JOHNS LYNG GROUP

# PROSPECTUS

**JOHNS LYNG GROUP LIMITED**
ACN 620 466 248

## Initial Public Offer

Prospectus for the offer of 95,765,598 fully paid ordinary shares at an offer price of $1.00 per Share to raise gross proceeds of $95,765,598.

**JOINT LEAD MANAGERS:**
Bell Potter Securities Limited and Evans and Partners Pty Ltd

**JOINT BOOK RUNNERS:**
Bell Potter Securities Limited and Evans and Partners Pty Ltd

**UNDERWRITER:**
Bell Potter Securities Limited

**IMPORTANT INFORMATION**
This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

# IMPORTANT INFORMATION

This is an important document which should be read in its entirety before making any investment decision. You should obtain independent advice if you have any questions about any of the matters contained in this Prospectus.

### Offer

This Prospectus contains an invitation by the Company and SaleCo to acquire Shares comprising respectively New Shares and Sale Shares. The Prospectus is issued by the Company and SaleCo and supports the initial public offering of the Company.

### Lodgement and listing

This Prospectus is dated 2 October 2017 (**Prospectus Date**) and a copy was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date.

The Company will apply to ASX Limited (**ASX**) within seven days after the Prospectus Date for admission of the Company to the official list of ASX and quotation of its Shares on ASX. Neither ASIC nor ASX takes any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

### Expiry Date

This Prospectus expires on 1 November 2018 (**Expiry Date**). No Shares will be allotted, issued, transferred or sold on the basis of this Prospectus after the Expiry Date.

### Note to Applicants

No person is authorised to provide any information, or to make any representation, about the Company, SaleCo or the Offer that is not contained in this Prospectus. Potential investors should only rely on the information contained in this Prospectus. Any information or representation which is not contained in the Prospectus may not be relied on as having been authorised by the Company, SaleCo, the Joint Lead Managers or any other person in connection with the Offer. Except as required by law and only to the extent so required, none of the Company, SaleCo, the Joint Lead Managers nor any person associated with the Company, SaleCo or the Offer guarantees or warrants the future performance of the Company, the return on an investment made under the Prospectus, the repayment of capital or the payment of dividends on the Shares.

Before deciding to invest in the Company, investors should read the entire Prospectus. The information contained in individual sections is not intended to and does not provide a comprehensive review of the business and the financial affairs of the Company or the Shares offered under this Prospectus. The Offer does not take into account the investment objectives, financial situation or particular needs of individual investors. You should carefully consider the risks (set out in Section 5) that impact on the Company in the context of your personal requirements (including your financial and taxation position) and, if required, seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser prior to deciding to invest in the Company. No cooling off regime (whether provided for by law or otherwise) applies in respect of the acquisition of Shares under this Prospectus.

### Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance is not indicative of future performance.

### Financial information presentation

Section 4 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of that information is set out in Section 4.1.

Investors should note that certain financial data included in this Prospectus is not recognised under the Australian Accounting Standards and is classified as 'non-IFRS financial information' under ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information' (**RG 230**). The Company and SaleCo consider that this non-IFRS information provides useful information to users in measuring the financial performance and condition of the Group. The non-IFRS financial measures do not have standardised meanings under the Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, nor should they be interpreted as an alternative to other financial measures determined in accordance with the Australian Accounting Standards. Investors are cautioned therefore not to place undue reliance on any non-IFRS financial information and ratios included in this Prospectus.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest $0.1 million unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

### Forward looking statements and statements from third parties

This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties.

The Forecast Financial Information is an example of forward looking statements. This information is based on a number of assumptions concerning future events, including without limitation, the successful implementation of the Company's strategy, as well as a number of assumptions and estimates relating to factors affecting its business. Investors should carefully read the information set out in Section 4.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of the Company, SaleCo, their respective directors and management. They are provided as a general guide only and should not be relied on as an indication or guarantee of future performance.

As set out above, the Company, SaleCo and their respective directors cannot and do not make any representation, express or implied, in relation to forward looking statements and investors are cautioned not to place undue reliance on these statements. The Company and SaleCo do not intend to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These statements are subject to various risks that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Key risks are set out in Section 5. These and other factors could cause actual results to differ materially from those expressed in any statement contained in this Prospectus.

This Prospectus, including the industry overview in Section 2, uses market data and third party estimates and projections. There is no assurance that any of the third party estimates or projections contained in this information will be achieved. The Company and SaleCo have not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risks set out in Section 5.

### Foreign jurisdictions

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should obtain advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed or relied on by persons in the United States or to or for the account or benefit of US Persons (as defined in Regulation S under the US Securities Act of 1933, as amended (**US Securities Act**)). The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States, except in a transaction exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

### Disclaimer

None of the Company, SaleCo, the Underwriter, the Joint Lead Managers or any other person in connection with the Offer warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied on as having been authorised by the Company, SaleCo, the Joint Lead Managers or any other person in connection with the Offer. You should rely only on information in this Prospectus.

As set out in Section 7, it is expected that the Shares will be quoted on ASX. The Company, SaleCo, the Joint Lead Managers and the Share Registry disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

This disclaimer does not purport to disclaim any warranty or liability which cannot be disclaimed by law.

Bell Potter Securities Limited ABN 25 006 390 772 has acted as Underwriter to the Offer. Bell Potter Securities Limited has not authorised, permitted or caused the issue or lodgement, submission, despatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by it or by any of its affiliates, related bodies corporate, officers or employees. To the maximum extent permitted

by law, Bell Potter Securities Limited and its affiliates, related bodies corporate, officers, employees and advisers expressly disclaim all liabilities in respect of, and make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to its name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

### Exposure Period

Under the Corporations Act, this Prospectus is subject to an exposure period of seven days after the date of lodgement with ASIC (**Exposure Period**), which may be extended by ASIC by a further seven days.

The Exposure Period enables this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus. If material deficiencies are detected, the Company may:

- return any Application Monies that the Company has received;
- provide each Applicant with a supplementary or replacement Prospectus that corrects the deficiency, and give each Applicant the option to withdraw the Application within one month and be repaid the Application Amount; or
- issue to each Applicant the Shares applied for in the Application, provide each Applicant with a supplementary or replacement Prospectus that corrects the deficiency and give each Applicant the option to withdraw the Application within one month.

Application Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the opening date.

### Obtaining a copy of this Prospectus

Applications for Shares may be made on the appropriate Application Form attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form which must be downloaded in its entirety from https://events.miraqle.com/JohnsLyngGroup-ipo. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is included in, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

The Offer under this Prospectus in electronic form is available to persons receiving an electronic version of this Prospectus within Australia. The Company is entitled to refuse an application for Securities under this Prospectus if it believes the Applicant received the Offer in electronic form outside Australia in non-compliance with the laws of the relevant foreign jurisdictions.

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must only access this Prospectus from within Australia, or any jurisdiction outside Australia where the distribution of the electronic version of this Prospectus is not restricted by law.

Shares to which this Prospectus relates will only be issued on receipt of an Application Form issued together with the Prospectus.

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is included in a hard copy of this Prospectus or accompanies the complete and unaltered electronic version of this Prospectus.

During the Offer Period any person who is not in the United States, not a US Person and is not acting for the account or benefit of any US Person may obtain a paper copy of this Prospectus by contacting the Underwriter.

### Privacy

By completing an Application Form, you are providing personal information to the Company and the Share Registry, which is contracted by the Company to manage Applications, and you consent to the collection and use of that personal information in accordance with these terms. That personal information will be collected, held and used both in and outside of Australia by the Company, and the Share Registry on its behalf, to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of your investment. If you do not wish to provide this information, the Company may not be able to process your Application.

