140,905 Ensurance shares by Ensurance as contemplated under section 257D of the Corporations Act.



5. Profile of Ensurance

5.1 History and background

Parker Resources NL was incorporated on 10 January 2011 for the primary purpose of exploring for uranium and other base metals. It listed on the ASX on 19 September 2011, and in 2015, subsequently transitioned business operations into insurance through its acquisition of Ensurance Capital Pty Ltd. Following the acquisition, the Company changed its name to Ensurance Ltd. At the time of acquisition, Savill Hicks Corp Pty Ltd was already an entity operating under the Ensurance Capital group of companies, alongside Ensurance Underwriting, Ensurance IT and Ensurance Life Pty Ltd.

Ensurance's current board members and senior management are:

- Tony Leibowitz, Executive Chairman;
- Adam Davey, Non-Executive Director;
- Tony Wehby, Non-Executive Director; and
- Sam Hallab, Company Secretary.

Stefan Hicks, Managing Director of Savill Hicks Corp, was formerly a non-executive director of Ensurance but resigned on 3 May 2018. Brett Graves, Chief Executive Officer of Savill Hicks Corp, was also formerly a director of Ensurance prior to his resignation on 21 September 2017.

Ensurance is an ASX-listed company with three distinct operations in the insurance industry:

- Savill Hicks Corp: A retail insurance broker;
- Ensurance Underwriting: An insurance underwriting agency; and
- Ensurance UK: A Managing General Agency ('MGA') in the UK

During the financial year ended 30 June 2018, Ensurance underwent two share placements and a rights issue. The first share placement was conducted in November 2017 and raised \$3,500,000 (before costs) from the issue of 70 million shares at \$0.05 per share. The second share placement occurred in May 2018 and raised \$800,000 (before costs) from the issue of 20 million shares at \$0.04 per share. A non-renounceable fully underwritten rights issue in June 2018 raised \$6,924,554 (before costs) from the issue of 173,113,862 shares at \$0.04 per share.

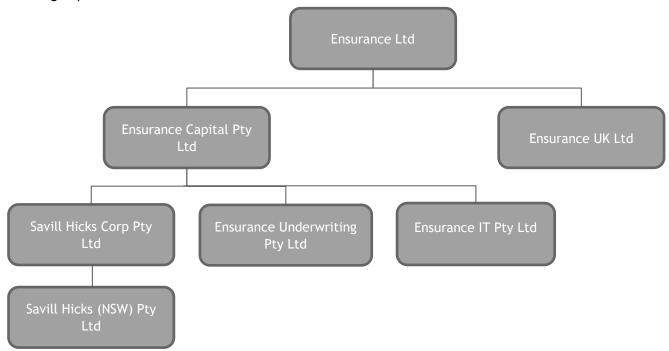
On 8 May 2018, Ensurance announced the adoption of a new strategic direction aimed at expanding its international operations, predominantly as a Managing General Agency. In the announcement, the company also stated it expected to direct resources towards expansion of its UK operations and its underwriting agencies. Additionally, the Company decided that it would seek to dispose of Savill Hicks Corp as part of this strategy.

In July 2018, Ensurance's UK operations launched a new engineering inspection and insurance product developed in partnership with British Engineering Services Limited.



5.2 Corporate Structure

Set out below is the current corporate structure for Ensurance showing the 100% ownership of all entities within the group.



Source: Ensurance Limited management

5.3 Operations

Set out below is a brief summary of each of the three operating segments:

Savill Hicks Corp

Since Savill Hicks Corp is the asset being disposed we have addressed its profile in section 6 below.

Ensurance Underwriting

Established in 2013, Ensurance Underwriting is an underwriting agency that allows Ensurance to partner with insurers and provide insurance products. Ensurance Underwriting deals with insurance brokers, offering multiple insurer quotes to the broking community on similar products.

Ensurance UK

Ensurance UK is currently expanding its operations and aims for this to be larger than the Australian operations within the next few years. Ensurance UK is an approved Underwriting Agency with Lloyds of London and other local insurers with a focus on the construction and engineering market, on an exclusive basis in the UK and parts of the European Union ('EU'), with capacity to write up to GBP 100 million per risk.



5.4 Historical Balance Sheet

Set out in the table below is the statement of financial position of Ensurance as at 30 June 2018 and 30 June 2017.

| | Preliminary unaudited as at | Audited as at |
|--|-----------------------------|---------------|
| Consolidated Statement of Financial Position | 30-Jun-18 | 30-Jun-17 |
| | \$ | \$ |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 3,203,479 | 383,846 |
| Trade and other receivables | 823,087 | 1,704,960 |
| Trust account insurer assets | 3,672,347 | 1,599,327 |
| Other current assets | 202,960 | 68,154 |
| TOTAL CURRENT ASSETS | 7,901,873 | 3,756,287 |
| NON-CURRENT ASSETS | | |
| Listed shares | 2,564 | 2,164 |
| Bonds on deposit | 67,640 | 24,398 |
| Plant and equipment | 180,788 | 38,240 |
| Intangible assets | - | 1,934,645 |
| TOTAL NON-CURRENT ASSETS | 250,992 | 1,999,447 |
| TOTAL ASSETS | 8,152,865 | 5,755,734 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 2,051,180 | 2,535,813 |
| Trust account insurer liabilities | 3,672,347 | 1,599,327 |
| Provisions | 309,223 | 292,680 |
| Borrowings | 467,288 | 1,082,394 |
| TOTAL CURRENT LIABILITIES | 6,500,038 | 5,510,214 |
| NON-CURRENT LIABILITIES | | |
| Borrowings | 2,583,632 | 2,747,536 |
| Trade and other payables | - | 25,453 |
| Provisions | 28,889 | 25,968 |
| TOTAL NON-CURRENT LIABILITIES | 2,612,521 | 2,798,957 |
| TOTAL LIABILITIES | 9,112,559 | 8,309,171 |
| NET ASSETS - continued operations | (959,694) | (2,553,437) |
| NET ASSETS - discontinued operations | 958,916 | 554,598 |
| Total net assets | (778) | (1,998,839) |
| | | |
| EQUITY | | |
| Issued capital | 17,527,964 | 7,210,755 |
| Reserves | 1,545,350 | 1,157,093 |
| (Accumulated losses) | (19,074,092) | (10,366,687) |
| TOTAL EQUITY | (778) | (1,998,839) |

Source: Ensurance Ltd preliminary unaudited financial statements for the year ended 30 June 2018 and the audited financial statements for the year ended 30 June 2017



We note the following in relation to Ensurance's consolidated historical statement of financial position:

- The 2017 audited financial statements for Ensurance contained an emphasis of matter in relation to the ability of Ensurance to continue as a going concern. In the event that Ensurance is unable to generate sufficient funds from its operations or is unable to raise sufficient capital, it may indicate the existence of material uncertainty and cast doubt on its ability to continue as a going concern. Consequently, Ensurance may be unable to realise its assets and discharge its liabilities in the normal course of business as per the amounts stated in the financial report.
- Cash and cash equivalents increased from \$383,846 as at 30 June 2017 to \$3,203,479 as at 30 June 2018. This was primarily due to the two share placements (in November 2017 and May 2018) and the rights issue in June 2018. The share placements raised \$3,500,000 and \$800,000 at \$0.05 and \$0.04 per share, respectively. The rights issue raised \$6,924,554 (before costs) at \$0.04 per share.
- As at 30 June 2018, trade and other receivables comprised primarily of a Research & Development tax rebate from the Australian Government (\$284,000) and proceeds yet to be received from the rights issue outlined above (\$503,336).
- Trust account insurer assets and liabilities are externally imposed capital requirements that
 Ensurance has to meet in order to maintain its Australian Financial Services Licenses held by Savill
 Hicks Corp and Ensurance Underwriting. The legislation requires that the insurance assets of
 Ensurance be equal to or exceed its insurance liabilities. As at 30 June 2018, the trust account
 insurer assets consisted of: insurance debtors and trust accounts while the trust account insurer
 liabilities consisted of: underwriter's liability, unearned commissions and other liabilities.
 Ensurance's trust account insurer assets exactly offset the trust account insurer liabilities.
- Intangible assets as at 30 June 2017 consisted of software development costs less any accumulated amortisation. The entire carrying amount was written down as at 30 June 2018 following a \$2,007,461 impairment charge during the year. The decision was made to impair the intangible assets as Ensurance directors were of the opinion that the additional economic benefits to be derived from it could not be determined with reasonable accuracy.
- Trade payables are non-interest bearing and are typically settled within the lower of term of trade or 30 days.
- Current borrowings at 30 June 2018 mainly relate to premium funding loans (\$354,900). Current borrowings also include \$120,378 of related party loans.
- The non-current borrowings at 30 June 2018 largely relate to the convertible notes issued by Ensurance with total face value of \$3,000,007, partially offset by their equity component of \$493,362. The convertible notes have a conversion price of \$0.04 per note and each one entitles the holder to convert to one ordinary share. Conversion may occur at any time period for a period of three years from the subscription date. The convertible notes attract an interest rate of 8% per annum until maturity or conversion. They are held by a number of investors including directors and former directors namely, Stefan Hicks (\$500,000), Tony Leibowitz (\$100,000), Adam Davey (\$100,000) and Grant Priest (\$20,000).



5.5 Historical Statement of Profit or Loss and Other Comprehensive Income

Set out in the table below is the statement of profit or loss and other comprehensive income of Ensurance for the years ended 30 June 2016, 30 June 2017 and 30 June 2018.

| | Preliminary | | |
|--|----------------------|----------------------|----------------------|
| Statement of Profit or Loss and Other | unaudited for the | Audited for the | Audited for the |
| Comprehensive Income | year ended 30-Jun-18 | year ended 30-Jun-17 | year ended 30-Jun-16 |
| | \$ | \$ | \$ |
| Revenue | 1,201,076 | 1,004,405 | 3,669,205 |
| Expenses | | | |
| Business development | (311,399) | (342,690) | (603,698) |
| Compliance costs | (301,869) | (345,328) | (177,559) |
| Computers and communications | (397,807) | (671,924) | (327,478) |
| Employment costs | (5,092,453) | (3,315,496) | (3,300,569) |
| Legal and consulting fees | (355,568) | (70,165) | (73,683) |
| Occupancy costs | (347,881) | (211,189) | (274,707) |
| Share-based payments | - | - | (8,980) |
| Travel and accommodation | (99,030) | (204,248) | (140,677) |
| Other expenses | (197,904) | (118,585) | (187,338) |
| Total expenses | (7,103,911) | (5,279,625) | (5,094,689) |
| Earnings before interest, tax and depreciation ('EBITDA') Depreciation and amortisation of plant | (5,902,835) | (4,275,220) | (1,425,484) |
| and equipment | (50,436) | (27,709) | (36,088) |
| Amortisation of intangibles | (173,167) | (376,752) | (412,690) |
| Earnings before interest and tax ('EBIT') | (6,126,438) | (4,679,681) | (1,874,262) |
| Impairment of intangible assets | (2,007,461) | - | - |
| Interest income | 7,260 | 3,947 | 43,093 |
| Finance costs | (874,774) | (344,025) | (18,242) |
| (Loss)/profit before income tax expense | (9,001,413) | (5,019,759) | (1,849,411) |
| Income tax benefit/(expense) | 286,084 | 276,994 | 71,981 |
| (Loss)/profit from continuing operations | (8,715,329) | (4,742,765) | (1,777,430) |
| Profit / (Loss) from discontinued operations | 7,924 | (350,267) | Not shown separately |
| Total Loss for year | | | |
| Revaluation of assets | 1,305 | 1,801 | 11,729 |
| Total comprehensive (loss)/income for the year | (8,706,100) | (5,091,231) | (1,765,701) |

Source: Ensurance Ltd preliminary unaudited financial statements for the year ended 30 June 2018 and the audited financial statements for the years ended 30 June 2017 and 30 June 2016.

We have re-presented the audited statements of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2016 and 30 June 2017 as well as the preliminary unaudited statement of profit or loss and other comprehensive income for the year ended 30 June 2018 to show EBITDA.

In relation to Ensurance's Statement of Profit or Loss and Other Comprehensive Income, we note the following:



- Revenue for FY17 consisted primarily of underwriting through Ensurance Underwriting. For FY18
 the underwriting revenue continued and in addition Ensurance UK commenced generating policies
 and contributed approximately \$280,000 to revenue.
- Total expenses increased 35% to \$7,103,911 for the year ended 30 June 2018. This was mainly due to employment costs which increased 54% to \$5,092,453 from the year before while revenues contracted slightly. The increase in employment costs was predominantly in sales and software development as well as additional start-up costs associated with the development of the UK business.
- Amortisation of intangibles relate to the amortisation of software development costs.
- An impairment charge of \$2,007,461 on intangible assets was provided for in the year ended 30 June 2018 as Ensurance directors were of the opinion that the additional economic benefits to be derived from intangible assets could no longer be determined with reasonable accuracy.
- Discontinued operations comprise the Australian retail broking business, Savill Hicks Corp, with its
 operations expected to continue until completion of its sale as part of the Proposed Transaction.
 As such, the financial statement above include the results of Savill Hicks Corp as well as
 associated corporate costs directly attributable to the operations of this business, that will cease
 to exist after the sale completes:

| Profit/(Loss) from discontinued operations | Preliminary unaudited for the year ended 30-Jun-18 | Audited for the year ended 30-Jun-17 |
|--|--|--------------------------------------|
| | \$ | \$ |
| Revenue | 2,593,021 | 2,354,305 |
| Other income | 28,422 | 25,481 |
| Operating expenses | (2,590,691) | (2,766,388) |
| Profit/(loss) from operating activities | 30,752 | (386,602) |
| Finance costs | (22,828) | (28,956) |
| Profit/(Loss) before tax | 7,924 | (415,558) |
| Tax benefit/(expense) | - | 65,291 |
| Profit/(loss) for period | 7,924 | (350,267) |

5.6 Capital Structure

Set out in the tables below are the key elements of the current capital structure of Ensurance.