Once you become a Shareholder, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included in the Company's public share register. This information must continue to be included in the Company's public share register even if you cease to be a Shareholder.

The Company and the Share Registry on its behalf, may disclose your personal information for purposes related to your investment to their agents and service providers (which may be located outside of Australia) including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Share Registry for ongoing administration of the Company's public Share register;
- printers and other companies for the purposes of preparation and distribution of documents and for handling mail;
- the Underwriter in order to assess your Application;
- market research companies for the purpose of analysing the Company's Shareholder base; and
- legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering and advising on the Shares and for associated actions.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information that is held by, or on behalf of, the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Company or its Share Registry, details of which are set out elsewhere in this Prospectus. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

In accordance with the requirements of the Corporations Act, information on the share register will be accessible by the public.

### Photographs and diagrams

Photographs and diagrams used in this Prospectus are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Photographs in this Prospectus may be used under licence. The downloading, republication, retransmission, reproduction or other use of those photographs other than in this Prospectus is prohibited.

### Applications

By lodging an Application Form, you declare that you were given access to the entire Prospectus, together with an Application Form. The Company will not accept a completed Application Form if it has reason to believe that an Application Form lodged by an Applicant was not accompanied by, or included in, the Prospectus or if it has reason to believe that the Application Form has been altered or tampered with in any way.

Detailed instructions on completing the respective Application Forms can be found on the back of the Application Forms. The acceptance of an Application Form and the allocation of Shares are at the discretion of the Company and SaleCo.

### Company website

Any references to documents included on the Company's website at www.johnslyng.com.au or the Offer website at https://events.miraqle.com/JohnsLyngGroup-ipo are provided for convenience only, and none of the documents or other information available on either website is incorporated by reference into this Prospectus.

### Currency

References in this Prospectus to currency are to Australian dollars unless otherwise indicated.

### Glossary

Certain terms and abbreviations in this Prospectus have defined meanings that are explained in the Glossary to this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter.

### Offer management

The Underwriter to the Offer is Bell Potter Securities Limited ABN 25 006 390 772.

The Offer is managed by Bell Potter Securities Limited and Evans and Partners Pty Ltd ABN 85 125 338 785.

### Investigating Accountant's Report on the Financial Information and financial services guide

The provider of the Investigating Accountant's Report on the Financial Information is required to provide Australian retail investors with a financial services guide in relation to its independent review under the Corporations Act. The Investigating Accountant's Report and accompanying financial services guide are provided in Section 8.

# CONTENTS



# KEY OFFER INFORMATION

| IMPORTANT DATES | |
|---|---|
| Prospectus Date | 2 October 2017 |
| Opening Date of Offer | 10 October 2017 |
| Closing Date of Offer | 16 October 2017 |
| Settlement and allotment and transfer of Shares (Completion of the Offer) | 20 October 2017 |
| Expected dispatch of holding statements | 24 October 2017 |
| Shares expected to begin trading on ASX (on a normal settlement basis) | 25 October 2017 |

## DATES MAY CHANGE

The above dates are subject to change and are indicative only. The Company (in consultation with the Joint Lead Managers) reserves the right to vary the dates and times of the Offer, including to close the Offer early, extend the Offer or accept late Applications, without notifying any recipient of this Prospectus or any Applicants. Applicants are encouraged to submit their Applications as early as possible.

| KEY OFFER STATISTICS | |
|---|---|
| Offer Price per Share | $1.00 |
| Total number of New Shares to be issued under the Offer | 46,902,236 |
| Total number of Sale Shares to be sold under the Offer(1) | 48,863,362 |
| Total number of Shares held by Existing Owners after Completion of the Offer | 123,934,402 |
| Total number of Loan Shares on issue on Completion of the Offer | 300,000 |
| Total number of Shares on issue on Completion of the Offer(2) | 220,000,000 |
| Market capitalisation at the Offer Price(3) | $220,000,000 |
| Enterprise value(4) | $225,402,980 |
| Pro forma net cash(11) | $12,320,238 |
| Forecast EBITDA FY18(5)(6)(7) | $20,885,393 |
| Forecast NPAT FY18 – Pre NCI(5)(6)(8) | $13,788,823 |
| Forecast NPAT FY18 – Post NCI(5)(6)(9) | $11,985,778 |
| Enterprise value to pro forma forecast FY18 EBITDA (times)(4)(5)(6) | 10.8x |
| Offer Price(12) to pro forma forecast FY18 NPAT per Share (times) Pre NCI(5)(6)(8)(10) | 17.2x |
| Offer Price to pro forma forecast FY18 NPAT per Share (times) Post NCI(5)(6)(9)(10) | 18.4x |
| Implied dividend yield for FY18 at the Offer Price(13) | 2.2%-3.3% |
| Number of Options on issue on Completion of the Offer | Nil |

(1) The Sale Shares will be offered for sale by SaleCo. For further information, refer to Section 7.2.

(2) Includes 119,184,584 Shares held by or to be issued to Existing Owners which will be subject to escrow arrangements for various periods as described in Section 7.8.

(3) Calculated as the total number of Shares on issue following the Offer multiplied by the Offer Price.

(4) Enterprise value calculated as the sum of market capitalisation of JLG at the Offer Price less net cash of $12,320,238 plus NCI equity valuation of $17,723,219 (determined in accordance with the Roll-Up).

(5) The Forecast Financial Information is based on assumptions and accounting policies set out in Section 4.2 and Appendix A, and is subject to the key risks set out in Section 5. There is no guarantee that forecasts will be achieved.

(6) Certain forecast financial information included in this Prospectus is described as pro forma for the reasons described in Section 4.2.2.

(7) EBITDA is defined as earnings before interest, amortisation, depreciation and income tax.

(8) NPAT – Pre NCI is defined as net profit after tax before allocation of non-controlling interests.

(9) NPAT – Post NCI is defined as net profit after tax after allocation of non-controlling interests.

(10) This ratio is commonly referred to as a price to earnings (PE) ratio. The PE ratio is calculated as the Offer Price of $1.00 per Share divided by NPAT per Share (pre / post NCI as the case may be).

(11) Excludes minority interest (NCI) equity valuation of $17,723,219 (determined in accordance with the Roll-Up).

(12) Offer Price calculated as the sum of market capitalisation of JLG at the Offer Price plus NCI equity valuation of $17,723,219 per Share (determined in accordance with the Roll-Up).

(13) Implied dividend yield is calculated as the implied dividend per Share based on the forecast payout ratio of between 40% to 60% multiplied by pro forma forecast FY18 NPAT per Share, divided by the Offer Price. For more information on the Company's dividend policy, see Section 4.12.

## HOW TO INVEST

Applications for Shares can only be made by completing and lodging an Application Form included in or accompanying this Prospectus. Instructions on how to apply are set out in Sections 7.12.2 and on the back of the Application Form. Applications must be for at least 2,000 Shares and in multiples of 1,000 thereafter.

# CHAIRMAN'S LETTER



2 October 2017

**Dear Investor,**

On behalf of the directors of Johns Lyng Group Limited (**Company** or **JLG**), I am delighted to invite you to become a shareholder of the Company.

The Group is a leading integrated buildings services group delivering building and restoration services across Australia. Beginning as Johns & Lyng Builders in 1953, our core business was originally built on our ability to remediate most building types, especially after insurable events such as impact, weather and fire events. We define ourselves by delivering exceptional customer service outcomes every time. We are centred around our core values – always treating people the way we would like to be treated by others. This defines the way we conduct business and is the reason why we are still going strong after 65 years.