The share structure of Ensurance as at 24 August 2018 is outlined below:

| | Number |
|--|-------------|
| Total ordinary shares on issue | 346,227,724 |
| Top 20 shareholders | 211,717,733 |
| Top 20 shareholders - % of shares on issue | 61.15% |

Source: Computershare share registry



The range of shares held in Ensurance as at 24 August 2018 is as follows:

| Range of Shares Held | Number of Ordinary Shareholders | Number of Ordinary Shares | Percentage of Issued Shares (%) |
|----------------------|------------------------------------|------------------------------|---------------------------------|
| 1 - 1,000 | 12 | 2,237 | 0.00% |
| 1,001 - 5,000 | 1 | 4,546 | 0.00% |
| 5,001 - 10,000 | 81 | 805,663 | 0.23% |
| 10,001 - 100,000 | 195 | 8,913,619 | 2.57% |
| 100,001 and over | 211 | 336,501,659 | 97.19% |
| TOTAL | 500 | 346,227,724 | 100.00% |

Source: Computershare share registry

The ordinary shares held by the most significant shareholders as at 24 August 2018 are detailed below:

| Name | Number of Ordinary Shares Held | Percentage of Issued Shares (%) |
|--|-----------------------------------|---------------------------------|
| Kalonda Pty Ltd <leibowitz a="" c="" fund="" super=""></leibowitz> | 49,598,795 | 14.33% |
| Church Street Trustees Limited <matlas a="" c=""></matlas> | 29,202,063 | 8.43% |
| Mr Stefan Hicks and Hicks Family Account | 25,885,006 | 7.48% |
| Museum Investment Limited | 22,164,047 | 6.40% |
| Total top 4 | 126,849,911 | 36.64% |
| Others | 219,377,813 | 63.36% |
| Total ordinary shares on Issue | 346,227,724 | 100.00% |

Source: Computershare share registry

The most significant option holders of Ensurance as at 24 August 2018 are outlined below:

| Number of Options | Exercise Price (\$) | Expiry Date |
|----------------------|--|--|
| 1,000,000 | 0.080 | 31-Jul-20 |
| 250,000 | 0.040 | 31-Jul-20 |
| 250,000 | 0.046 | 31-Jul-20 |
| 2,000,000 | 0.080 | 15-Dec-19 |
| 3,150,000 | 0.050 | 15-Dec-19 |
| 3,500,000 | 0.050 | 15-Dec-20 |
| 250,000 | 0.080 | 31-Jul-20 |
| 250,000 | 0.046 | 31-Jul-20 |
| 300,000 | 0.050 | 15-Dec-20 |
| 662,751 | 0.080 | 31-Jul-20 |
| 1,285,714 | 0.040 | 31-Jul-20 |
| 1,321,429 | 0.046 | 31-Jul-20 |
| 3,200,000 | 0.050 | 15-Dec-20 |
| | Options 1,000,000 250,000 250,000 2,000,000 3,150,000 250,000 250,000 300,000 662,751 1,285,714 1,321,429 | Options Price (\$) 1,000,000 0.080 250,000 0.040 250,000 0.046 2,000,000 0.080 3,150,000 0.050 250,000 0.080 250,000 0.046 300,000 0.050 662,751 0.080 1,285,714 0.040 1,321,429 0.046 |



| Name | Number of Options | Exercise Price (\$) | Expiry Date |
|----------------------------------|----------------------|------------------------|-------------|
| Jalonex Investments Pty Ltd | 684,563 | 0.080 | 31-Jul-20 |
| | 1,964,286 | 0.040 | 31-Jul-20 |
| | 1,178,571 | 0.046 | 31-Jul-20 |
| KLI Pty Ltd | 1,000,000 | 0.120 | 31-Jul-20 |
| | 125,000 | 0.050 | 15-Dec-20 |
| | 125,000 | 0.050 | 15-Dec-20 |
| Adam Davey | 3,000,000 | 0.080 | 15-Dec-19 |
| | | | |
| Total Number of Options | 25,497,314 | | |
| Cash Raised if Options Exercised | \$ 1,525,785 | | |

Source: Ensurance Limited management



6. Profile of Savill Hicks Corp Pty Ltd

6.1 History

Savill Hicks Corp is currently a wholly owned subsidiary of Ensurance that operates as an insurance broker. Its insurance products and services are mainly provided to the construction and allied trade industries. Founded in 1990 and headquartered in Milsons Point, New South Wales, Savill Hicks Corp has operated nationally for over 27 years. The company developed an online platform to reach more customers, the software intellectual property of which, was sold to Ensurance IT in 2012. In addition to selling its products online from business to customer, Savill Hicks Corp also markets the platform to "white label" clients in order to expand its reach by cross-selling its client base into commercial and domestic insurance.

"White labelling" is the branding by the marketing company of a producer's products. It provides organisations with the ability to take advantage of market opportunities by leveraging the capabilities of other businesses without the need to develop these internally. Within the insurance industry, institutions and large participants, such as the mortgage broking industry, can label insurance products as their own and cross-sell them to existing client bases. This brings the benefits associated with economies of scale.

Its online platform allows customers to compare insurance products and enter into policies that meet their requirements. The online product solutions that Savill Hicks Corp offers are set out below:

- Home & Contents Insurance;
- Owner Builders Insurance;
- Home Warranty Insurance;
- Construction/Liability Insurance;
- Tradesman Insurance; and
- Business Insurance.

Operationally, Savill Hicks Corp operates in two main segments, being General Insurance and Ensurance NOW. The former deals mainly in construction and builder's warranty insurance while the latter sells HouseHolder's insurance such as home, content and accidental damage. The main sales channel for this is via online insurance comparison website, "Compare The Market".



6.2 Historical Balance Sheet

Set out below is the audited statement of financial position for Savill Hicks Corp Pty Ltd as at 30 June 2017 and the preliminary unaudited statement of financial position as at 30 June 2018.

| | Preliminary unaudited as at | Audited as at |
|--|-----------------------------|---------------------|
| Consolidated Statement of Financial Position | 30-Jun-18 | 30-Jun-17 |
| | \$ | \$ |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 181,444 | 186,027 |
| Trade and other receivables | 1,092,258 | 387,559 |
| Trust account insurer assets | 3,917,102 | 2,770,409 |
| Financial assets | 4,609 | 3,704 |
| Other assets | 44,090 | 5,876 |
| TOTAL CURRENT ASSETS | 5,239,503 | 3,353,575 |
| NON CURRENT ACCETS | | |
| NON-CURRENT ASSETS | | 1 115 542 |
| Other receivables | 41,608 | 1,115,563 57,787 |
| Property, plant and equipment TOTAL NON-CURRENT ASSETS | 41,608 | 1,173,350 |
| TOTAL NON-CORRENT ASSETS | 41,000 | 1,173,330 |
| TOTAL ASSETS | 5,281,111 | 4,526,925 |
| | | , , |
| CURRENT LIABILITIES | | |
| Trade and other payables | 104,233 | 272,209 |
| Trust account insurer liabilities | 3,917,102 | 2,770,409 |
| Provision for employee benefits | 85,883 | 82,270 |
| Borrowings | 207,990 | 146,472 |
| TOTAL CURRENT LIABILITIES | 4,315,208 | 3,271,360 |
| NON-CURRENT LIABILITIES | | |
| Other payables | - | 669,102 |
| Provision for employee benefits | 6,987 | 31,865 |
| TOTAL NON-CURRENT LIABILITIES | 6,987 | 700,967 |
| | | |
| TOTAL LIABILITIES | 4,322,195 | 3,972,327 |
| NET ASSETS | 958,916 | 554,598 |
| | | |
| EQUITY | | |
| Contributed equity | 120,200 | 120,200 |
| Revaluation reserves | 12,593 | 11,688 |
| Retained profits | 826,123 | 422,710 |
| TOTAL EQUITY | 958,916 | 554,598 |

Source: Preliminary unaudited financial statements for the year ended 30 June 2018 and the audited financial statements for the year ended 30 June 2017.



We note the following in relation to Savill Hicks Corp's historical statement of financial position:

- The audit report in the 2017 audited financial statements included an emphasis of matter surrounding the material uncertainty relating to the going concern of the ultimate parent entity, Ensurance. This may affect Savill Hicks Corp's ability to recover the receivable amount in full from the parent entity and as a result, comply with its Australian Financial Services Licensee base level financial requirements.
- Cash and cash equivalents as at 30 June 2018 stood at \$181,444 which was broadly consistent with the previous year's \$186,027. Although net cash generated from operating activities for the year ended 30 June 2018 was an inflow of \$612,463, this was largely offset by a cash outflow from financing activities totalling \$613,603 primarily due to repayment of borrowings and net repayments to related entities.
- Current trade and other receivables as at 30 June 2018 consisted of receivables of \$1,059,758 from Ensurance. As at 30 June 2017, the receivables from Ensurance were \$367,538 (current asset) and \$1,115,563 (non-current asset) while the other receivable was a non-interest bearing loan from Ensurance of \$669,102.
- Savill Hicks Corp holds an Australian Financial Services Licensee License number 240867. As part
 of this, the company is required to meet certain base level financial requirements including the
 need to maintain positive net assets at all times. The net asset balance as at 30 June 2017
 included a net receivable from ultimate parent entity, Ensurance, which in its audited financial
 statements for the year ended 30 June 2017, contained an audit opinion highlighting a material
 uncertainty in respect to its ability to continue as a going concern.
- Trust account insurer assets and liabilities represent the bulk of Savill Hicks Corp's assets and liabilities. Total insurer assets as at 30 June 2018 was higher at \$3,917,102 compared to \$2,770,409 from the prior year mainly due to a larger cash held in trust account balance. Total insurer liabilities as at 30 June 2018 also increased to \$3,917,102 exactly offsetting total insurer assets. This was mainly due to a larger underwriter's liability balance of \$3,717,998 compared to \$2,559,027 in the year prior.
- Financial assets consisted of investment in securities, stated at cost less impairment for unquoted securities, or, stated at closing market prices for quoted securities.



6.3 Historical Statement of Profit or Loss and Other Comprehensive Income

Set out below is the audited statements of profit or loss and other comprehensive income for Savill Hicks Corp for the years ended 30 June 2016 and 30 June 2017 and the preliminary unaudited statement of profit or loss and other comprehensive income for the year ended 30 June 2018.

| Castanant of Duckit and an and Other | Preliminary unaudited for the | Audited for the | Audited for the |
|--|----------------------------------|----------------------|----------------------|
| Statement of Profit or Loss and Other Comprehensive Income | year ended 30-Jun-18 | year ended 30-Jun-17 | year ended 30-Jun-16 |
| | \$ | \$ | \$ |
| Revenue | Ť | Ť | Ť |
| Revenue | 2,593,021 | 2,354,305 | 2,456,851 |
| Other income - rental | 6,050 | 6,000 | 6,000 |
| Total revenue | 2,599,071 | 2,360,305 | 2,462,851 |
| Expenses | 2,377,071 | 2,300,303 | 2, 102,031 |
| Audit fees | <u>-</u> | (6,635) | (25,520) |
| Inter-company administration expense | <u>-</u> | (163,247) | (267,405) |
| Employee benefits expense | (1,204,639) | (1,527,891) | (1,262,304) |
| Additional staff costs | (395,489) | (319,476) | (149,493) |
| Rental and outgoings | (156,183) | (145,348) | (134,806) |
| Other expenses | (814,758) | (571,710) | (587,510) |
| Total expenses | (2,571,069) | (2,734,307) | (2,427,038) |
| EBITDA | 28,002 | (374,002) | 35,813 |
| Depreciation and amortisation | (19,622) | (32,081) | (20,663) |
| EBIT | 8,380 | (406,083) | 15,150 |
| Interest income | 22,372 | 19,481 | 24,200 |
| Finance costs | (22,828) | (28,956) | (24,562) |
| (Loss)/profit before income tax expense | 7,924 | (415,558) | 14,788 |
| Income tax benefit/(expense) | - | 65,291 | (65,291) |
| (Loss)/profit after income tax expense | 7,924 | (350,267) | (50,503) |
| Net fair value movements for available- for-sale financial assets | 905 | 1,201 | 12,926 |
| Total comprehensive (loss)/income for the year | 8,829 | (349,066) | (37,577) |

Source: Preliminary unaudited financial statements for the year ended 30 June 2018 and the audited financial statements for the years ended 30 June 2017.

We have presented the audited statements of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2016 and 30 June 2017 as well as the preliminary unaudited statement for the year ended 30 June 2018 to show EBITDA.

In relation to Savill Hicks Corp's Statement of Profit or Loss and Other Comprehensive Income, we note the following:

• Total revenue, which is comprised of revenue from the provision of services and rent revenue from investment properties, was higher at \$2,599,071 for the year ended 30 June 2018 compared to the prior year's \$2,360,305. This was mainly due to higher revenue from the provision of services.



- Expenses for FY18 was lower than the year before despite the higher total revenue. This was
 mainly due to lower employee benefit expenses and a lack of inter-company administration
 expense, offset by higher other expenses. The higher other expenses for the year ended 30 June
 2018 was primarily from due to third party commissions.
- Additional staff costs relate to salaries and oncosts for three Savill Hicks Corp staff whose expenses were previously included in costs for Ensurance.
- No income tax expense was charged for the year ended 30 June 2018 as losses held in the ultimate parent entity were used to offset the statutory tax amount of \$110,939.

6.4 Forecast financial information

Set out below is the forecast financial performance for Savill Hicks Corp as provided by management.

| Forecast financial performance | Year ending |
|----------------------------------|-------------|
| Savill Hicks Corp | 30-Jun-2019 |
| | \$ |
| Income | |
| Underwriting commission | 2,245,000 |
| Premium funding | 39,996 |
| Other | 6,012 |
| White label commissions | 1,208,517 |
| Total income | 3,499,525 |
| Operating Expenses | |
| Business Development | (504,300) |
| Compliance Costs | (6,100) |
| Computers & Communications | (110,400) |
| Salaries & Wages | (1,731,000) |
| Other Employment Costs | (37,000) |
| Legal & Consulting | (20,000) |
| Occupancy Costs | (168,450) |
| Travel Costs | (30,000) |
| Insurances | (43,872) |
| Other Expenses | (28,800) |
| Total operating expenses | (2,679,922) |
| | |
| EBITDA | 819,603 |
| Depreciation and amortisation | (20,400) |
| EBIT | 799,203 |
| Finance costs | (15,600) |
| Profit before income tax expense | 783,603 |

Source: Ensurance management

We note that management has also produced financial projections for the years to 30 June 2020 and 2021. These have been provided to us and those projections show that there is not expected to be significant



difference for the brokerage commission element of the business which is expected to experience organic growth only.

White label commissions (effectively the Ensurance Now part of the business) are projected to grow at a higher rate to revenue of approximately \$2 million by FY21.



7. Economic analysis

7.1 Australian economic analysis

The Australian economy remains on track to achieve lower unemployment and higher inflation over time. Supported by accommodative domestic monetary policy and a positive international outlook, Gross Domestic Product ('GDP') growth is expected to be a little above 3 per cent in both 2018 and 2019, which will reduce spare capacity. The unemployment rate is therefore forecast to decline, reaching around 5 per cent by end 2020. As the labour market tightens, wages growth and inflation should increase gradually. The global economic outlook remains positive, despite the recent increase in trade tensions. Output growth has been quite strong in a number of key trading partners in the June quarter. Global growth is expected to slow a little, but remain above trend, over coming years. At present, central banks in the major advanced economies are at different stages of their monetary policy cycles, with some reducing policy accommodation and others adding to it.

Resource export volumes increased strongly over the first half of 2018, as new production capacity continued to come on line and previous supply disruptions were resolved. Resource exports are forecast to contribute to growth over the next two years, after which they are expected to stabilise at a high level as major projects reach their targeted production levels. Mining investment is still expected to reach its trough in late 2018 or early 2019. Further out, it should increase moderately as companies invest to sustain production at current levels. Business conditions remain positive. Surveyed business conditions are above average, especially for goods-related sectors. Non-mining business investment increased by 10 per cent over the year to the March quarter. It is expected to continue to grow over the next few years, but at a more moderate pace. In the near term, non-residential building activity is likely to be supported by the existing pipeline of work yet to be done, even though new building approvals have trended down. Private infrastructure investment has also increased of late, led by investment in electricity projects (including renewable energy). Machinery and equipment investment is forecast to pick up as the economy continues to expand.

Labour market conditions have improved. Although employment growth has not been as fast as in 2017, it exceeded growth in the working-age population over the first half of 2018 and has been sufficient to see the unemployment rate decline a touch in recent months. Labour force participation has increased and is now around its historical high. Leading indicators of employment growth point to above-average growth in the period ahead; job vacancies have reached a high level relative to the size of the labour force. Above-trend GDP growth should result in a gradual decline in the unemployment rate to 5 per cent in 2020.

The Reserve Bank of Australia's forecasts are for Consumer Price Index ('CPI') inflation to pick up to be around 2½ per cent in both 2019 and 2020. Underlying inflation is also expected to increase, from close to 2 per cent over the year to June 2018 to around 2½ per cent in 2020. Overall, the Australian economy remains on the path it has been for at least the past year and a half. Although inflation is likely to be a bit lower in the near term, this is expected to be temporary. Further gradual progress on both lowering unemployment and bringing inflation closer to the midpoint of the target is expected over coming years. The current accommodative stance of monetary policy will assist this outcome.

The Reserve Bank of Australia Board has for some time been of the view that holding the cash rate steady at 1½ per cent would support the gradual progress being made on unemployment and inflation, with steady monetary policy promoting stability and confidence. Higher interest rates are likely to be appropriate at some point, if the economy continues to evolve as expected. Given the gradual nature of



the improvement, however, the Reserve Bank of Australia Board does not see a strong case to adjust the cash rate in the near term.

Source: www.rba.gov.au Statement by Philip Lowe, Governor: Monetary Policy Decision 9 August 2018

7.2 United Kingdom economic analysis

The Bank of England's Monetary Policy Committee ('MPC') voted unanimously at its meeting ending on 1 August 2018 to increase the interest rate by 0.25% to 0.75%. In the MPC's central forecast, conditioned on the steadily increasing bank rate implied by current market yields, GDP is expected to grow by around 1.75% per year on average until 2020. Global demand is also expected to grow above its estimated potential rate and financial conditions are to remain accommodative, although both are somewhat less supportive of UK activity over the forecast period. Net trade and business investment continue to support economic activity, while consumption grows in line with the subdued pace of real incomes.

The sterling effective exchange rate had depreciated slightly in recent months. Developments related to the UK's withdrawal from the European Union had continued to influence sterling assets, including the exchange rate. In particular, sterling had been affected by both the UK Government's statement on the future relationship with the European Union following the Cabinet meeting on 6 July 2018 and subsequent political developments. Sterling-dollar risk reversals, a measure of the balance of perceived risks, had also declined, consistent with market intelligence that an increase in downside tail risks had exerted downward pressure on the sterling. Sterling-dollar implied volatilities at maturities beyond the next few months had picked up somewhat, implying an expectation that the increase in the level of uncertainty around future sterling moves would persist. But they had remained below their longer-term averages.

Although modest by historical standards, the projected pace of GDP growth over the medium term was slightly faster than the diminished rate of supply growth, which averaged around 1.5% per year. The MPC continued to determine that the UK economy currently had a very limited degree of slack and there were a number of signs that the labour market was continuing to tighten. The employment rate and the number of vacancies had risen to record highs, and indicators of recruitment difficulties had increased further. The unemployment rate was low and was projected to fall below the MPC's estimate of the natural rate. In the MPC's central projection, therefore, a small margin of excess demand emerged by late 2019 and built thereafter. CPI inflation was 2.4% in June, pushed above the 2% target by external cost pressures resulting from the effects of sterling's past depreciation and higher energy prices. The contribution of external pressures is projected to ease over the forecast period while the contribution of domestic cost pressures is expected to rise. Taking these influences together, and conditioned on the gently rising path of the interest rate implied by current market yields, CPI inflation remains slightly above 2% through most of the forecast period, reaching the target in the third year.

Despite a significant fall in mortgage interest rates in recent years, the housing market had remained subdued. Annual inflation in the UK House Price Index published by HM Land Registry had fallen to 3.0% in May from 3.6% in April and was six percentage points lower than in late 2014. The number of residential property transactions had dropped by nearly 6% in the year to June and remained more than 20% below the average in the decade prior to the financial crisis. Slow growth in real per capita incomes was likely to be part of the explanation, but the contrasting performance of London and the rest of the UK had also been striking.



The MPC judged that weakness in the London housing market was unlikely to have significant spill-overs. Nonetheless, the MPC expected only a modest housing market recovery, with annual house price inflation settling at around 3% and the number of transactions rising only gradually.

The MPC continues to recognise that the economic outlook could be influenced significantly by the response of households, businesses and financial markets to developments related to the process of EU withdrawal.

The MPC also judged that, were the economy to continue to develop broadly in line with its inflation projections, an ongoing tightening of monetary policy over the forecast period would be appropriate to return inflation sustainably to the 2% target at a conventional horizon.

Source: www.bankofengland.co.uk Monetary Policy Summary and minutes of the Monetary Policy Committee ending on 1 August 2018 (published 2 August 2018)



8. Industry analysis

8.1 Overview

An insurance broker is a professional adviser who is a specialist in insurance and risk management. They act as agents to provide advice and expertise to private and commercial clients and match them to the most suitable policies. They identify the individual or business risks of their client and find suitable ways to manage the risk. They are aware of the various terms and conditions, benefits and exclusions and costs of a wide range of competing policies offered by various insurers. Some brokers specialise in one specific type of insurance or industry; others deal with many different types.

Insurance brokers also provide risk management consulting services, claim assessment services and adjustment services. Brokers benefit insurers by offering an additional distribution channel and act as a contract sales team.

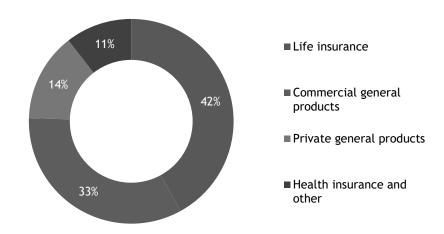
An insurance broker's earnings come from commission income, largely from percentage of the premium of insurance policies sold, or, from fee income, for risk management consulting and other insurance support services.

8.2 Products

Brokers tend to command a greater share of the commercial market, as policies are more complex and wide-ranging, such as public liability, business interruption, professional indemnity and workers' compensation amongst others. Private consumers meanwhile, increasingly use online channels to purchase insurance directly from insurers. The split of commercial to private is estimated to be 79% to 21% as at May 2018.

An estimated breakdown of the products and services segmentation within Australia's insurance brokerage industry as at May 2018 is provided below:

Products and services revenue segmentation (2017-18)



Source: IBIS World



A brief description of the major products and service segments are set out below.

Life Insurance

Inclusive of commissions generated from policies written for life insurance, annuities and superannuation, this is the largest segment of the industry, accounting for more than 40% of total industry revenue. Although it generates more revenue per policy than general insurance, competition from banks and superannuation firms have affected brokers. Furthermore, following new caps introduced by ASIC, advisers are also having to change their remuneration structure. Consequently, life insurance brokerage income has declined as a share of total industry revenue over the past five years.

Commercial general products

Commercial general insurance products are mostly sold through brokers and make up the second-largest share of industry revenue. These include: fire and industrial special risk, public liability, professional indemnity and commercial motor insurance policies. Demand for these products tend to be cyclical compared to others which means commissions earned from them are often more volatile. This segment has been increasing as a share of industry revenue over the past five years, despite underwriters expanding their direct distribution networks.

Private general products

The main products in this segment are household and car insurance policies sold to the individual. Following greater marketing and sales activity, insurance brokers have increased their distribution share of this segment over the past five years. This is despite many underwriters expanding their direct distribution channels through investment in online platforms and sales departments.

Other

These include health insurance, specialist insurance lines, risk consulting and advisory services. Risk management, in particular, has become more specialised with companies investing in this area to avoid catastrophic events. This has become, and continues to be, a growing opportunity for insurance brokers.

8.3 Demand determinants

Economic conditions

Demand for both commercial and private insurance is affected by economic conditions. A contracting economy for instance, typically drives greater demand for the former as businesses seek to insure against major losses. On the other hand, a more favourable economy increases household disposable income and raises asset values, leading to increased demand for general insurance.

Distribution channels

Brokers and agents are facing increased competition as insurers have increased the number of distribution channels they use to reach their clients. These include direct sales, via banks and using online aggregators. Despite this, brokers have managed to increase their share of total insurance placed as they are sometimes perceived to be specialists who can match the client with the best deal.



Prices

With insurance being a commoditised product, price is a key factor influencing demand, particularly for individuals and families. General insurance prices are on the rise due to falling investment income, which has caused profitability to fluctuate and the higher number of claims processed over the past five years.

Demographics

Demographics can determine the degree to which individuals buy insurance. The ageing population is providing a tailwind to the industry as older individuals are more likely to purchase insurance compared with younger consumers.

8.4 Competitive landscape

The top four industry participants account for approximately 70% of the industry's revenue. The major players include Steadfast Group Limited, AUB Group Limited and IBNA Limited. It is common for smaller agents to work alongside larger brokerage firms as they lack the resources and expertise to service larger clients. Being in the mature stage of its economic life cycle, merger and acquisition activity has increased over the past decade and is expected to continue going forward, as brokers seek economies of scale.

Competition is also rising as brokers have to compete not only on price, but also on customer service, their product offering and from the insurance providers themselves. Primary underwriters have not only invested in their own direct distribution channels, but have also increased their use of banks as a means to distribute insurance. Another competition risk is the increasing popularity of online aggregators such as Choosi and Canstar.

8.5 Current performance

Over the past five years, the insurance brokerage industry in Australia has grown steadily at a compound annual growth rate of 1% per annum, with a slight slowdown towards the end of that period. Total industry revenue was estimated at \$12.5 billion. Weaker financial markets, an increasing volume of claims, economic uncertainty and several large-scale natural disasters have all seen a general increase to insurance prices, boosting commissions for brokers along the way.

8.6 Outlook

Industry revenue growth is projected to average 2.3% per annum over the next five years through 2022-23 to \$14 billion, driven by higher premiums, increased demand and an ageing population. On the other hand, growth will be weighed down by intensifying competition from alternative distribution channels and regulatory changes such as the introduction of caps on upfront and ongoing commissions.

Analysts also forecast increasing consolidation within the industry and a reduced reliance on manual labour as robo-advice and online sales gain popularity. Overall, industry profitability is projected to remain strong as higher margin services such as consulting and advisory services counteract the decline from lower commissions per policy as a result of regulatory changes. A growing trend among brokerage firms is the increasing involvement in business merger and acquisition transactions, performing insurance-based due diligence on a buyer's process to reduce the risk in these transactions.



9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

We have used the following approach in assessing the fairness of the Proposed Transaction:

• The value of a share in Ensurance prior to the Proposed Transaction compared with the value of a share in Ensurance following the Proposed Transaction. We consider that this approach is the most appropriate as it best captures the impact of the buy-back of Ensurance shares and of the cancellation of the convertible notes on existing Shareholders' interests following the Proposed Transaction.

9.1 Valuation of Ensurance prior to the Proposed Transaction

In our assessment of the value of an Ensurance share prior to the Proposed Transaction, we have chosen to employ the following methodologies:

- FME and NAV (primary valuation methodology);
- QMP (secondary valuation methodology); and
- Recent capital raising.

We have chosen these methodologies for the following reasons:

- An FME valuation is appropriate for a business with a recent track record of profitability. From our review of the financial performance of Savill Hicks Corp it is forecast to be profitable on a normalised basis. We therefore consider this to be our primary method for the valuation of Savill Hicks Corp as a component of Ensurance. We have conducted our FME valuation based on earnings before interest, taxes, depreciation and amortisation ('EBITDA');
- We have used the NAV methodology to value the remainder of Ensurance prior to the Proposed Transaction by removing the net assets of Savill Hicks Corp and assessing the market value of the remaining assets and liabilities since the remaining businesses do not have a record of historical profitability;
- The QMP basis is a relevant methodology to consider because Ensurance shares are listed on the ASX.
 This means there is a regulated and observable market where Ensurance shares can be traded.
 However, in order for QMP to be considered appropriate, the Company's shares should be liquid and the market should be fully informed of the Company's activities. We have considered these factors in our Report; and
- We have considered the value at which Ensurance raised funds in its recent capital raising although we note that the majority of the issues was taken up by the underwriters.



9.2 Valuation of Ensurance following the Proposed Transaction

In our assessment of the value of an Ensurance share following the Proposed Transaction we have chosen to employ the NAV methodology for the following reasons:

- The NAV methodology is the most appropriate methodology to use to value the Company following the Proposed Transaction because the Company is proposing to dispose of its currently profitable retail brokerage business. This means the Company will retain only the assets pertaining to the underwriting and UK business which is still moving towards profitability;
- We do not consider the FME valuation to be appropriate as the Company is disposing of the part of its current business which has a record of profitability;
- The QMP methodology is not appropriate to value a share in Ensurance following the Proposed Transaction. The QMP value is primarily based on the market's expectations of the future returns of the Company. If the Proposed Transaction is approved, the Company will undergo a significant change in the nature of its operations. Therefore, we do not consider Ensurance's historical share price to truly reflect the value of the Company following the Proposed Transaction.



10. Valuation of an Ensurance share prior to the Proposed Transaction

We have addressed the following valuation methodologies in determining the value of a share in Ensurance prior to the Proposed Transaction.