Our experience combined with our diversity makes us a unique blend of talent and capability creating a competitive point of difference:

- the Group's core business is built on its ability to rebuild and remediate a variety of property and contents after damage, mainly impact, weather and fire events; and
- insurance building and restoration services for property and contents damage is driven by the requirements of insurers who are seeking quality outcomes for policyholders and efficiencies in regards to claims cost management.

The next step in JLG's evolution is to conduct this initial public offer and listing on the ASX which will raise new capital to allow the Group to continue to expand its services and grow its geographic reach to the benefit of our customers and clients. Additionally, certain existing owners are selling a proportion of their holdings through SaleCo. The Company is seeking to raise $46,902,236 through an issue of 46,902,236 New Shares at a price of $1.00 per share and SaleCo is seeking to raise $48,863,362 through the sell down of 48,863,362 Sale Shares at a price of $1.00 per Share (**Offer**).

This Prospectus contains detailed information about the Offer and the financial and operating performance of the Group. It also includes a description of the key risks associated with an investment in JLG.

The key risks associated with an investment in JLG are highlighted in Section 5.1 and include:

- panels, tender process and pricing risks;
- compliance and regulatory risks;
- competition in the insurance building and restoration services industry;
- risk which relates to loss of personnel;
- brand and reputational risks;
- sustainability of growth and margins; and
- occupational health and safety risks.

Applications for Shares can only be made by completing and lodging an Application Form included in or accompanying this Prospectus. Instructions on how to apply are set out in Section 7.12.2 and on the back of the Application Form. Applications must be for at least 2,000 Shares and in multiples of 1,000 thereafter.

I encourage you to read the Prospectus carefully and in its entirety before making your investment decision. You should seek professional advice if required.

On behalf of the Board, I commend the Offer to you and look forward to welcoming you as a Shareholder.

Yours sincerely

Peter Nash
**Chairman**

# 01.

# INVESTMENT OVERVIEW

# 01. INVESTMENT OVERVIEW

## 1.1 BUSINESS OVERVIEW

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **What is the Group business?** | The Group is an integrated building services group delivering building and restoration services across Australia.<br><br>The Group's core business is built on its ability to rebuild and restore a variety of property and contents after damage by insurable events (e.g. impact, weather and fire events).<br><br>Beginning in 1953, the Group has grown into a national business with over 475 employees servicing a diversified client base comprising major insurance companies, commercial enterprises, local and state government and retail customers. The Group defines itself by seeking to deliver exceptional customer service outcomes every time. | **Section 3** |
| **How does the Group operate?** | The Group delivers its building and restoration services through multiple business units across three key divisions.<br><br>**Insurance Building and Restoration Services**<br><br>• *Makesafe Builders;*<br>• *Express Builders;*<br>• *Insurance Builders;*<br>• *Regional Builders;* and<br>• *Restorx Services.*<br><br>Insurance Building and Restoration Services as a division is principally driven by the insurance building and restoration requirements of the insurance industry. The Group is able to provide a co-ordinated service offering to the industry where appropriate, which allows the business to deliver positive customer outcomes even in the most trying of circumstances.<br><br>This division contributed 82% FY17 EBITDA.<br><br>**Commercial Building Services**<br><br>• *Hazrem;*<br>• *Sankey Glass;*<br>• *Shopfit Services;*<br>• *Trump Floorcoverings;* and<br>• *Global Home Response.*<br><br>The Commercial Building Services division is primarily driven by project work across a diverse client base. Skill sets complementary to the Insurance Building and Restoration Services division allows for overlap on projects that require contributions from both divisions.<br><br>This division contributed 26% FY17 EBITDA.<br><br>**Commercial Construction Services**<br><br>• *Commercial Builders*<br><br>Based around the Group's original business structure, *Commercial Builders* provides commercial construction services within Victoria. *Commercial Builders* specialises in building and construction projects typically up to a project value of approximately $6 million within Victoria.<br><br>This division contributed (6)% FY17 EBITDA.<br><br>In addition, corporate costs and other contribute (2)% FY17 EBITDA. | **Section 3.3** |

# 01. INVESTMENT OVERVIEW

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **What is the Offer?** | The Offer comprises the:<br>• issue of 46,902,236 New Shares at $1.00 per Share to raise gross proceeds of $46,902,236 (before costs and expenses) for the Company; and<br>• sale of 48,863,362 Sale Shares at $1.00 per Share to raise gross proceeds of $48,863,362 (before costs and expenses) for SaleCo. | **Section 7.1** |
| **Why are the Offers being conducted?** | The Offer is being conducted to provide:<br>• the Company with enhanced capability to execute its growth strategy;<br>• a liquid market for Shares and an opportunity for others to invest in Shares;<br>• a means to align the interests of important stakeholders of the business (its Business Partners and employees) with the Group as a whole; and<br>• certain Existing Owners the ability to realise part of their investment. | **Section 7.5** |
| **What is the Restructure and Roll-Up?** | The Group currently consists of a number of companies and trusts which are directly or indirectly sub-trusts and subsidiary companies of JLUT which together conduct the businesses of the Group. Some of these sub-trusts and subsidiary companies are not 100% owned by the Group and instead have minority or outside equity holders (Business Partners). Immediately prior to the Listing, the Group will be restructured such that it will be owned by JLG which will be the listed holding company of the Group and there will be a roll-up of the sub-trusts and subsidiary companies which have minority or outside equity holders (**Restructure**). This will ultimately result in the Company owning all of the units in JLUT and the Group owning directly or indirectly a greater equity holding (but not necessarily 100%) of these sub-trusts and subsidiary companies in consideration for ultimately issuing these minority or outside equity holders (Business Partners) shares in JLG (**Roll-Up**). There are also put and call options over the remaining minority or outside equity holdings in these sub-trusts and subsidiary companies which may be exercised by the relevant parties and / or the Group after the Listing. If these options are exercised they will result in the relevant remaining minority or outside equity holdings being completely or partially bought out by the Group or new incoming minority holders.<br>The Directors believe that the benefits of the Restructure include:<br>• simplification of the ownership of the Group;<br>• alignment of internal stakeholders (Business Partners) with the common objective of maximising Shareholder value; and<br>• providing greater leverage for consistent execution of business priorities across the Group and greater mobility of talent. | **Section 3.10** |

# 01. INVESTMENT OVERVIEW

## 1.2 KEY FEATURES OF THE GROUP'S BUSINESS MODEL

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **How does the Group generate its revenue?** | The Group's Insurance Building and Restoration Services division is one of the largest insurance builders in Australia. The Insurance Building and Restoration Services division generates revenue from completing building and restoration jobs on a cost plus, agreed price or through a contracted panel arrangement. Jobs can be the result of regular damage events (e.g. escape of liquid, fire, malicious damage, impact, storm or emergency domestic repairs), peak events (typically significant weather events) or catastrophe events.<br>Regular damage events and peak events contributed approximately 90% of the Insurance Building and Restoration Services division's revenue in FY17, with this division completing in excess of 23,000 jobs. Job size and duration vary depending on building and restoration activity required. Catastrophe event job activity, size and duration vary depending on each particular event.<br>Jobs are received by the Group from insurance companies (either as part of a panel or direct referral), loss adjusters and insurance brokers.<br>The Commercial Building Services division generates revenue from completing discrete projects on behalf of clients typically on a cost plus or an agreed price basis, including in excess of 60,000 jobs in FY17 through the Club Home Response joint venture.<br>The Commercial Construction Services division generates revenue by completing small to medium scale commercial building and construction projects within Victoria on a cost plus basis or an agreed tender price basis. | **Section 3.3** |
| **What industry sectors does the Group operate in?** | The Group primarily operates within the insurance building and restoration services industry. The Group has a portfolio of subsidiary business units that provide an end-to-end service offering from damage assessment, clean-up, rebuilding and ancillary building services.<br>In addition, the Group operates a Commercial Building Services division which provides complementary services to the broader commercial building sector (including glazing, shopfitting, flooring, hazardous waste removal and emergency domestic repairs).<br>Finally, the Commercial Construction Services division operates in the building and construction industry in Victoria only. | **Section 2.1** |
| **What are the key drivers of the industry sectors in which the Group operates?** | There are several drivers of business activity which affect the Insurance Building and Restoration Services division.<br>These include insurable damage events within the domestic household, commercial enterprise and government sectors. Jobs range from common minor incidents through to those created by catastrophe events such as cyclones.<br>Insured events that drive building and restoration services are influenced by factors such as:<br>• the growing Australian population – specifically around coastal and major metropolitan areas;<br>• the rise in frequency and severity of peak events and major catastrophe events; and<br>• the increased focus by insurers on quality outcomes for policyholders and efficiencies in regards to claims cost and management.<br>The Commercial Building Services and Commercial Construction Services divisions are influenced by macro-economic factors such as consumer confidence, building activity and broad domestic economic conditions. | **Section 2.2** |