- FME valuation of Savill Hicks Corp combined with net assets valuation of remaining assets and liabilities in Ensurance
- QMP methodology
- · Consideration of recent capital raisings

10.1 Valuation of Savill Hicks Corp

In this section we have assessed the value of Savill Hicks Corp, Ensurance's Australian retail brokerage business, the asset being disposed of.

We have addressed the valuation using the capitalisation of future maintainable earnings methodology, our primary valuation approach. We have also addressed the net asset valuation of Savill Hicks Corp Pty Ltd our secondary valuation approach as a cross check.

10.2 Future Maintainable Earnings Valuation of Savill Hicks Corp

When performing an FME valuation we must determine what the future maintainable earnings of Savill Hicks Corp are and then determine an appropriate capitalisation multiple to apply to these earnings.

In calculating future maintainable earnings, the figure selected should represent what is currently sustainable. Any anticipated growth in earnings is accounted for via the capitalisation rate. We have reviewed the historical accounts of Savill Hicks Corp for each of the three years to 30 June 2018, and the financial forecast for the year to 30 June 2019, made adjustments to the net profit after tax for the following items:

- Non-recurring or one-off items such as profit on sale of assets;
- Non-operating revenues and expenses;
- · Unrecorded items; and
- Abnormal or non-commercial transactions.

In addition, we have considered the amendments which will have to be made to the historical financial performance to reflect the changes to the business, if any, relating to it operating in the future as a standalone business and not as part of the Ensurance group.

Normalised Earnings for Savill Hicks Corp

The objective of normalising earnings is to determine the underlying profitability expected to be maintained by Savill Hicks Corp.

Our normalisation adjustments summarised in the table below and set out in detail in the following paragraphs:



| | | Forecast FY19 | FY18 | FY17 | FY16 |
|------------------------|-----|------------------|--------|--------|--------|
| | Ref | \$000s | \$000s | \$000s | \$000s |
| Unadjusted EBITDA/EBIT | | 820 | 28 | (374) | 36 |
| Additional IT expenses | a | (336) | (240) | - | - |
| Saving in staff costs | b | 120 | 120 | - | - |
| Other adjustments | С | (219) | (13) | 369 | 158 |
| Adjusted EBITDA/EBIT | _ | 385 | (105) | (5) | 194 |

We have made the following normalisation adjustments to the EBITDA for Savill Hicks Corp.

Adjustment a) Additional IT support expense

We have made an adjustment to the operating costs for Savill Hicks Corp for an IT cost related to the retail brokerage business which is incurred by the Capital cost centre within the Ensurance group but is not currently recharged to Savill Hicks Corp.

We have deducted an annual cost of \$336,000 from the forecast EBITDA for the year to 30 June 2019. We have also adjusted the EBITDA for FY18 for an equivalent expense which was not charged for that year. For FY18 several of the monthly costs included above were only incurred for part of FY17 so the additional annual expense (and normalisation adjustment) is \$240,000.

| | FY19 | FY18 | FY17 | FY16 |
|------------------------------|--------|--------|--------|--------|
| Additional IT expenses | \$000s | \$000s | \$000s | \$000s |
| Net normalisation adjustment | (336) | (240) | - | - |

Adjustment b) Savings from staff costs

We have made an adjustment to the operating costs for Savill Hicks Corp for the expected savings in staff costs.

On the basis of the above we have made a normalisation adjustment by adding back an annual cost of \$120,000 from the EBITDA for FY18 and from forecast EBITDA for FY19.

| Saving on calary and an easts for | FY19 | FY18 | FY17 | FY16 |
|--|--------|--------|--------|--------|
| Saving on salary and oncosts for staff made redundant | \$000s | \$000s | \$000s | \$000s |
| Net normalisation adjustment | 120 | 120 | - | - |

Adjustment c) Other adjustments

We have made a further adjustment for normalisations covering items such as:

- Advertising
- Insurance
- Consulting
- Recruitment



- Third party commissions
- Audit fees
- Employee benefits expense
- Commissions on premiums written.

| | FY19 | FY18 | FY17 | FY16 |
|------------------------------|--------|--------|--------|--------|
| Other adjustments | \$000s | \$000s | \$000s | \$000s |
| Net normalisation adjustment | (219) | (13) | 369 | 158 |

Additional adjustments considered but not made

In the course of identifying our normalisation adjustments we considered various other items which might have given rise to normalisations. Our reasoning for not making normalisation adjustments in relation to these various items is set out in the following paragraphs.

a) Rent

The rent for the premises currently occupied by Ensurance, with the requirement for premises principally deriving from Savill Hicks Corp, is at market rent with the premises owned by an independent third party, Contec Properties Pty Ltd. It is unlikely that there will be a change in the nature and size of premises for Savill Hicks Corp in the future to continue its operations so we consider that no rental adjustment is required. We note that the remaining entities within the Ensurance group would require separate minimal premises.

b) Remuneration of owners

We understand that in the future, to the extent to which they are involved in the business operations the remuneration package of the owners of the business (Brett Graves and Stefan Hicks) will be an expense at market rates.

c) Additional Head Office infrastructure expense

In Ensurance's previously announced audited financial statements for FY17 the performance of Savill Hicks Corp was not separately identified. In disclosing the separate performance of Savill Hicks Corp for the preliminary unaudited financial statements of Ensurance, an additional head office infrastructure cost for the salary on oncosts of Savill Hicks Corp staff expensed in Ensurance was identified. We understand that this adjustment, included in the financial statements for Ensurance for FY18 (and comparative FY17) represents the full amount of the intercompany staff cost adjustment and so no further adjustment is necessary. We note that the forecast financial performance of Savill Hicks Corp is after including these additional costs so no adjustment is required for the forecast year.

Assessing FME based on adjusted earnings

In assessing FME, we have considered the normalised historical and forecast levels of each year's EBITDA to determine an estimated future maintainable earnings position for Savill Hicks Corp. The purpose of this is to derive a sustainable level of profitability that we consider to be achieved in the future.



| | FY19 | FY18 | FY17 | FY16 |
|-----------------|--------|--------|--------|--------|
| | \$000s | \$000s | \$000s | \$000s |
| Adjusted EBITDA | 385 | (105) | (5) | 194 |

Based on the above, we have considered our assessment of the future maintainable earnings for Savill Hicks Corp.

We note that the following:

- the forecast FY19 adjusted EBITDA is greater than across the three years to 30 June 2018
- the nature of the business of Savill Hicks Corp changed substantially in FY18 with Ensurance Now being introduced. Effectively only FY18 and forecast FY19 represent the current business
- the adjustments we have made for FY18 reflect the additional costs incurred in setting up and establishing the new Ensurance Now strand of the business. However, it is likely that, in addition to set up and establishment costs, there is growth element so that in the early months of FY18 the Ensurance Now business is in the initial phase of the business cycle where costs may outstrip revenues as the business grows whereas the later months of FY18 and FY19 reflect an established business. Ensurance NOW only commenced trading on the 'Compare the Market' comparison website in May 2017
- FY19, while only representing forecast earnings, may be a better reflection of the current business functioning fully. Growth for FY19 over FY18 is based on expected policy renewals on anniversary date and expected new policies sold on the 'Compare the Market' comparison website which is in line with actual performance for the six months to June 2018
- The years FY16 to FY 17 represented the existing business of Savill Hicks without the addition of Ensurance Now and so only show part of Savill Hicks' current business.

Based on the above we consider that the future maintainable (EBITDA) earnings of Savill Hicks Corp are in the range from \$200,000 to \$400,000.

This range of earnings takes a positive view of the contribution of Ensurance Now to future profitability and earnings.

Assessment of an Earnings Multiple

The next step in assessing the FME valuation of Savill Hicks Corp is to determine an appropriate capitalisation multiple to apply to our assessed future maintainable earnings.

Inherently, a capitalisation multiple should reflect the risks and likely growth associated with a Business. More comprehensively, it should consider such factors as:

- Stability and quality of earnings;
- Future prospects of the business including growth potential and the industry in which it is engaged, strength of competitors, barriers to entry, imminent technology changes etc;



- Quality of the management and the likely continuity of management;
- Nature and size of the business;
- Critical success factors of the business (for example, location, pricing, product mix);
- Source and supply of product and labour;
- Spread and financial standing of customers;
- Financial structure of the Business and gearing level;
- Industry cycle considerations;
- Current and expected changes in interest rates;
- Asset backing of the underlying business of the Business and the quality of assets;
- · Negotiability of shares; and
- Quality of financial information.

The standard FME methodology guides us to derive our capitalisation multiple from the multiples which apply to comparable businesses. However, in practice it is accepted that because there is no identical business from which to derive the capitalisation multiple, it will comprise a multiple derived from the most comparable companies for which information is publicly available, adjusted to take account of the various ways in which the most comparable companies are different to the Business being valued.

Information on potential publicly listed comparable companies was gathered using Bloomberg. We selected a group of publicly listed companies which we consider to be the most comparable to the Business due to:

- the nature of their business activities;
- exposure to a similar end user market; and
- similar risks faced with respect to their ongoing business operations.

A total of thirteen comparable publicly listed companies were identified based on our search criteria. Summary descriptions and brief financial data for these identified 'most comparable companies' for the Business are set out in Appendix 3.

The earnings multiple/ valuation ratio we determined was based on the enterprise value to EBITDA. The enterprise value was based on the volume weighted average trading price for the entity over the three months prior to the Date of Valuation. The EBITDA was derived from the financial data for the period ending closest to the Date of Valuation.

Due to the relatively specialised nature of Savill Hicks Corp's activities, the identified 'most comparable companies' above are not identical. However, we consider that the companies identified provide the closest listed comparable companies from which it is practical to draw an earnings multiple. Consequently, we consider an appropriate comparable listed multiple to be in the range from 12.0 to 15.0.

The main factors which we consider must be applied to adjust the multiple derived from the comparable listed company multiple range to determine a multiple for Savill Hicks Corp are set out in the paragraphs below.

Private Company Status

Private companies are valued at a discount to comparable listed companies. The private company discount is observable from actual transactions.



Premium for control

It should be noted that observed market prices for publicly listed companies relate to marketable parcels of shares, actively traded in a free and open market but which are minority interests. Generally, the value attributable to a 100% shareholding in a company, which provides the acquirer with the ability to exert full control of all the operational and financial aspects, is higher than a marketable parcel of shares.

To acquire a 100% shareholding and the benefits that come with this, the acquirer will have to pay a "premium for control". The premium for control reflects the additional value that attaches to a controlling interest compared to the value of a minority interest as demonstrated in normal share market trading.

Small size

A significant difference exists between Savill Hicks Corp and the most comparable publicly listed companies in terms of size, scale and diversification. Accordingly, it is appropriate to discount the multiple for the size, scale and diversification of Savill Hicks Corp. We consider it appropriate to apply a further discount due to the relatively small size of Savill Hicks Corp.

Risk of achieving forecast performance

Although we have assessed future maintainable earnings in the range from \$200,000 to \$400,000 a considerable risk exists in relation to Savill Hicks Corp achieving a level of performance which is in excess of actual adjusted performance for the three years to 30 June 2018. Achieving the forecast performance relies on the impact of future earnings from the relatively new Ensurance Now business.

Multiple Adopted

In consideration of all the above factors we consider that an appropriate earnings multiple to apply to the earnings of Savill Hicks Corp is in the range from 3.0 to 3.75. This is derived as set out in the table below.

| | Low | High |
|---|------|------|
| Comparable company EBITDA multiple selected | 12.0 | 15.0 |
| Discount for above factors | 75% | 75% |
| Adjusted EBITDA multiple | 3.0 | 3.75 |

Transaction multiples

An alternative method of arriving at the appropriate multiple is to consider the multipliers implied by publicly available information on actual market (merger and acquisition) transactions. Appropriate transactions were sought based on:

- recent arm's length transactions; and
- similar business activities, exposure to similar end user market and facing similar risks to their ongoing business operations.



We identified six comparable transactions as set out in Appendix 4. Note that because the comparable transactions method provides a value of the Business on a control basis, no further control premium adjustment is necessary.

We considered transaction based multiples as a cross-check on the multiple range derived from comparable companies.

We note that the multiples arising from actual transactions often include premiums paid for strategic reasons and premiums for a proportion of synergies expected to arise from the transaction.

We consider that the transaction multiples are broadly supportive of the multiple range we have selected.

Summary of Future Maintainable Earnings Value

We consider that an appropriate multiple to apply to the earnings of Savill Hicks Corp is between 3.0 and 3.75. The application of this multiple results in the values shown below:

| | Low Value \$000s | High Value \$000s |
|--|---------------------|----------------------|
| Future maintainable (EBITDA) earnings | 200 | 400 |
| Capitalisation Multiple | 3.0 times | 3.75 times |
| Enterprise Value of Savill Hicks Corp based on FME | 600 | 1,500 |

Source: BDO analysis

Once the FME value has been calculated we need to add any surplus assets and deduct any surplus liabilities. This is because the balance sheet of a company includes all the assets and liabilities required to generate income. However, if there are surplus assets or liabilities then these can be considered additional to the FME value because they are not required to generate income and would have been excluded from the normalised future maintainable earnings.

We consider that the only surplus assets or liabilities in the financial statements of Savill Hicks Corp are surplus assets being shares in listed investments.

Equity value based on capitalisation of future maintainable earnings

The enterprise value of Savill Hicks Corp must be converted to an equity value by:

- adding cash and deducting corporate debt; and
- adding the value of any assets surplus to business operations and deducting the value of any liabilities surplus to business operations.