# 01. INVESTMENT OVERVIEW

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **Who are the major industry participants in each Group division?** | Within the Insurance Building and Restoration Services division the major participants are:<br>• the insurance industry (insurers, loss adjusters, brokers and insured parties); and<br>• the building and restoration industry (multi-state and state based builders, multi-service providers and specialist services providers).<br>This industry is highly fragmented and numerous companies compete on a client type, geography (local, state, and national) and specialised service basis.<br>Within the Commercial Building Services and Commercial Construction Services divisions, the major participants are state and national builders and specialist service providers. | **Section 2.3** |
| **What are the points of difference in the Group businesses that differentiate it from its competitors?** | The key points of difference that separate the Group from its competitors are:<br>• multi-service offerings – the Group has multiple service offerings across all divisions that position it to meet client requirements and add value through vertical integration;<br>• service depth – the Group has a panel of approximately 5,000 sub-contractors across Australia that enables service scaleability, reduces fixed costs and allows for flexible resource allocation to respond to peak events or catastrophe events;<br>• values driven team culture – the Group's success to date has been predicated on a set of values and culture that promotes respect, integrity, courtesy and honesty in all its dealings;<br>• partnership model – the partnership model implemented by the Group has helped the company attract, retain and motivate its Business Partners and employees. This partnership model will continue even after the Roll-Up as business unit managers (Business Partners) will hold Shares as well as smaller equity interests in their business unit;<br>• customer outcomes focus and strong relationships – by upholding the Group's values it strives to deliver exceptional customer service and provide quality outcomes that exceed customer expectations;<br>• national platform and reach – the Group's national presence allows the client's needs to be met regardless of geographical or environmental circumstances. A presence in major Australian cities and key high risk regional areas provides the Group with the platform to provide an efficient and responsive service to both their clients and customers;<br>• strong market relationships – developing strong successful partnerships on a national, state and regional level with clients and customers has been a strategic imperative of the Group's business model and is now a competitive advantage for the Group; and<br>• software development capabilities – the Group has a focus on IT infrastructure and software platforms to assist all parts of the value supply chain utilising a team of experienced and professional in-house software developers, systems analysts and software architect experts. | **Sections 3.7 and 3.8** |

# 01. INVESTMENT OVERVIEW

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **Which geographic markets does the Group operate in?** | The Group operates a national business platform that allows it to service major metropolitan and regional markets providing enhanced customer outcomes.<br>The Group has offices in major Australian cities and in certain high risk regional areas such as Far North Queensland.<br>This presence is augmented by a panel of approximately 5,000 sub-contractors across Australia. | **Section 3.4.1.2** |
| **Who are the Group's customers in each industry sector?** | The Insurance Building and Restoration Services division has long standing and enduring relationships with its clients being major general insurers, loss adjusters and insurance brokers.<br>The Insurance Building and Restoration Services division's customers are typically characterised by those who have suffered insured loss including government, large enterprises, commercial / SME and residential households.<br>The Commercial Building Services and Commercial Construction Services divisions' customers are typically from major industry, commercial / SMEs and retail markets. | **Section 3.4.1.6** |
| **What is the Group's growth strategy?** | The Group is focused on the continuation of its current growth strategy which involves:<br>• continuing to organically grow existing areas of business and leveraging the Group's 'points of difference' by:<br>» deepening insurer relationships;<br>» generating more work from loss adjusters / insurance brokers; and<br>» expanding its geographical footprint into areas of under representation; and<br>• seeking industry consolidation opportunities that:<br>» broaden the Insurance Building and Restoration Services division beyond its current offerings;<br>» expand the Group's current geographical footprint;<br>» add to existing capabilities via complementary services; and<br>» create revenue and operating synergies. | **Section 3.5** |

# 01. INVESTMENT OVERVIEW

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| What is the Group's historical and forecast financial performance? | A summary of historical combined income statements that have been prepared on a consolidated basis is set out below: | Section 4.3 |

| | PRO FORMA HISTORICAL | | | PRO FORMA FORECAST | STATUTORY FORECAST |
|---|---|---|---|---|---|
| $ millions, June year end | FY15 | FY16 | FY17 | FY18F | FY18F |
| Total revenue | 227.9 | 242.4 | 249.7 | 278.5 | 278.5 |
| Cost of sales | (181.8) | (188.9) | (199.4) | (216.3) | (216.3) |
| Gross profit | 46.1 | 53.5 | 50.3 | 62.3 | 62.3 |
| Other revenue and income | 0.9 | 1.3 | 2.5 | 1.7 | 1.7 |
| Net employee benefits expenses | (23.1) | (22.9) | (23.7) | (30.5) | (30.2) |
| Occupancy expenses | (1.5) | (1.4) | (1.9) | (2.3) | (2.3) |
| Motor vehicle expenses | (2.0) | (1.9) | (2.1) | (3.0) | (3.0) |
| Travelling expenses | (0.9) | (1.0) | (1.1) | (1.0) | (1.0) |
| Professional fees | (1.2) | (1.2) | (1.1) | (0.9) | (0.9) |
| Telecommunications | (2.5) | (2.0) | (1.0) | (1.1) | (1.1) |
| Other expenses | (3.4) | (3.5) | (3.9) | (4.4) | (8.4) |
| **Total expenses** | **(34.5)** | **(34.1)** | **(34.8)** | **(43.1)** | **(46.9)** |
| EBITDA | 12.5 | 20.7 | 17.9 | 20.9 | 17.1 |
| Depreciation and amortisation | (1.3) | (1.7) | (2.0) | (2.7) | (2.7) |
| EBIT | 11.1 | 19.0 | 15.9 | 18.2 | 14.3 |
| Net finance income / (costs) | 0.1 | 0.1 | 0.0 | 0.3 | (0.2) |
| Share of net profits / (losses) of associates and joint ventures accounted for using the equity method | 0.3 | 0.1 | (0.4) | – | – |
| Profit before tax – including associates | 11.6 | 19.2 | 15.6 | 18.5 | 14.1 |
| Tax expense | (3.2) | (5.8) | (4.0) | (4.7) | (3.0) |
| NPAT | 8.3 | 13.3 | 11.5 | 13.8 | 11.1 |
| Profit attributable to non-controlling interests | (1.3) | (1.7) | (1.6) | (1.8) | (2.7) |
| NPAT excluding non-controlling interests | 7.0 | 11.6 | 10.0 | 12.0 | 8.4 |
| Add back significant items (after tax and non-controlling interests) | 1.1 | 0.9 | 1.2 | – | – |
| NPAT excluding significant items | 8.1 | 12.6 | 11.2 | 12.0 | 8.4 |

The Financial Information presented in this table is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information disclosed in Section 4 as well as the key risk factors set out in Section 5.

# 01. INVESTMENT OVERVIEW

| TOPIC | SUMMARY | | FOR MORE INFORMATION |
|---|---|---|---|
| What are the key investment metrics? | Enterprise Value[1] | $225,402,980 | Key Offer Information |
| | Total number of Loan Shares on issue on Completion of the Offer | 300,000 | |
| | Total number of Shares on issue on Completion of the Offer[2] | 220,000,000 | |
| | Market capitalisation at the Offer Price[3] | $220,000,000 | |
| | Enterprise Value to pro forma forecast FY18 EBITDA (times)[4][5][6] | 10.8x | |
| | Offer Price[10] to pro forma forecast FY18 NPAT per Share (times) Pre NCI[4][5][7][9] | 17.2x | |
| | Offer Price to pro forma forecast FY18 NPAT per Share (times) Post NCI[4][5][8][9] | 18.4x | |
| | Implied dividend yield for FY18 at the Offer Price[11] | 2.2% – 3.3% | |

(1) Enterprise value calculated as the sum of market capitalisation of JLG at the Offer Price less net cash of $12,320,238 plus NCI equity valuation of $17,723,219 (determined in accordance with the Roll-Up).

(2) Includes 119,184,584 Shares held by or to be issued to Existing Owners which will be subject to escrow arrangements for various periods as described in Section 7.8.

(3) Calculated as the total number of Shares on issue following the Offer multiplied by the Offer Price.

(4) The Forecast Financial Information is based on assumptions and accounting policies set out in Section 4.2 and Appendix A, and is subject to the key risks set out in Section 5. There is no guarantee that forecasts will be achieved.

(5) Certain forecast financial information included in this Prospectus is described as pro forma for the reasons described in Section 4.2.2.

(6) EBITDA is defined as earnings before interest, amortisation, depreciation and income tax.

(7) NPAT – Pre NCI is defined as net profit after tax before allocation of non-controlling interests.

(8) NPAT – Post NCI is defined as net profit after tax after allocation of non-controlling interests.

(9) This ratio is commonly referred to as a price to earnings (**PE**) ratio. The PE ratio is calculated as the Offer Price of $1.00 per Share divided by NPAT per Share (pre / post NCI as the case may be).

(10) Offer Price calculated as the sum of market capitalisation of JLG at the Offer Price plus NCI equity valuation of $17,723,219 per Share (determined in accordance with the Roll-Up).

(11) Implied dividend yield is calculated as the implied dividend per Share based on the forecast payout ratio of between 40% to 60% multiplied by pro forma forecast FY18 NPAT per Share, divided by the Offer Price. For more information on the Company's dividend policy, see Section 4.12.

# 01. INVESTMENT OVERVIEW

## 1.3 KEY STRENGTHS

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| Experienced Management team and Board | The Group has a highly experienced and long standing key executive team with material equity ownership and a commitment to the future of the business. The Board has a broad set of skills and capabilities designed to support the business to achieve its strategic plan. | Sections 6.1 and 6.2 |
| Long term track record of delivering financial outcomes | Since FY04 the Group has achieved approximately 25% revenue CAGR through a combination of organic growth, investment in start-up businesses and has completed two acquisitions. | Sections 4.3 and 4.4 |
| Culture and partnership model | The Group has an embedded culture of excellence and established values of respect, integrity, courtesy and honesty. In addition, the Group's partnership model creates business alignment within the organisation to help achieve JLG's strategic objectives. After the Restructure and Listing, the Existing Owners will have an equity interest in the Group through a shareholding in JLG and / or a minority interest in a Group Member. | Sections 3.8 and 3.10 |
| Attractive business model | The Group has an attractive business model, incorporating the following features:<br>• diverse service offering across a national platform;<br>• customer outcome focus;<br>• rapid response capability and capacity for event driven incidents and catastrophe events; and<br>• a national panel of sub-contractors that provides scalability. | Section 3.7 |
| Attractive growth and structural fundamentals of the Insurance Building and Restoration Services division | The Insurance Building and Restoration Services division is expected to continue to grow steadily as large insurers seek to provide their customers with fast, reliable outcomes in response to insurable events at the lowest possible cost. Other contributing factors include continued population growth, especially throughout densely populated coastal areas and the ongoing threat of significant weather events and climate change.<br>In addition, the highly fragmented structure of the industry provides further opportunities (both organic and by acquisition) for larger entities such as the Group. | Section 2.2 |
| Group corporate strategy | The Group aims to deliver customer focused outcomes in a timely and cost effective manner by leveraging its core competencies and maintaining a meritocratic culture. The Group's strategy is to continue to grow in its current markets and expand into complementary services both organically and by selective acquisition. The Group also intends to expand its geographical footprint. | Section 3.5 |
| Multiple key growth strategies | The Group is focused on the continuation of its current growth strategy which involves:<br>• continuing to organically grow existing areas of business and leveraging the Group's 'points of difference' by:<br>» deepening insurer relationships;<br>» generating more work from loss adjusters / insurance brokers; and<br>» expanding its geographical footprint into areas of under representation.<br>• seeking industry consolidation opportunities that:<br>» broaden the Insurance Building and Restoration Services division beyond its current offerings;<br>» expand the Group's current geographical footprint;<br>» add to existing capabilities via complementary services; and<br>» create revenue and operating synergies. | Section 3.5 |

# 01. INVESTMENT OVERVIEW

## 1.4 SUMMARY OF KEY RISKS

The business, assets and operations of the Group are subject to certain risk factors that have the potential to influence operating and financial performance in the future. These risks can impact on the value of an investment in Shares.

The Board aims to manage these risks by carefully planning its activities and implementing mitigating risk control measures. Some risks are unforeseen and so the extent to which these risks can be effectively managed is somewhat limited.

Set out below are some specific key risks to which the Company is exposed. Further general risks associated with an investment in the Group are outlined in Section 5.2.

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **Panels, tender process and pricing** | Group Members have been appointed to a number of insurance building and construction services panels. The appointment to these panels is for a fixed period (e.g. three years) and the Group Members are generally one of a number of contractors appointed to each panel. Being on the panel does not guarantee that the Group Member will be awarded contracts from the panel appointment. Each panel appointment has varying degrees of significance to the Group. If a Group Member is unable to secure its position on a panel which it currently sits on, or is unable to secure future panel positions, this may adversely impact the Group's financial performance.<br><br>Additionally, Group Members regularly enter into contracts for construction and services projects following a competitive tender process. A reduction in the number of tender contracts awarded to the Group may adversely impact the Group's financial performance.<br><br>Failure by the Group to properly assess and manage project risks may result in cost overruns which cause a project to be less profitable than expected or loss making. If this occurs, it may have an adverse impact on the Group's future financial performance and position. | **Section 5.1.1** |
| **Compliance and regulation costs and liabilities** | Complying with and adhering to relevant regulatory and compliance standards at national and state levels impose real costs to the business both in monetary value but also allocation of resources. If there are any changes in regulatory or compliance standards with which the Group is required to comply, that may result in either one-off costs and / or ongoing expenses to the Group. They may also result in a change to the Group's business model. These increased costs may not be able to be reduced or passed on to customers. This may impact on company operations, outcomes and profitability.<br><br>In addition, certain Group Members hold licences that authorise them to operate their businesses. These licences include building and similar licences issued by various regulatory authorities. Holders of licences and authorisations are required to comply with the conditions of those licences and authorisations. Compliance is typically monitored by those authorities which may conduct periodic reviews of regulated entities. An unsatisfactory review may cause the relevant authority to impose conditions that may make it comparatively less cost effective or profitable to operate that business with the ultimate sanction being the revocation of the licence or authorisation. If a Group Member suffers the withdrawal of a licence or authorisation to operate all or a substantial part of its business, this may require the relevant entity to cease to operate its regulated business, which may have an adverse effect on the Group's business and financial position. | **Section 5.1.2** |