We have identified the following surplus assets:

- Loan to Ensurance \$1.06 million
- Financial assets not material.



| | Low Value \$000s | High Value \$000s |
|--|---------------------|----------------------|
| Enterprise value of Savill Hicks Corp based on FME | 600 | 1,500 |
| Add current cash | 256 | 256 |
| Deduct corporate debt | (208) | (208) |
| Surplus asset - loan to Ensurance | 1,060 | 1,060 |
| Enterprise Value of Savill Hicks Corp based on FME | 1,708 | 2,608 |

10.3 Net Asset Valuation of Savill Hicks Corp

The value of the net assets of Savill Hicks Corp on a going concern basis is reflected in the table below:

| Net assets of Savill Hicks Corp | Note | Unaudited as at 30-Jun-18 | Adjustment \$ | Adjusted Net assets \$ |
|-----------------------------------|------|------------------------------|------------------|------------------------------|
| CURRENT ASSETS | | \$ | ٠ | Į. |
| Cash and cash equivalents | a | 181,444 | 74,592 | 256,036 |
| Trade and other receivables | | 32,500 | , | 32,500 |
| Loan to Ensurance | b | 1,059,758 | - | 1,059,758 |
| Trust account insurer assets | | 3,917,102 | - | 3,917,102 |
| Financial assets | С | 4,609 | - | 4,609 |
| Prepayments | | 44,090 | - | 44,090 |
| TOTAL CURRENT ASSETS | | 5,239,503 | | 5,314,095 |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | | 41,608 | - | 41,608 |
| TOTAL NON-CURRENT ASSETS | | 41,608 | | 41,608 |
| TOTAL ASSETS | | 5,281,111 | | 5,355,703 |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | | 104,233 | - | 104,233 |
| Trust account insurer liabilities | | 3,917,102 | - | 3,917,102 |
| Provision for employee benefits | | 85,883 | - | 85,883 |
| Borrowings | | 207,990 | - | 207,990 |
| TOTAL CURRENT LIABILITIES | | 4,315,208 | • | 4,315,208 |
| NON-CURRENT LIABILITIES | | | | |
| Provision for employee benefits | | 6,987 | - | 6,987 |
| TOTAL NON-CURRENT LIABILITIES | | 6,987 | | 6,987 |
| TOTAL LIABILITIES | | 4,322,195 | | 4,322,195 |
| NET ASSETS | | 958,916 | | 1,033,508 |

Source: BDO Analysis



We considered the following items and made adjustments where appropriate to the net assets of Savill Hicks Corp as at 30 June 2018 in arriving at our valuation.

Note a) Cash and cash equivalents

We have adjusted cash and cash equivalents to reflect the movements in cash subsequent to 30 June 2018. The movement in the balance represents normal business operations over the period.

Note b) Loan to Ensurance

Given that we are valuing Ensurance prior to the Proposed Transaction, Savill Hicks Corp forms a part of the consolidated Ensurance group, therefore the loan to Ensurance will eliminate on consolidation with the liability shown in the balance sheet of Ensurance (excluding discontinued operations).

Note c) Financial assets

These represent 250,000 shares in Aspermont (book value \$2,500 based on ASX closing prices at 30 June 2018) and 43,636 shares in Ensurance Limited (book value \$1,745 based on ASX closing prices at 30 June 2018) and a balance of \$364. We have not made any change to value.

We have also considered whether any adjustment is required to the following balances:

- Prepayments this represents principally insurance policies for business and PI. No adjustment is required.
- Property, plant and equipment we consider that this balance, representing plant and equipment and furniture, fixtures and fittings, does not require adjustment.

The table above indicates an adjusted net asset value of \$1,033,508.

10.4 Assessment of the value of Savill Hicks Corp

The results of the valuations performed are summarised in the table below:

| Equity Value of Savill Hicks Corp | Low \$000s | High \$000s |
|---|---------------|----------------|
| Based on capitalisation of FME (Section 10.2) | 1,708 | 2,608 |
| Based on net assets value (Section 10.3) | 1,034 | 1,034 |

Source: BDO analysis

We consider that the FME methodology is most appropriate for the valuation of Savill Hicks since it has a record of profitable performance.

Based on the results above we consider the value of Savill Hicks Corp to be between \$1.71 million and \$2.61 million.



10.5 Valuation of remaining net assets and liabilities in Ensurance

Set out in the table below is a summary of the net assets of Ensurance excluding the net assets of Savill Hicks Corp.

| | Preliminary | | Adjusted |
|--|-----------------|-------------|-------------|
| Net assets of Ensurance excluding Savill Hicks Corp | Unaudited as at | Adjustments | as at |
| Savik mens corp | 30-Jun-18 | | 30-Jun-18 |
| | \$ | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3,203,479 | (188,474) | 3,015,005 |
| Trade and other receivables | 823,087 | | 823,087 |
| Trust account insurer assets | 3,672,347 | | 3,672,347 |
| Other current assets | 202,960 | | 202,960 |
| TOTAL CURRENT ASSETS | 7,901,873 | | 7,713,399 |
| | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 180,788 | | 180,788 |
| Other non-current assets | 70,204 | | 70,204 |
| TOTAL NON-CURRENT ASSETS | 250,992 | | 250,992 |
| | | • | |
| TOTAL ASSETS | 8,152,865 | | 7,964,391 |
| | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 2,051,180 | | 2,051,180 |
| Trust account insurer liabilities | 3,672,347 | | 3,672,347 |
| Provision for employee benefits | 309,223 | | 309,223 |
| Borrowings | 467,288 | | 467,288 |
| TOTAL CURRENT LIABILITIES | 6,500,038 | | 6,500,038 |
| | | | |
| NON-CURRENT LIABILITIES | | | |
| Provision for employee benefits | 28,889 | | 28,889 |
| Borrowings | 2,583,632 | | 2,583,632 |
| TOTAL NON-CURRENT LIABILITIES | 2,612,521 | | 2,612,521 |
| | | | |
| TOTAL LIABILITIES | 9,112,559 | | 9,112,559 |
| NET (LIABILITIES) | (959,694) | | (1,148,168) |
| | | | |



We have not made any adjustments to the net assets of Ensurance as shown in the preliminary unaudited balance sheet at 30 June 2018 except to adjust cash and cash equivalents to the current balance. This movement in cash over the period since 30 June 2018 is as a result of normal business operations.

10.6 Total value of Ensurance based on FME valuation of Savill Hicks Corp and NAV valuation of remaining assets and liabilities of Ensurance

Set out below is a summary of the total value of Ensurance from a combination of the FME valuation of Savill Hicks Corp and of the NAV valuation of the remaining assets and liabilities of Ensurance.

| | Ref | Low Value \$000s | High Value \$000s |
|--|------|---------------------|----------------------|
| FME value of Savill Hicks Corp | 10.4 | 1,708 | 2,608 |
| NAV value of remaining assets and liabilities of Ensurance | 10.5 | (1,148) | (1,148) |
| Total Value of Ensurance | | 560 | 1,460 |

10.7 Assessed value of an Ensurance share based on FME valuation of Savill Hicks Corp and NAV valuation of remaining assets and liabilities of Ensurance

We have adjusted the assessed value of Ensurance as a whole being a control value to reflect a minority interest value by applying a discount for minority interest.

We have assessed the minority interest discount based the inverse of the control premium observed in market transactions for financial companies listed on the ASX. Our analysis of these transactions to arrive at the appropriate minority interest discount is set out in Appendix 5.

We consider that the appropriate minority interest discount is in the range from 16.7% to 21.9%.

Based on the above our assessment of the value of minority interest in Ensurance based the FME value of Savill Hicks Corp and the net assets value of the remainder of Ensurance is in the range from \$0.0013 to \$0.0035 as set out below.

| | Ref | Low Value \$000s | High Value \$000s |
|--|-------|---------------------|----------------------|
| Control value of Ensurance | 10.6 | 560 | 1,460 |
| Minority interest discount | App 5 | 21.9% | 16.7% |
| Minority value of Ensurance | | 437 | 1,216 |
| Number of shares on issue | | 346,227,724 | 346,227,724 |
| Minority value of a share in Ensurance | | \$0.0013 | \$0.0035 |



We have also considered the fully diluted value based on any options which are currently 'in the money' converting to shares.

Based on our assessed value above, none of the options would convert to shares as the lowest exercise price for the options on issue is \$0.04.

10.8 Quoted Market Prices for Ensurance Shares

To provide a comparison with the valuation of Ensurance summarised in Section 10.6 using the FME and NAV methodologies, we have also assessed the quoted market price for an Ensurance share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

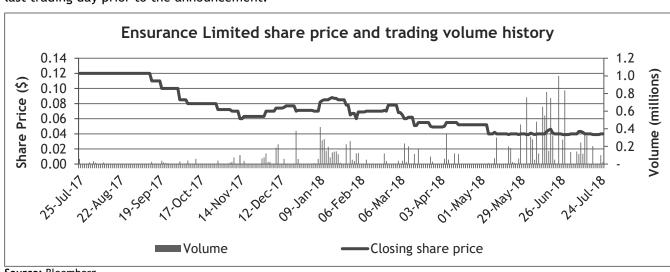
We consider that a parcel of 30,140,905 shares (representing an interest of approximately 8.7%) does not carry a significant influence over the operations and value of Ensurance.

Therefore, our calculation of the quoted market price of an Ensurance share does not include a premium for control. We have calculated the quoted market price on a minority interest basis without any control adjustment.

Minority interest value

Our analysis of the quoted market price of an Ensurance share is based on the pricing prior to the announcement of the Proposed Transaction. This is because the value of an Ensurance share after the announcement may include the effects of any change in value as a result of the Proposed Transaction. However, we have considered the value of an Ensurance share following the announcement when we have considered reasonableness in Section 13.

Information on the Transaction was announced to the market on 25 July 2018. Therefore, the following chart provides a summary of the share price movement over the 12 months to 24 July 2018 which was the last trading day prior to the announcement.



Source: Bloomberg



The daily price of Ensurance shares from 24 July 2017 to 24 July 2018 has ranged from a low of \$0.039 on 20 July 2018 to a high of \$0.125 on 2 August 2017. The shares underwent two trading halts during this period: once on 28 September 2017 and another on 19 April 2018. The former related to a fully underwritten placement and the latter was for a share placement and entitlement offer. The general trend of Ensurance shares was to trade lower over this period, with a notable increase in the volume of shares traded towards the later part.

From the end of July 2017 to the end of November 2017, the price of Ensurance shares cascaded from \$0.120 towards \$0.063, a decline of 47.5%. This was primarily driven by the aforementioned fully underwritten placement and a poorly received set of quarterly results. Following this downtrend, the Ensurance share price began to recover, reaching a close of \$0.082 on 8 January 2018 after its UK-based Ensurance UK was fully authorised as a Managed General Agent. The share price then continued its gradual downward trend up to the date of the announcement, with the release of several financial results failing to stop this. The highest single day of trading during the assessed period was on 22 June 2018, when 1,000,000 shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

| Date | Announcement | Closir Price F Annou \$ (mo | Follo | wing nent | Three Anno | Days | |
|------------|--|--------------------------------------|-------|--------------|---------------|------|-------|
| 28/05/2018 | Entitlement Issue Prospectus | 0.040 | • | 2.6% | 0.039 | • | 2.5% |
| 17/05/2018 | Change to terms of Entitlement Offer | 0.040 | • | 0.0% | 0.040 | • | 0.0% |
| 08/05/2018 | Ensurance Adopts New Strategic Direction | 0.040 | • | 0.0% | 0.040 | • | 0.0% |
| 30/04/2018 | Response to ASX Query | 0.052 | • | 0.0% | 0.052 | • | 0.0% |
| 30/04/2018 | Appendix 4C - quarterly | 0.052 | • | 0.0% | 0.052 | • | 0.0% |
| 24/04/2018 | Reinstatement to Official Quotation | 0.052 | • | 0.0% | 0.052 | • | 0.0% |
| 24/04/2018 | Ensurance to undertake Share Placement and Entitlement Offer | 0.052 | • | 0.0% | 0.052 | • | 0.0% |
| 23/04/2018 | Suspension from Official Quotation | 0.052 | • | 0.0% | 0.052 | • | 0.0% |
| 19/04/2018 | Trading Halt | 0.052 | • | 0.0% | 0.052 | • | 0.0% |
| 27/02/2018 | Appendix 4D Half-Year Report | 0.078 | • | 0.0% | 0.068 | • | 12.8% |
| 31/01/2018 | Appendix 4C - quarterly | 0.067 | • | 0.0% | 0.069 | • | 3.0% |
| 08/01/2018 | Ensurance UK Achieves Significant Milestones | 0.082 | • | 17% | 0.085 | • | 4% |
| 27/10/2017 | Commitments Test Entity - First Quarter Report | 0.072 | • | 10% | 0.072 | • | 0% |
| 13/10/2017 | Ensurance to Increase Fully Underwritten Placement to \$3.5m | 0.080 | • | 0% | 0.080 | • | 0% |
| 02/10/2017 | ENA to undertake fully underwritten \$3 million placement | 0.085 | • | 15% | 0.085 | • | 0% |
| 28/09/2017 | Trading Halt | 0.100 | • | 0% | 0.085 | • | 15% |
| 31/08/2017 | APPENDIX 4E - Preliminary Financial Report | 0.120 | • | 0% | 0.120 | • | 0% |
| 31/07/2017 | Appendix 4C - quarterly | 0.120 | • | 0% | 0.120 | • | 0% |



On 21 June 2018, Ensurance advised the closure of its fully underwritten, non-renounceable entitlement issue on 19 June 2018. The entitlement issue was undersubscribed with only 23,875,429 shares of the 173,113,862 shares being taken up. The remaining shortfall of 149,238,433 shares was taken up by the joint underwriters, Transocean Securities Pty Ltd and Patersons Securities Ltd. The entitlement issue was at \$0.04 per share to raise \$6,924,554.48 (before costs). The share price remained unchanged on the day but fell 3% over the subsequent three trading days.

On 28 May 2018, Ensurance released a prospectus related to its capital raising first announced on 24 April 2018. The 1-for-1 non-renounceable entitlement issue for 173,113,862 shares at \$0.04 each had aimed to raise up to \$6.92 million for paying off short-term debt, funding its expansion of Ensurance UK and working cost requirements. The offer was to be fully underwritten by Patersons Securities Limited and Transocean Securities Pty Ltd. The share price increased by 2.6% on the day of the announcement, however it then fell 2.5% over the following three days.

On 17 May 2018, Ensurance announced changes to its terms of the entitlement offer announced on 24 April 2018. Specifically, the offer was initially a 9-for-10 renounceable entitlement issue but this was now changed to a 1-for-1 non-renounceable entitlement issue. The share price remained unchanged on the day and over the subsequent three trading days.

On 8 May 2018, Ensurance announced the adoption of a new strategic direction involving building its operations internationally with a focus as a Managing General Agent. Resources would be directed towards expansion of its UK operations and its underwriting agencies. As part of this change, Ensurance also announced intentions to dispose of its Australian retail brokerage business, Savill Hicks Corp, and confirmed receipt of non-binding proposals to purchase that business which were still under consideration of the board. The share price remained unchanged on the date of the announcement and over the subsequent three trading days.

On 30 April 2018, the Company responded to an ASX query regarding a breach of ASX Listing Rule 10.1, admitting to several oversights for its funding arrangements with Kalonda Pty Ltd, an entity related to Mr Tony Leibowitz who was Executive Chairman of Ensurance. Also on the same date, Ensurance released its quarterly results. Both announcements did not move the share price on the day and over the three subsequent trading days.

On 24 April 2018, the suspension of trading in Ensurance shares was lifted following the Company's announcement on its capital raising. Details of the capital raising, which was announced earlier in the day, was for a share placement of \$800,000 followed by a renounceable entitlement issue of up to \$6.23 million, for purposes of short-term debt retirement and funding its UK expansion. Both these announcements did not move the share price on the day and over the three subsequent trading days.