# 01. INVESTMENT OVERVIEW

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **Increasing competition in the insurance building and restoration services industry** | A number of entities compete with the Group across a number of Australian markets in the insurance building and restoration services industry. The Group faces competition from existing competitors and could face competition from new foreign participants who could aggressively attempt to grow their market share through activities including significant price reductions. A deterioration in the Group's competitive position may result in a loss of market share and a decline in revenue and profit margins, which may have an adverse impact on the Group's future financial performance and position.<br><br>The market share of the Group's competitors may increase or decrease as a result of various factors. These competitive actions may reduce the prices the Group is able to charge for its services or may reduce the Group's activity levels, both of which would negatively impact the financial performance of the Group. | **Section 5.1.3** |
| **Personnel** | One of the Group's key strengths is its meritocratic organisational culture and its people. Accordingly, the performance and retention of the Group's professional employees and senior executives is central to its ongoing financial performance. The loss of any of the Group's key personnel may have an adverse financial impact on the Group. In addition, the departure of certain key personnel may result in the subsequent loss of key clients and other employees. The Group also depends substantially on its Business Partners, the loss of whose contribution might significantly delay or prevent the achievement of the Group's business strategy.<br><br>The Roll-Up and Listing will result in a significant change to the manner in which the Business Partners and key personnel are remunerated and incentivised. In addition, following the Listing, the Group, its Business Partners, key personnel and other employees will be subject to new structures and procedures relating to the governance, management and operations of the Group's businesses. These changes may have an adverse impact on the Group's ability to attract, retain and motivate its Business Partners, key personnel and employees, which may in turn have an adverse impact on the Group's financial performance.<br><br>Employee remuneration costs represent the largest single component of the Group's overall cost base. Any material increase in head count or salary levels without a corresponding increase in revenue and / or decrease in other costs may adversely affect the Group's cash flows, margins and profitability.<br><br>In addition, the Group's operations are labour intensive and the Group relies on skilled and qualified labour to grow its business. Accordingly lack of availability of skilled labour either at all or at budgeted rates may adversely impact on the Directors' forecasts and the Group's ability to grow its business.<br><br>As a result, the ability of the Group to retain and attract sufficiently qualified and experienced individuals as key employees, executives and Business Partners is critical to its success. Although the Group has to date attracted and retained a skilled and motivated workforce, there can be no guarantee that the Group will continue to attract and retain suitable individuals currently or in the future on acceptable terms, or at all, and the failure to do so may adversely affect the Group's business. | **Section 5.1.4** |

# 01. INVESTMENT OVERVIEW

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| Brand and reputation | The Group's ability to maintain its reputation is critical to the ongoing financial performance of the Group. The Group's reputation could be jeopardised if it fails to maintain high standards for service quality or if it does not comply with regulations or accepted practices. Any consequential negative publicity may reduce demand for the Group's services. Failure to comply with laws and regulations, to maintain an effective system of internal controls or to provide accurate and timely financial information could also damage the Group's reputation. Damage to the Group's reputation or the reputations of its clients could have a material adverse effect on the Group's results of operations, financial condition and cash flow.<br>Negligence in the provision of building, insurance or repair services may damage the Group's brand which would adversely impact the Group's financial performance. | Section 5.1.5 |
| Sustainability of growth and margins | The Group has achieved strong growth in revenue and profits. The sustainability of this growth and the level of profit margins from operations is dependent on a number of factors outside the Group's control. Industry margins in all sectors of the Group's activities are likely to be subject to continuing but varying pressures and these may have an adverse impact on the financial performance of the Group. | Section 5.1.6 |
| Occupational health and safety | The Group is exposed to risks associated with the occupational health and safety of its employees. Injuries to employees may result in significant lost time for the employee and costs and impacts on the Group beyond what is covered under workers compensation schemes. | Section 5.1.7 |
| Other key risks | There are a number of key risks relating to commercial and operational risks that are associated with both the business and industry that may adversely affect the Group which are further detailed in Section 5. | Section 5 |

## 1.5 DIRECTORS AND KEY MANAGEMENT

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| Who are the Directors and key executives of the Group? | **Board of Directors**<br>**Directors**<br>Mr Peter Nash – Non-Executive Chairman<br>Mr. Scott Didier – Managing Director and Chief Executive Officer<br>Mr. Lindsay Barber – Executive Director and Chief Operating Officer<br>Mr. Matthew Lunn – Executive Director and Chief Financial Officer<br>Mr. Adrian Gleeson – Executive Director and Executive General Manager, Business Development and Client Relations<br>Mr. Curtis (Curt) Mudd – Executive Director and Executive General Manager, Strategic Initiatives<br>Mr. Paul Dwyer – Non-Executive Director<br>**Senior Leadership Team**<br>Mr. Michael (Mick) Harford – Executive General Manager, Commercial Building Services and Commercial Construction<br>Mr. Nick Carnell – Executive General Manager, Insurance Building and Restoration Services<br>Mr. John McPhee – Executive General Manager, Finance<br>Ms. Philippa (Pip) Brown – General Manager, Business Development and Marketing<br>Mr. Mark Baratta – General Manager, JLG National Retail Services<br>Ms. Kelly Mitchell – State Manager, JLG Victoria<br>Mr. Paul Folkard – State Manager, JLG New South Wales<br>Mr. Adam Wright – State Manager, JLG Queensland and Northern Territory | Sections 6.1 and 6.2 |

## 1.6 INTERESTS, BENEFITS AND RELATED PARTY TRANSACTIONS

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **Who are the Existing Owners of JLG after the Restructure and what will be their interest in JLG at Completion of the Offer?** | The table below sets out the Existing Owners' (and their associated entities') direct and indirect interests in Shares. | **Section 6.5.7** |

| Existing Owners | Shares immediately after the Restructure | Sale Shares sold | Shareholding following Completion | Percentage post-IPO |
|---|---|---|---|---|
| Scott Didier* | 83,782,960 | (26,123,998) | 57,658,962 | 26.21% |
| Lindsay Barber* | 22,849,897 | (7,124,726) | 15,725,171 | 7.15% |
| Peter Nash | – | – | 50,000^ | 0.02% |
| Matthew Lunn | – | – | 250,000^ | 0.11% |
| Adrian Gleeson* | 2,284,990 | (712,473) | 1,572,517 | 0.71% |
| Curt Mudd* | 1,523,326 | (474,982) | 1,048,344 | 0.48% |
| Paul Dwyer* | 15,233,265 | – | 15,233,265 | 6.92% |
| Senior Leadership Team* | 26,658,210 | (5,699,782) | 20,958,428 | 9.53% |
| Other Existing Owners* | 20,465,116 | (8,727,401) | 11,737,715 | 5.34% |
| New Shares to be issued under the Offer | – | – | 95,765,598 | 43.53% |
| **Total** | **172,797,764** | **(48,863,362)** | **220,000,000** | **100.00%** |

* Shareholdings subject to escrow.

^ Loan Shares.

The table above does not take into account any Shares the Directors may acquire under the Offer. Directors are entitled to remuneration and fees on commercial terms. Directors and key Management interests, remuneration and disclosure are discussed in Sections 6.5 and 6.6.