On 23 April 2018, Ensurance shares were voluntarily suspended from quotation on the ASX pending its announcement on a capital raising. This was to allow the Company further time to finalise the capital raising which was initially announced on 19 April 2018.

On 19 April 2018, shares in Ensurance entered a trading halt pending an announcement regarding a capital raising, which was expected to be finalised on 23 April 2018.

On 27 February 2018, Ensurance released its interim financial results for the half-year ended 31 December 2017. The results reported a loss of \$5.58 million for the half, including a \$2.01 million impairment to software development costs, and a widening of its net liability position to \$3.92 million. The



announcement did not move the share price on the day, however it was 12.8% lower over the subsequent three trading days.

On 8 January 2018, Ensurance announced the receipt of Financial Conduct Authority (FCA) approval for its Ensurance UK operations which meant the entity was a fully authorised Managed General Agent. The announcement also confirmed the UK-based operation was on path to reaching its initial target of signing 65 strategic brokers. The announcement was well-received on the day with Ensurance shares trading up 17% on the day and up a further 4% over the subsequent three trading days.

On 27 October 2018, the Company released its quarterly financial results for the quarter ended 30 September 2017. The results included a \$1.0 million cash outflow from operating activities, primarily due to staff, administration and corporate costs. The share price ended the day 10% lower, however it was unchanged over the subsequent three trading days.

On 13 October 2017, Ensurance announced an increase to its fully underwritten share placement to \$3.5 million with no other changes to the original terms. Ensurance share price did not respond to the announcement on the day and over the following three trading days.

On 2 October 2017, Ensurance announced a fully underwritten \$3 million placement to fund expansion of its UK and Australian operations, as well as the appointment of Mr Tony Leibowitz as Executive Chairman. The placement, 50% of which was underwritten by Mr Leibowitz, was at an issue price of \$0.05 per share, representing a 50% discount to what Ensurance shares traded at before the announcement. On the date of the announcement, the share price decreased by 15% to \$0.085 where it remained over the subsequent three trading days.

On 28 September 2017, shares in Ensurance entered a trading halt which would last until 30 September 2017, pending an announcement regarding a capital raising.

On 31 August 2017 the Company released its preliminary final results for the year ended 30 June 2017. Although revenues were up almost 5% to \$3.2 million, net loss further increased 286% to 5.1 million mainly due to increased wages from its expanding operations. Shares in Ensurance did not react to the announcement on the day and remained unchanged over the subsequent three trading days.

On 31 July 2017 the Company released its quarterly financial results for the quarter ended 30 June 2017. This showed a small increase in its cash balances from \$199 thousand to \$367 thousand, primarily due to increased borrowings. Shares in Ensurance did not react to the announcement on the day and also remained unchanged over the subsequent three trading days.

To provide further analysis of the market prices for an Ensurance share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 24 July 2018.

| Share Price per unit | 24-Jul-18 | 10 Days | 30 Days | 60 Days | 90 Days |
|--|-----------|---------|---------|---------|---------|
| Closing price | \$0.040 | | | | |
| Volume weighted average price ('VWAP') Source: Bloomberg, BDO analysis | | \$0.040 | \$0.041 | \$0.041 | \$0.042 |

The above weighted average prices are prior to the date of the announcement of the Proposed Transaction, to avoid the influence of any increase in price of Ensurance shares that has occurred since the Proposed Transaction was announced.

An analysis of the volume of trading in Ensurance shares for the six months to 24 July 2018 is set out below:



| Trading days | Share price | Share price | Cumulative volume | As a % of |
|--------------|-------------|-------------|-------------------|----------------|
| | low | high | traded | Issued capital |
| 1 Day | \$0.040 | \$0.040 | 20,000 | 0.01% |
| 10 Days | \$0.039 | \$0.041 | 1,004,018 | 0.29% |
| 30 Days | \$0.039 | \$0.052 | 6,514,701 | 1.88% |
| 60 Days | \$0.039 | \$0.052 | 10,476,663 | 3.03% |
| 90 Days | \$0.039 | \$0.055 | 11,282,477 | 3.26% |
| 180 Days | \$0.039 | \$0.090 | 16,388,065 | 4.73% |

Source: Bloomberg, BDO analysis

This table indicates that Ensurance's shares display a low level of liquidity, with 4.73% of the Company's current issued capital being traded in a six-month period. RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect its value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Ensurance, we do not consider the market to be deep. This is reflected by only 4.73% of the Company's current issued capital being traded over the measurement period. Consequently, it would not be appropriate to use this as a primary valuation methodology.

Our assessment is that a range of values for Ensurance shares based on market pricing, after disregarding post announcement pricing, is between \$0.040 and \$0.045.

Control premium

Since the parcel of Ensurance shares included in the Consideration represent less than 10% of the issued capital we do not consider that it is appropriate to add a control premium to the minority interest value represented by the QMP methodology.

10.9 Capital raising price

Ensurance's most recent capital raising was a fully underwritten, non-renounceable entitlement issue on 19 June 2018 at \$0.04 cents per share. The entitlement issue was undersubscribed with only 23,875,429 shares of the 173,113,862 shares being taken up representing approximately 14% of the shares offered. The remaining shortfall of 149,238,433 shares was taken up by the joint underwriters, Transocean Securities Pty Ltd and Patersons Securities Ltd.



10.10 Conclusion re value of an Ensurance share

Set out below is a summary of the value of an Ensurance share using the three different valuation approaches.

| | Ref | Assessed value per share Low \$ | Assessed value per share High \$ |
|--|------|--|---|
| Combination of FME value of Savill Hicks Corp and NAV valuation of remaining assets of Ensurance | 10.7 | 0.0013 | 0.0035 |
| QMP value | 10.8 | 0.040 | 0.045 |
| Capital raising price | 10.9 | 0.040 | 0.040 |

The above table shows a range of values for Ensurance prior to the Proposed Transaction. There are issues associated with each of the valuation methodologies:

- The capital raising price, while a recent transacted price, is nevertheless flawed as an indicator of value because of the significant shortfall which was taken up by the underwriters. This indicates that the capital raising may have been overpriced.
- The QMP value suggests a relatively stable market price in the months leading up to the announcement of the Proposed Transaction in July 2018. However, the price is only supported by very low volumes which is not indicative of a deep and active market in Ensurance shares.
- The sum of parts valuation based on a combination of the FME valuation methodology for Savill Hicks Corp and NAV valuation methodology for the remainder of Ensurance is the purest of the three valuation approaches because it examines the intrinsic value of the separate components of Ensurance in detail. However, the value is dependent on the forecast performance of Savill Hicks Corp which is as yet unproven with revenue growth built on strong growth for the relatively new Ensurance Now business, albeit that this risk is reflected in the capitalisation multiple that we have adopted

When comparing the values it is relevant to note that the net asset value implied by the market price of \$0.04 is approximately \$14 million for Ensurance as a whole, considerably in excess of net assets and of our sum of parts valuation.

We consider that the sum of parts valuation in the range from \$0.0013 to \$0.0035 per Ensurance share is the most reflective of the market value of the Company and provides our preferred range and is our primary valuation methodology.



11. Valuation of an Ensurance share following the Proposed Transaction

11.1 Valuation of the whole of Ensurance

We consider that the value of an Ensurance share following the Proposed Transaction is based on Ensurance prior to the Proposed Transaction adjusted for the various elements of the Proposed Transaction.

Since the balance sheet of Ensurance at 30 June 2018 shows the assets and liabilities of Savill Hicks Corp separately (net assets of discontinued operations), the starting point is the net assets of Ensurance's continuing operations at 30 June 2018, as set out below.

| Net assets of Ensurance | Notes | Preliminary unaudited as at 30-Jun-18 \$ | Adjustments for Proposed Transaction S | Adjusted value 30-Jun-18 \$ |
|-----------------------------------|-------|---|---|-----------------------------------|
| CURRENT ASSETS | | <u> </u> | * | <u> </u> |
| Cash and cash equivalents | a,b,c | 3,015,005 | 1,765,376 | 4,780,381 |
| Trade and other receivables | | 823,087 | | 823,087 |
| Trust account insurer assets | | 3,672,347 | | 3,672,347 |
| Prepayments | | 202,960 | | 202,960 |
| TOTAL CURRENT ASSETS | _ | 7,713,399 | 1,765,376 | 9,478,775 |
| NON-CURRENT ASSETS | | | | |
| Listed shares | | 2,564 | | 2,564 |
| Bonds on deposit | | 67,640 | | 67,640 |
| Plant and equipment | | 180,788 | | 180,788 |
| TOTAL NON-CURRENT ASSETS | _ | 250,992 | - | 250,992 |
| TOTAL ASSETS | = | 7,964,391 | 1,765,376 | 9,729,767 |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | a | 2,051,180 | (1,059,758) | 991,422 |
| Trust account insurer liabilities | | 3,672,347 | | 3,672,347 |
| Provision for employee benefits | | 309,223 | | 309,223 |
| Borrowings | | 467,288 | | 467,288 |
| TOTAL CURRENT LIABILITIES | _ | 6,500,038 | (1,059,758) | 5,440,280 |
| NON-CURRENT LIABILITIES | | | | |
| Provision for employee benefits | | 28,889 | | 28,889 |
| Borrowings | d | 2,583,632 | (430,604) | 2,153,028 |
| TOTAL NON-CURRENT LIABILITIES | | 2,612,521 | (430,604) | 2,181,917 |
| TOTAL LIABILITIES | = | 9,112,559 | (1,490,362) | 7,622,197 |
| NET ASSETS - continued operations | _ | (1,148,168) | 3,255,738 | 2,107,570 |

BDO workings



We have made the following adjustments in determining the adjusted net assets value as set out above:

Note a) Settlement of Loan from Savill Hicks Corp to Ensurance

The loan of \$1,059,758 is to be settled by declaration of a dividend from Savill Hicks Corp to Ensurance equal to the retained earnings of \$826,123. Balance of \$233,635 settled by payment in cash.

Note b) Cash payment of \$1,000,000

Cash payment by the purchasers to Ensurance.

Note c) Additional cash payment of \$999,011

Additional cash payment by the purchasers to Ensurance. This may be provided through vendor finance.

Note d) Cancellation of convertible notes with face value of \$500,000

The cancellation impacts on the net assets of Ensurance through - face value, equity component and accrued interest - totalling \$430,604.

As a result of the above the net adjustment to cash is comprised as follows:

| | Reference | \$ |
|---------------------------------------|-----------|-----------|
| Net payment to settle loan | a | (233,635) |
| Cash payment by purchasers | b | 1,000,000 |
| Additional cash payment by purchasers | С | 999,011 |
| Net cash adjustment | | 1,765,376 |

We note that the following do not impact on the net assets value of Ensurance:

- a) Cash deposit already paid of \$200,000
- b) Cancellation of Ensurance shares. No cash element. Only impacts on number of shares on issue.

11.2 Valuation per share

Set out below is our valuation of an Ensurance share including a discount for minority interest in order for this value to be comparable with the pre value in section 10 above.



| | Reference | Assessed value |
|---|-----------|----------------------|
| Assessed value of Ensurance as a whole | 11.1 | \$2,107,570 |
| Number of shares on issue | a | 316,086,819 |
| Assessed value per Ensurance share - control basis | | \$0.0067 |
| Discount for minority interest | 10.7 | 16.7% to 21.9% |
| Assessed value per Ensurance share - minority basis | | \$0.0052 to \$0.0056 |

Note a) number of shares on issue

The number of shares on issue is reduced by 30,140,905 being the number of shares bought back as part of the Proposed Transaction. The number of Ensurance on issue is therefore 316,086,819 shares.



12. Is the Proposed Transaction fair?

The comparison between the value of an Ensurance shares prior to the Proposed Transaction and the value of an Ensurance share post the Proposed Transaction is set out below:

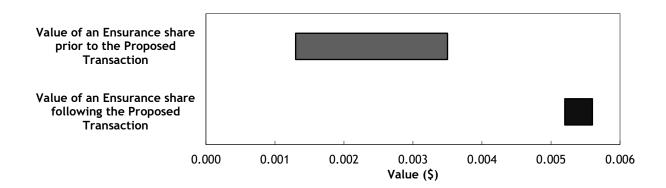
| Value of an Ensurance share on a minority basis | Ref | Low \$ | Midpoint \$ | High \$ |
|---|-------|-----------|----------------|------------|
| Pre the Proposed Transaction | 10.10 | 0.0013 | 0.0024 | 0.0035 |
| Post the Proposed Transaction | 11.2 | 0.0052 | 0.0054 | 0.0056 |

We note from the table above that the range of our assessed value post the Proposed Transaction is greater than the range of our assessed value prior to the Proposed Transaction.

Therefore, we consider that the Proposed Transaction is fair.

The above valuation ranges are graphically presented below:

Valuation Summary





13. Is the Proposed Transaction reasonable?

13.1 Alternative Proposal

We understand that the directors of Ensurance considered another proposal before proceeding with the Proposed Transaction as its preferred strategy.

The alternative proposal arose from Ensurance's chosen strategy to pursue its underwriting business and UK expansion and was therefore in relation to the future strategy for Savill Hicks Corp which did not align with the overall strategy because of the requirements of an insurance brokerage which seeks to offer its clients a number of underwriting options. Consequently, the directors of Ensurance chose to pursue a path by which Savill Hicks Corp could be separated from Ensurance.

The alternative proposal was in the form of an offer received from an independent third party to acquire the assets of Savill Hicks Corp. We understand that the offer was primarily a cash offer and that the total transaction value was approximately \$4 million.

The directors considered the alternative proposal overall to be less advantageous for Ensurance in comparison with the Proposed Transaction. We understand that the analysis undertaken by Ensurance in determining its preferred alternative included considering financial and other factors (including anticipated redundancies of Savill Hicks Corp staff).

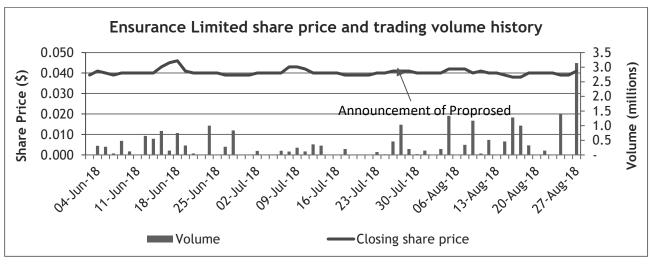
13.2 Consequences of not Approving the Proposed Transaction

Consequences

It is likely that Ensurance will continue to operate in its current form for the time being but that the directors will continue to pursue alternatives for the future separation of the retail broking business from what is considered to be the core business of Ensurance in the future, the underwriting and UK business.