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **What significant benefits and interests are payable to Directors and other persons connected with JLG or the Offer?** | The table below sets out the significant benefits and interests that are payable to Directors (or their associated entities) and other persons connected with JLG or the Offer. The table also does not take into account any Shares the Directors may acquire under the Offer. | **Section 6.5.7** |

| Director | Shares held on Completion | Percentage post-IPO | Loan Shares held on Completion |
|---|---|---|---|
| Scott Didier | 57,658,962 | 26.21% | Nil |
| Lindsay Barber | 15,725,171 | 7.15% | Nil |
| Peter Nash | 50,000* | 0.02% | 50,000 |
| Paul Dwyer | 15,233,265 | 6.92% | Nil |
| Matthew Lunn | 250,000* | 0.11% | 250,000 |
| Adrian Gleeson | 1,572,517 | 0.71% | Nil |
| Curt Mudd | 1,048,344 | 0.48% | Nil |

* Loan Shares.

| | | |
|---|---|---|
| **What Share escrow arrangements are in place?** | Certain Existing Owners have entered into escrow arrangements under which they will be restricted from dealing with the Escrowed Shares they will hold on Completion of the Offer until the expiration of the relevant escrow period.<br>An "escrow" is a restriction on sale, disposal, or the encumbering of, or certain other dealings in respect of, the Shares concerned for the period of the escrow, subject to any exceptions in the escrow arrangement. The restrictions do not affect any voting or dividend rights attached to the Shares.<br>In total, 119,184,584 Shares held by Escrowed Shareholders will be subject to the following Escrow Periods:<br>• 2,137,418 Shares until JLG's FY18 half-year financial statements are released to the ASX;<br>• 53,083,731 Shares until JLG's FY18 full year financial statements are released to the ASX; and<br>• 63,963,435 Shares until JLG's FY19 full year financial statements are released to the ASX.<br>During the Escrow Period, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner or for an appropriate value. | **Section 7.8** |

# 01. INVESTMENT OVERVIEW

## 1.7 SUMMARY OF THE OFFER

| ITEM | SUMMARY | FURTHER INFORMATION |
|---|---|---|
| **Who are the issuers of this Prospectus?** | Johns Lyng Group Limited ACN 620 466 248 (**JLG** or **Company**)<br>Johns Lyng SaleCo Limited ACN 621 108 272 (**SaleCo**) | **Important Information** |
| **What is the Offer?** | The Offer contained in this Prospectus is an invitation to apply for:<br>• 46,902,236 New Shares offered for issue by JLG; and<br>• 48,863,362 Sale Shares offered for sale by SaleCo,<br>(collectively, **Offer**)<br>The Offer is conditional on, among other things, the Restructure occurring prior to the Listing.<br>All Shares issued under this Prospectus will, from the time they are issued, rank equally with all Existing Shares.<br>The Offer (other than the Institutional Offer) is to be conducted in Australia and only residents of Australia are eligible to participate in the Offer. The Institutional Offer is being extended to Australia and certain other foreign jurisdictions. | **Section 7.1** |
| **How is the Offer structured?** | The Offer comprises:<br>• the Broker Firm Offer, which is open to Australian resident retail clients of Brokers who have received a firm allocation from their Broker;<br>• the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and certain other foreign jurisdictions;<br>• the Chairman's List Offer, which is open to selected investors in Australia who have received an invitation under the Chairman's List Offer; and<br>• the Employee Offer, which is only open to Eligible Employees. | **Section 7.3** |
| **How will the proceeds of the Offer be used?** | The Offer is expected to raise $95,765,598. The proceeds from the Offer will be used to:<br>• pay certain Existing Owners for the sale of their Sale Shares through SaleCo;<br>• repay loans to certain Existing Owners;<br>• repay or refinance existing finance facilities;<br>• pay the costs of the Offer; and<br>• provide working capital. | **Section 7.5** |
| **Will the Shares be listed?** | JLG will apply to the ASX within 7 days after the Prospectus Date for admission to the Official List and Official Quotation of Shares under the code 'JLG'.<br>Completion of the Offer is conditional on the ASX approving this application. If approval is not given within three months after the application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. | **Sections 7.11 and 7.18.1** |
| **Is the Offer underwritten?** | Yes. The Offer is fully underwritten by the Underwriter subject to the terms of the Underwriting Agreement. | **Sections 7.1 and 9.5.1** |
| **What is SaleCo and what role does it play in the Offer?** | SaleCo is a special purpose vehicle that was established to enable certain Existing Owners to sell all or a portion of their Sale Shares. Each of these Existing Owners has executed an irrevocable offer deed in favour of SaleCo under which they irrevocably offer to sell Sale Shares to SaleCo (or as it directs) free from encumbrances and third party rights and conditional on the Restructure occurring.<br>48,863,362 Sale Shares are being offered for sale by SaleCo to Applicants under the Offer at the Offer Price.<br>For more information, see Section 7.2. | **Section 7.2** |

# 01. INVESTMENT OVERVIEW

| ITEM | SUMMARY | FURTHER INFORMATION |
|---|---|---|
| **What is the allocation policy?** | The allocation of Shares among Applicants in the Institutional Offer and the Broker Firm Offer will be determined by the Joint Lead Managers with the agreement of the Company.<br>The Joint Lead Managers and the Company have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.<br>The Company after consultation with the Joint Lead Managers will determine the allocation of Shares to participants within the Chairman's List Offer and the Employee Offer. | **Sections 7.12.4, 7.13.2, 7.14 and 7.15** |
| **Is there any brokerage, commission or stamp duty payable by Applicants?** | No brokerage, commission or stamp duty is payable by Applicants under the Offer. | **Section 7.11** |
| **What are the tax implications of investing in the Shares?** | An overview of the Australian tax treatment for Australian tax resident investors is included in Section 9.10. The tax consequences of any investment in the Shares will depend on an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest. | **Section 9.10** |
| **When will I receive confirmation that my Application has been successful?** | It is expected that holding statements will be dispatched by standard post on or around 24 October 2017. | **Section 7.11** |
| **What is JLG's proposed dividend policy?** | No dividend will be paid following Listing in respect of FY17. The indicative annual dividend yield is 2.2% to 3.3% based on the Company's target dividend payout ratio of between 40% to 60% of the pro forma forecast FY18 NPAT. It is the Board's current intention to declare a final dividend in respect of FY18. However, the payment of any dividends by the Company is at the complete discretion of the Directors and legal requirements. In determining whether to declare future dividends, the Directors will have regard to the Group's earnings, overall financial condition and requirements and future capital requirements. It is expected that all future dividends will be franked to the extent of available franking credits. | **Section 4.12** |
| **How can I apply?** | You may apply for Shares by completing a valid Application Form (included in or accompanying this Prospectus).<br>To the extent permissible by law, an Application by an Applicant under the Offer is irrevocable. | **Section 7.12.2** |
| **Can the Offer be withdrawn?** | JLG and SaleCo reserve the right not to proceed with the Offer at any time before the issue and transfer of Shares to successful Applicants.<br>If the Offer does not proceed, your Application Monies will be refunded without interest as soon as practicable. | **Section 7.16** |
| **Where can I find more information?** | If you require assistance to complete the Application Form, require additional copies of this Prospectus or have any questions in relation to the Offer, please call the Johns Lyng Group Information Line on 1800 426 150 (from within Australia) or +61 1800 426 150 (from outside Australia) between 8.30am and 5.30pm (Melbourne time) Monday to Friday.<br>If you are unclear in relation to any matter or are uncertain as to whether obtaining Shares is a suitable investment for you, you should seek professional advice from your solicitor, stock broker, accountant, tax adviser or other independent and qualified professional adviser before deciding whether or not to invest. | **Section 7.11** |

# 02.

# INDUSTRY OVERVIEW

# 02. INDUSTRY OVERVIEW

The Group operates as an integrated building services group which focuses on delivering exceptional customer service outcomes through three divisions:

- Insurance Building and Restoration Services;
- Commercial Building Services; and
- Commercial Construction Services.