Potential movement in share price

We have analysed movements in Ensurance's share price since the Proposed Transaction was announced. A graph of Ensurance's share price since the announcement to 27 August 2018 is set out below.



Source: Bloomberg



The Proposed Transaction was announced on 25 July 2018. On the trading day prior to the announcement of the Proposed Transaction, the Ensurance share price was \$0.040. On the day of the announcement, the share price closed up 2.5% but over the subsequent three trading days closed back at \$0.040. Since the announcement, the share price has traded in a narrow range between \$0.038 and \$0.042. Daily trading volumes have averaged 556,057 shares since the announcement of the Proposed Transaction. We note a large spike in trading volume on 27 August 2018 of 3,140,000 shares. This coincided with the release of Ensurance's Preliminary Final Report for the financial year ended 30 June 2018 which also saw the share price increase 5.1% on the day to close at \$0.041.

Given the above analysis it is possible that if the Proposed Transaction is not approved then Ensurance's share price is unlikely to react positively or negatively.

13.3 Advantages of Approving the Proposed Transaction

We have considered the following advantages when assessing whether the Proposed Transaction is reasonable.

| Advantage | Description |
|---|---|
| The Proposed Transaction is fair | As set out in Section 12 the Proposed Transaction is fair. RG 111 states that an offer is reasonable if it is fair. |
| More focussed strategy for the Company | The disposal of the retail brokerage business represented by Savill Hicks Corp allows the Company to focus on its strategic repositioning as a Managing General Agency to develop its underwriting business, particularly in the UK. |
| Greater degree of control | Existing shareholders will have a greater relative degree of control after the buy back and cancellation of the Hicks Graves shares. |
| Wider business of Ensurance restricted by the requirement of retail brokerage to secure quotes from a number of sources | Essentially the current operating arrangements for Savill Hicks Corp as a retail brokerage require it to pursue a number of underwriting options for its clients - it is not able to solely use the Ensurance underwriting quotes. By separating Savill Hicks from Ensurance, this potential conflict of writing business for underwriting competitors will be avoided. |
| Ensurance will be more agile in pursuing its future strategies | Currently a large part of Ensurance's head office operations and overheads are focused on the retail brokerage business. The Proposed Transaction will allow the Company to operate with a slimmer infrastructure better able to focus effort where required both geographically and operationally. |



13.4 Disadvantages of Approving the Proposed Transaction

If the Proposed Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

| Disadvantage | Description |
|--|---|
| Losing synergies with a closely related business | Although Savill Hicks Corp operates in a distinct market (retail brokerage) it is nevertheless closely related to the core underwriting business of Ensurance and there may be synergies between the two because of the shared touchpoints. |
| Smaller entity may make it harder to raise working capital | The net assets of the Company will be reduced as a result of the Proposed Transaction. The reduced scale of the Company may make it more difficult for Ensurance to raise finance in the immediate future. |



14. Conclusion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is fair and reasonable to the Shareholders of Ensurance.

15. Sources of information

Our Report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Ensurance for the year ended 30 June 2017;
- Preliminary unaudited financial statement of Ensurance at 30 June 2018;
- Reviewed financial statements of Ensurance for the six months to 31 December 2017;
- Unaudited management accounts of the Ensurance Limited group for the year ended 30 June 2018 (showing the breakdown between the various component businesses);
- Share sale agreement dated 24 July 2018;
- Information in the public domain including:
 - ASX announcements;
 - IBISWorld Reports;
 - Reserve Bank of Australia statements;
 - Bloomberg;
 - S&P Capital IQ; and
 - Bank of England releases;
- Share registry information; and
- Discussions with Directors and Management of Ensurance.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$32,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of our Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of our Report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Ensurance Limited in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Ensurance Limited, including the non-provision of material information, in relation to the preparation of our Report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Ensurance Limited, Mr Stefan Hicks and Mr Brett Graves and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Ensurance Limited, Mr Stefan Hicks, Mr Brett Graves and their respective associates.



Within the past two years neither the two signatories to our Report nor BDO Corporate Finance (WA) Pty Ltd have had any professional relationship with Ensurance Limited, Mr Stefan Hicks, Mr Brett Graves or their associates, other than in connection with the preparation of our Report.

A draft of our Report was provided to Ensurance Limited and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to our Report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 300 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These independent expert's reports have covered a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Global Natural Resources Leader for BDO.

Adam Myers is a member of Chartered Accountants Australia & New Zealand. Adam's career spans 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert's reports and valuations in general for companies in a broad range of industry sectors.

18. Disclaimers and consents

This report has been prepared at the request of Ensurance Limited for inclusion in the Notice of Meeting and Explanatory Statement which will be sent to all Ensurance Limited Shareholders.

Ensurance Limited engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the Proposed Transaction for Ensurance Limited to dispose of its Australian retail brokerage business, Savill Hicks Corp Pty Ltd.



BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the abovementioned Notice of Meeting and Explanatory Statement. Apart from such use, neither the whole nor any part of our Report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting and Explanatory Statement other than our Report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd, acting as an independent expert, to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Ensurance Limited and Savill Hicks Corp Pty Ltd. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Ensurance Limited and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved. (We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.)

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in our Report does not constitute legal or taxation advice to the Shareholders of Ensurance Limited, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in our Report arising between the date of our Report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes

Adam Myers

Director

Director



Appendix 1 - Glossary of Terms

| Reference | Definition |
|------------------------------|--|
| The Act | The Corporations Act 2001 Cth |
| Agreement | Share sale agreement between Ensurance Ltd and Savill Hicks Corp Pty Ltd to dispose of all the shares in Savill Hicks Corp Private Limited to Savill Hicks Corp Insurance Pty Ltd |
| APES 225 | Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' |
| ASIC | Australian Securities and Investments Commission |
| ASX | Australian Securities Exchange |
| BDO | BDO Corporate Finance (WA) Pty Ltd |
| Buy-back | The buy-back by Ensurance Ltd of 25,930,006 Ensurance Shares held by Mr Stefan Hicks and associates and 4,210,899 Ensurance Shares held by the Mr Brett Graves and associates at a deemed issue price of \$0.045 per share |
| СРІ | Consumer Price Index |
| The Company | Ensurance Limited |
| Convertible Notes Subscriber | Savill Hicks Corp (Vic) Pty Ltd ATF Hicks Big Buckaroo Superannuation Fund |
| Corporations Act | The Corporations Act 2001 Cth |
| DCF | Discounted Future Cash Flows |
| EBIT | Earnings before interest and tax |
| EBITDA | Earnings before interest, tax, depreciation and amortisation |
| Ensurance | Ensurance Limited |
| Ensurance Capital | Ensurance Capital Pty Ltd |
| Ensurance IT | Ensurance IT Pty Ltd |
| Ensurance Underwriting | Ensurance Underwriting Pty Ltd |
| EU | European Union |



| Reference | Definition |
|----------------------|--|
| FCA | Financial Conduct Authority |
| FME | Future Maintainable Earnings |
| FOS | Financial Ombudsman Service |
| FSG | Financial Services Guide |
| GDP | Gross Domestic Product |
| Graves | Brett Graves |
| Hicks | Stefan Hicks |
| Hicks Graves | Controlled entities of Stefan Hicks and Brett Graves |
| IT | Information Technology |
| MPC | The Bank of England's Monetary Policy Committee |
| NAV | Net Asset Value |
| QMP | Quoted market price |
| RBA | Reserve Bank of Australia |
| Regulations | Corporations Act Regulations 2001 (Cth) |
| RG 111 | Australian Securities and Investment Commission Regulatory Guide 111 'Contents of Expert's Reports' |
| RG 112 | Australian Securities and Investment Commission Regulatory Guide 112 'Independence of Experts' |
| Savill Hicks Corp | Savill Hicks Corp Pty Ltd |
| Savill Hicks NSW | Savill Hicks (NSW) Pty Ltd |
| Settlement | The date which is five Business days after satisfaction (or waiver) of the conditions precedent |
| SHCIHPL | Savill Hicks Corp Insurance Holding Pty Ltd |
| Our Report | This Independent Expert's Report prepared by BDO |
| Proposed Transaction | Ensurance Limited's proposed disposal of their Australian retail brokerage business to Stefan Hicks and Brett Graves and their controlled entities |



| Reference | Definition |
|----------------------|---|
| RG 74 | Acquisitions approved by Members (December 2011) |
| RG 111 | Content of expert reports (March 2011) |
| RG 112 | Independence of experts (March 2011) |
| Section 611 | Section 611 of the Corporations Act |
| Shareholders | Shareholders of Ensurance Limited not associated with Stefan Hicks and Brett Graves |
| Sum-of-Parts | A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies |
| UK | The United Kingdom |
| Valuation Engagement | An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time |
| Vendor Finance | Payment by SHC Insurance Pty Ltd of \$999,011 which will be satisfied by the provision by Ensurance Ltd of vendor finance, at a rate of 8% p.a., compounded monthly for a period of three months from settlement, with an option to extend |
| VWAP | Volume Weighted Average Price |

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The Directors BDO Corporate Finance (WA) Pty Ltd 38 Station Street SUBIACO, WA 6008 Australia



Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 Net asset value ('NAV')

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

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

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 Quoted Market Price Basis ('QMP')

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 Capitalisation of future maintainable earnings ('FME')

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.



The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.



Appendix 3 - Comparable Company Analysis

We have analysed the EBITDA multiples of publicly listed companies within Australia which we consider are most comparable to Savill Hicks Corp. This peer group was derived by performing an S&P Capital IQ screen for:

- ASX-listed companies; and
- Operating in the insurance, insurance brokerage or mortgage broking industry.

From the list of companies, which included Ensurance Limited, we further consider the nature of their business activities, their exposure to a similar end-user market and the risks to their ongoing business operations to derive a list of comparable companies. The results of the analysis are set out in the table below:

| Company Name | Market Capitalization (A\$m) | Net Debt (A\$m) | Enterprise Value (A\$m) | EBITDA (trailing 12- month) (A\$m) | EBITDA Multiple (x) |
|-----------------------------------|------------------------------------|--------------------|-------------------------------|--|---------------------------|
| Steadfast Group Limited | 2,430.4 | 154.6 | 2,630.2 | 142.6 | 18.4 |
| AUB Group Limited | 877.9 | 48.4 | 992.3 | 73.4 | 13.5 |
| PSC Insurance Group Limited | 706.5 | (107.2) | 601.0 | 26.9 | 22.3 |
| Medibank Private Limited | 8,785.3 | (610.0) | 8,175.3 | 654.6 | 12.5 |
| nib holdings limited | 2,902.6 | 38.4 | 2,941.0 | 212.6 | 13.8 |
| Freedom Insurance Group Ltd | 95.9 | (27.9) | 68.0 | 18.8 | 3.6 |
| ClearView Wealth Limited | 679.4 | (292.9) | 1,328.5 | 101.5 | 13.1 |
| Suncorp Group Limited | 19,623.4 | 23,417.0 | 43,050.4 | 3,113.0 | 13.8 |
| Insurance Australia Group Limited | 17,676.0 | 759.0 | 18,946.0 | 1,576.0 | 12.0 |
| QBE Insurance Group Limited | 14,693.2 | 3,642.3 | 18,376.0 | 328.5 | 55.9 |
| CBL Corporation Limited | 678.8 | (232.1) | 486.1 | 56.1 | 8.7 |
| iSelect Limited | 175.9 | (33.0) | 144.8 | 6.3 | 22.9 |
| Mortgage Choice Limited | 218.2 | (3.4) | 214.8 | 6.1 | 35.0 |
| | | | | Mean | 18.8 |
| | | | | Median | 13.8 |

Source: S&P Capital IQ data as at 21 August 2018

Enterprise value represents the market capitalization adjusted by adding net debt, preferred equity and minority interests.

Set out below are synopses of the above comparable companies:



| Company Name | Business Description |
|---|--|
| Steadfast Group Limited (ASX:SDF) | Steadfast Group Limited operates in the insurance broking industry in Australasia, Asia, and Europe. It operates as a co-owner and consolidator of brokers; underwriting agencies; and other complementary businesses, including life and reinsurance broking, premium funding, technology, back office, work health consultancy, and specialized legal practice. The company operates a network of 361 general insurance brokers and 24 underwriting agencies. Steadfast Group Limited was founded in 1996 and is based in Sydney, Australia. |
| AUB Group Limited (ASX:AUB) | AUB Group Limited provides insurance broking, underwriting, and risk services in Australia and New Zealand. The company operates insurance broking networks represented by approximately 110 businesses, as well as distributes ancillary products; and underwrites, distributes, and manages insurance products and portfolios on behalf of licensed insurance companies. It also provides risk management and claims solutions for clients, insurance brokers, and insurance companies. The company was formerly known as Austbrokers Holdings Limited and changed its name to AUB Group Limited in November 2015. AUB Group Limited was incorporated in 1885 and is based in Sydney, Australia. |
| PSC Insurance Group Limited (ASX:PSI) | PSC Insurance Group Limited engages in the insurance services businesses in Australia, the United Kingdom, and New Zealand. It operates through Australasia and UK segments. The company is involved in insurance broking, reinsurance, and underwriting agency operations. It also engages in life insurance broking, online direct general insurance, and third party claims management business; and wholesale insurance brokerage activities. The company primarily serves small and medium enterprise clients. PSC Insurance Group Limited is based in Melbourne, Australia. |
| Medibank Private Limited (ASX:MPL) | Medibank Private Limited, an integrated healthcare company, provides private health insurance and health solutions in Australia. It operates in two segments, Health Insurance and Medibank Health. The Health Insurance segment offers private health insurance products, including hospital cover that provides members with health cover for hospital treatments; and ancillary cover, which offers members with health cover for healthcare services, such as dental, optical, and physiotherapy. This segment also provides health insurance products to overseas visitors and overseas students. The Medibank Health segment offers health management and telehealth services to government and corporate customers, as well as distributes travel, life, and pet insurance products. The company underwrites its health insurance products under the Medibank and ahm brand names. Medibank Private Limited was founded in 1976 and is based in Docklands, Australia. |
| nib holdings limited (ASX:NHF) | nib holdings limited, together with its subsidiaries, provides health insurance services to residents, and international students and visitors in Australia, New Zealand, and internationally. It operates through Australian Residents Health Insurance, New Zealand Residents Health Insurance, International (Inbound) Health Insurance, and World Nomads Group segments. The company offers health insurance products, including single, couples, and family health insurance; life insurance; travel insurance; and funeral and income protection insurance services, as well as health insurance for international workers. nib holdings limited was founded in 1952 and is headquartered in Newcastle, Australia. |



Freedom Insurance Group Ltd. (ASX:FIG) Freedom Insurance Group Ltd. engages in the development, distribution, and administration of risk life insurance products in Australia. It offers funeral and other final expenses, and accidental death and injury insurance products; and term life, total and permanent disability, and trauma insurance products, as well as income and mortgage protection insurance products. The company distributes its products directly to consumers through its call centre, as well as through a network of financial advisers. Freedom Insurance Group Ltd. was founded in 2009 and is based in Sydney, Australia.

ClearView Wealth Limited (ASX:CVW) ClearView Wealth Limited provides life insurance, wealth management, and financial advisory solutions in Australia. Its Life Insurance segment provides life insurance products, including term life, permanent disability, trauma and critical illness benefits, parent cover, child cover, accident covers, income protection, and business expense covers through financial advisers, third parties, and external advisers; and non-advice life protection products, such as term life, accidental death, injury covers, trauma and critical illness, and funeral insurance through direct marketing, telemarketing, call centre referrals or online. The company's Wealth Management segment offers life investment contracts, including ordinary savings, superannuation, and allocated pension products; superannuation and retirement income wraps, and investor directed portfolio service wraps; and managed investment schemes. Its Financial Advice segment provides financial advisory and dealer group services to self-employed financial advisers. ClearView Wealth Limited was founded in 1976 and is headquartered in Sydney, Australia.

Suncorp Group Limited (ASX:SUN) Suncorp Group Limited provides insurance, banking, and wealth products and services to retail, corporate, and commercial sectors in Australia and New Zealand. It operates through Insurance, Banking & Wealth, and Suncorp New Zealand segments. The company offers home and contents, motor, marine, travel, commercial property, industrial special risk, public liability and professional indemnity, workers' compensation, compulsory third party, loan protection, equity and cash benefit, life, trauma, total and permanent disablement, and income protection insurance products. It also provides agribusiness, property, and equipment finance; home, personal, and small business loans; savings and transaction accounts; foreign exchange, and treasury products and services; and superannuation, funds administration, and financial planning services. The company was formerly known as Suncorp-Metway Limited and changed its name to Suncorp Group Limited in December 2010. Suncorp Group Limited was founded in 1902 and is based in Brisbane, Australia.

Insurance Australia Group Limited (ASX:IAG) Insurance Australia Group Limited underwrites general insurance products. The company operates through Australia, New Zealand, and Corporate and Other segments. It offers consumer insurance products, such as motor vehicle, home and contents, lifestyle and leisure, and compulsory third party, as well as travel insurance, life insurance, and income protection products; and business insurance products, including business package, farm and crop, commercial property, construction and engineering, commercial and fleet motor, marine, workers' compensation, professional indemnity, directors' and officers', and public and products liability. The company also provides pleasure craft, boat, and caravan insurance products; rural and horticultural, and personal and commercial liability insurance products. It sells its products directly to customers under the NRMA Insurance, SGIO, SGIC, RACV, Coles, and CGU brands; and through insurance brokers, authorized representatives, and distribution partners under the CGU and WFI brands in Australia. Insurance Australia Group Limited also sells its products directly to customers under the State and AMI brands; through insurance brokers and agents



under the NZI and Lumley Insurance brands; and through corporate partners under third party brands in New Zealand. The company was formerly known as NRMA Insurance Group Limited and changed its name to Insurance Australia Group Limited in 2002. Insurance Australia Group Limited was founded in 1925 and is headquartered in Sydney, Australia.

QBE Insurance Group Limited (ASX:QBE) QBE Insurance Group Limited underwrites general insurance and reinsurance risks worldwide. It operates through North American Operations, European Operations, Australian & New Zealand Operations, Latin American Operations, Asia Pacific Operations, and Equator Re segments. The company offers personal, commercial, and specialist general insurance. It also manages Lloyd's syndicates, as well as offers investment management services. The company was founded in 1886 and is headquartered in Sydney, Australia.

CBL Corporation Limited (NZSE:CBL) CBL Corporation Limited, together with its subsidiaries, provides insurance and reinsurance products and services primarily in New Zealand. It offers financial risk products, builders' risks, sureties, guarantees, and contractor bonds primarily in Europe and Scandinavia; deposit guarantees in Australia; and bonding and fiduciary services to the Mexican commercial sector. The company also provides a range of specialty products, such as credit enhancement, surety bonds, specialized property insurance, aviation, and rural risk in Australia, as well as distributes construction-sector insurance products in France through a network of brokers. In addition, it operates as an underwriting agent; and provides claims management services. CBL Corporation Limited was founded in 1973 and is headquartered in Auckland, New Zealand.

iSelect Limited (ASX:ISU)

iSelect Limited provides online comparison and expert advisory services of insurance, utilities, and personal financial products in Australia. The company operates through three segments: Health, Life and General Insurance, and Energy and Telecommunications. It compares and sells private health insurance, life, car, pet, travel, and home and contents insurance; and broadband, mobile phones and plans, energy, home loans, and personal finance products. The company offers its services under the iSelect, InfoChoice, iMoney, and Energy Watch brands. iSelect Limited was founded in 2000 and is headquartered in Cheltenham, Australia.

Mortgage Choice Limited (ASX:MOC) Mortgage Choice Limited provides mortgage broking services in Australia. The company operates in three segments: Mortgage Choice Franchised Mortgage Broking, Mortgage Choice Financial Planning, and Help Me Choose Health Fund and Mortgage Comparison Website. It offers assistance in determining the borrowing capacities of residential mortgage borrowers; and assessment of a range of home loans products, as well as submits loan applications on behalf of borrowers. The company also provides assistance with personal loans, car loans, equipment finance, and small business and commercial finance; and financial planning services. In addition, it offers life, mortgage and income protection, car, home building and contents, lenders mortgage insurance, and landlord products. The company provides loan origination services through its franchise network. Mortgage Choice Limited was founded in 1992 and is headquartered in North Sydney, Australia.

Source: S&P Capital IQ data as at 21 August 2018



Appendix 4 - Comparable Transaction Analysis

We have analysed the EBITDA multiples of transactions in the insurance-related industry across Australia from 2010 to 2018, including all transactions announced, pending, completed and cancelled. The database used was Mergermarket and from the list of transactions found (with outliers removed), the median for the EBITDA transaction multiple was 14.8 times while the mean was 14.4 times. Set out below is a summary of the six comparable transactions identified:

| Deal No. | Announced | Completed | Target | Bidder | Seller | Deal Value (\$m) | Implied Enterprise Value (\$m) | EBITDA Multiple (x) |
|-------------|------------|------------|---|---------------------------------------|--------------------------------------|------------------------|---|---------------------------|
| 1 | 26/09/2016 | 12/12/2016 | SAI Global Limited (95.7% Stake) | Baring Private Equity Asia | | 1,171 | 1,214.8 | 9.7 |
| 2 | 08/07/2015 | 31/07/2015 | World Nomads Group Pty Ltd | NIB Holdings Limited | | 95 | 95 | 15.1 |
| 3 | 16/02/2015 | 01/04/2015 | Underwriting Agencies of Australia Pty Ltd; CHU Underwriting Agencies Pty Ltd; Corporate Underwriting Agencies Pty Limited | Steadfast Group Limited | QBE Insurance Group Limited | 522 | 522 | 14.4 |
| 4 | 01/12/2011 | 31/12/2011 | AMP GI Distribution Pty Limited | Suncorp Group Limited | AMP Limited | 48 | 47.5 | 17.7 |
| 5 | 01/04/2011 | 01/04/2011 | CUNA Mutual Australia Holding Company Pty Ltd | QBE Insurance Group Limited | CUNA Mutual Group | 13 | 12.9 | 10.8 |
| 6 | 21/12/2010 | 18/03/2011 | Yellow Brick Road Holding Limited | ITS Capital Investments Limited | | 29 | 28.7 | 18.8 |
| | | | | | | | Mean | 14.4 |
| | | | A | | | | Median | 14.8 |

Source: Mergermarket data as at 23 August 2018



Details on the individual deals are set out below as provided by Mergermarket:

| Deal No. | Deal Description |
|-------------|--|
| 1 | Baring Private Equity Asia (Baring), the Hong Kong-based private equity firm, acquired SAI Global, the Australia-listed risk management solutions service provider in December 2016. The transaction was conducted by way of a scheme of arrangement at AUD 4.75 cash per share. The offer valued SAI Global at an implied equity value of AUD 1,013.8m (USD 775.1m). It represented a 32.31% premium over the last close price of AUD 3.59 on 23 Sep 2016. Before the offer was announced, Baring already owned 4.3% of SAI Global. |

- nib Holdings Limited (nib), the listed Australia-based operator of healthcare centres and provider of healthcare insurance, completed the acquisition of World Nomads Group Pty Ltd (WNG) on 31 July 2015. World Nomads Group Pty Ltd is an Australia-based travel insurance provider. WNG generated Gross Written Premium of approximately AUD 117m (USD 87.75m) for the 12 months ending 30 June 2015 and was expected to generate normalized EBITDA of more than AUD 10m (USD 7.5m) during the next period. The consideration of AUD 95m (USD 71.24m) was funded by nib through surplus capital and corporate debt. The rationale for the transaction was to enable nib to diversify outside health insurance and also to cross-sell.
- On 1 April 2015, Steadfast Group Limited (Steadfast), the listed Australia-based company engaged in providing insurance brokerage services, completed the acquisition of underwriting agencies including: CHU Underwriting Agencies, Corporate Underwriting Agencies and Underwriting Agencies of Australia, from QBE Insurance Group Limited (QBE), the listed Australia-based insurance company, for consideration of AUD 522m (USD 404.9m) including minimum earn-outs. Under the terms of the agreement, Steadfast paid the initial consideration of AUD 290m (USD 224.95m) in cash. Also, Steadfast will need to pay earn-outs in the range of AUD 232m (USD 179.96m) to AUD 348m (USD 269.94) depending upon performance of the acquired companies in 2015 and 2016. Steadfast launched a AUD 300m (USD 232.71m) cash call to fund the consideration. The transaction involved a 10-year exclusive distribution agreement between Steadfast and QBE to retain the underwriting business provided by the acquired companies.
- On 31 December 2011, Suncorp Group Limited (Suncorp), the listed Australia based listed holding company of the Suncorp Group of banking, investment and insurance companies completed the acquisition of AMP GI Distribution Pty Limited, the Australia based general insurance distribution business of AMP Limited, for a consideration of AUD 50m. The acquisition was part of Suncorp's strategy to bring growth to its general insurance distribution business.
- QBE Insurance Group Limited, the listed Australia based insurance company, acquired CUNA Mutual Australia Holding Company Pty Ltd, the Australia based firm that provides white label insurance products to credit unions and building societies, from CUNA Mutual Group, the US based company providing various financial services such as insurance, brokerage services, and lending, for a consideration of AUD 20m. The acquisition was in line with QBE Insurance's strategy to expand its presence in the Australian Financial Institutions sector. The transaction was approved by regulatory authorities and completed on 1 April 2011.
- ITS Capital Investments Limited, the Australia based company that provides recruitment and skilled worker placement services, acquired Yellow Brick Road Group Pty Ltd, the Australia based provider of integrated wealth management services and products, for a consideration of AUD 21.5m (USD 21.36m). Completion of the acquisition was announced on 18 March 2011 after shareholder approval was received. Consideration was paid in shares of ITS Capital Investments Limited.

Source: Mergermarket data as at 23 August 2018



Appendix 5 - Minority discount Assessment

Minority discount

The minority discount is the inverse of the control premium. In arriving at an appropriate minority discount we have assessed the control premium on completed transactions. Our analysis is set out below.

We have reviewed the control premiums on completed transactions, paid by acquirers of ASX-listed Financial companies. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e. less than a 0% premium).

We have summarised our findings below:

All ASX listed financial companies

| V | N 1 CT :: | | Average Control Premium |
|------|------------------------|----------------------------|-------------------------|
| Year | Number of Transactions | Average Deal Value (AU\$m) | (%) |
| 2018 | 1 | 28,958.59 | 18.09 |
| 2017 | 5 | 437.49 | 23.91 |
| 2016 | 3 | 167.81 | 16.44 |
| 2015 | 4 | 2668.15 | 9.20 |
| 2014 | 10 | 973.33 | 17.79 |
| 2013 | 3 | 480.67 | 30.67 |
| 2012 | 7 | 199.24 | 53.66 |
| 2011 | 14 | 878.87 | 33.65 |
| 2010 | 3 | 410.27 | 43.23 |
| | Mean | 3,908.27 | 27.41 |
| | Median | 480.67 | 23.91 |

Source: Bloomberg, BDO analysis

In arriving at an appropriate control premium to apply, we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- · Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trading of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre transaction or proceeded to hold a controlling interest post transaction in the target company.



The table above indicates that the long term average and median control premium paid by acquirers of financial companies is approximately 27.4% and 23.9%, respectively. However, in assessing the transactions included in the table, we noted transactions that appear to be extreme outliers.

In a population where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean.

Based on the above analysis, we consider an appropriate premium for control to be applied is between 20% and 28%, with a midpoint of 24%.

The appropriate minority discount is therefore in the range from 16.7% to 21.9%.





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How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE, or turn over to complete the form



| | mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes. | |
|--|---|---|
| Proxy Form | Please mark | X to indicate your direction |
| STEP 1 Appoint a Proxy to Vote | on Your Behalf | XX |
| to act generally at the meeting on my/our behalf a to the extent permitted by law, as the proxy sees Street, Sydney, New South Wales on Friday, 12 C | or if no individual or body corporate is named, the Cand to vote in accordance with the following direction fit) at the General Meeting of Ensurance Ltd to be hoctober 2018 at 3.00pm (EDST) and at any adjourn LEASE NOTE: If you mark the Abstain box for an item, you shalf on a show of hands or a poll and your votes will not be | ns (or if no directions have been given, an neld at Consolo Limited, Level 7, 1 York iment or postponement of that meeting. |
| | | For Against Abstain |
| Resolution 1 Disposal of Savill Hicks Corp Pty Ltd | | |
| Resolution 2 Selective Share Buy-Back | | |
| Resolution 3 Ratification of Prior Issue – Shares | | |
| | | |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

| Individual or Securityholder 1 | Securityholder 2 | 2 | Securityholder 3 |
|--|------------------|--------------------|----------------------------|
| | | | |
| Sole Director and Sole Company Secretary | Director | | Director/Company Secretary |
| Contact | | Contact Daytime | |
| Name | | Telephone | Date / |