## 2.1 OVERVIEW – INSURANCE BUILDING AND RESTORATION SERVICES INDUSTRY

The insurance building and restoration services industry is predominately driven by the necessity of insurance companies to remediate and restore damaged property as a part of their obligation to their insured parties (or policyholders).

Insurance building and restoration services work generates revenue for service providers, such as the Group, which provide specialised construction, project management, restoration, refurbishment and industrial clean up trade skills for a specific set of insurable events.

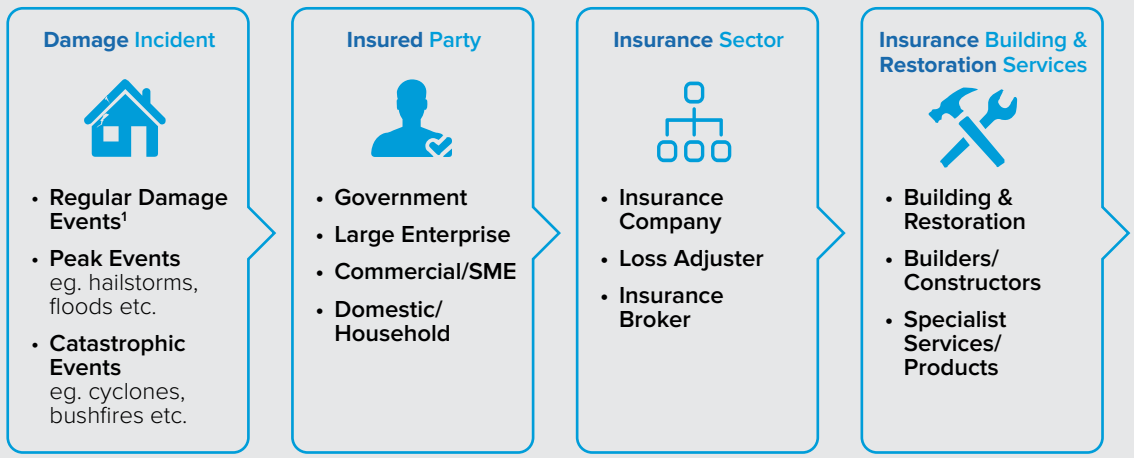
There are a number of operators that provide building and restoration services to insurance companies, intermediaries and policyholders. The provision of these services can be localised to a geographic region or across multiple regions. The types of services offered vary from a single specialised service, to multiple trade and restoration services or a combination of all of these services.

There is an increasing role for specialised insurance building and restoration service providers which can deliver outcomes consistent with the objectives of insurers. These objectives include:

- delivering quality and timely outcomes;
- delivering services at an appropriate cost to the insurer; and
- the ability to service policyholders on a broad geographical basis.

An overview of the stakeholders within the insurance building and restoration services industry is set out in Figure 2.1.

### FIGURE 2.1: INSURANCE BUILDING AND RESTORATION SERVICES INDUSTRY STAKEHOLDERS




1 **Regular damage events include:**
- Escape of liquid (flood);
- Fire;
- Malicious damage;
- Impact;
- Storm; and
- Emergency domestic (household) repairs

# 02. INDUSTRY OVERVIEW



### Defined incident

A number of defined events as listed in most property related insurance policies give rise to a requirement for building and restoration services. These defined events occur frequently and vary in terms of severity: from low value regular damage events (e.g. household flooding from a dishwasher), peak events (e.g. regional hail storms) to catastrophe events (e.g. natural disasters such as cyclones).

### Insured party

Insured parties (policyholders) include a wide spectrum of economic entities including households, small to large commercial enterprises and government authorities at the local, state and federal level. These parties contract their insurance requirements direct with insurers or via other distributors of general insurance. In addition, some parties choose to self-insure.

### Insurance sector

Insurers and other stakeholders in the general insurance sector such as loss adjusters and insurance brokers are involved in the management of policyholders' claims. There is an increasing focus on managing the insurer's reputation and maintaining brand equity with policyholders and the wider community by providing high quality and responsive outcomes. Efficiently managing the costs in relation to these outcomes provides security given "claims expenses make up the largest cost for general insurers".[1] Claims expenses generally range from 40% to 80% of industry revenue.[2]

### Insurance building and restoration services

The claims process leads to the requirement for remediation of property damage for the policyholder. The remediation services are generally categorised as either building services (required when a building's structure has been damaged) and / or restoration services (non-structural damage such as interiors, fittings, furniture and equipment).

Remediation is provided by numerous service providers, including enterprises specifically focused on building and / or restoration services, general construction businesses, or businesses who provide other trades or specialist services.

Remediation services are engaged through a variety of channels including:

- insurance company building and / or restoration panels;
- intermediaries such as loss adjusters and insurance brokers;
- direct from insurance companies; and
- direct from the policyholder or the insured party, such as local and state governments.

## 2.2 DRIVERS OF DEMAND

The Company does not consider the insurance building and restoration services industry to be highly cyclical or discretionary in nature. It does have some critical linkages to the general insurance sector and peak events.

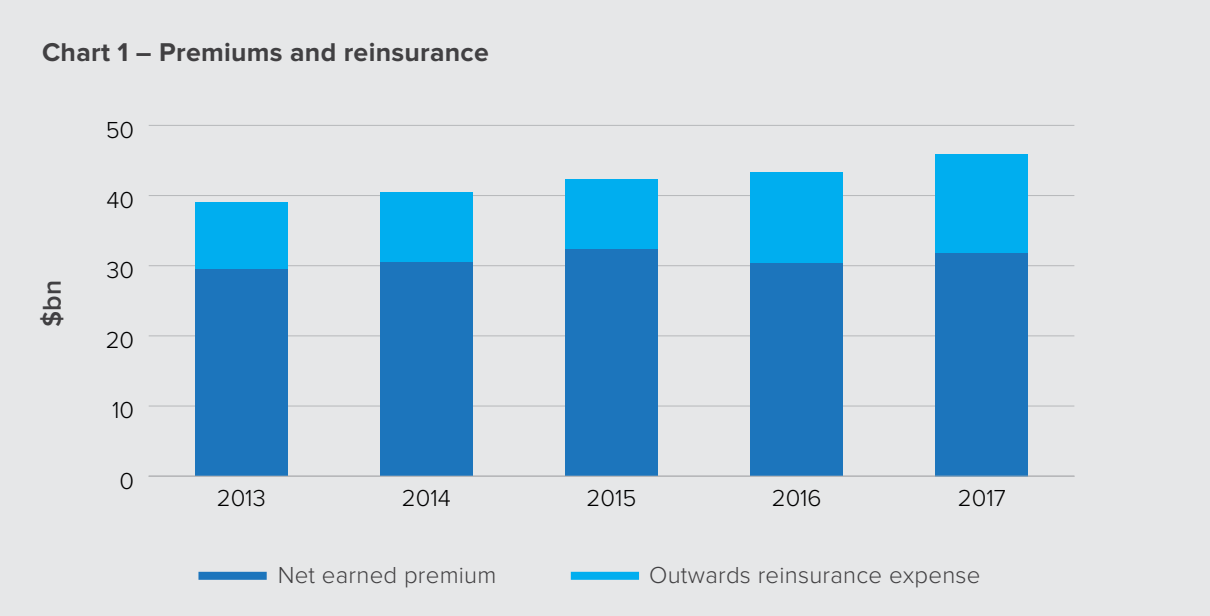
### Insurance

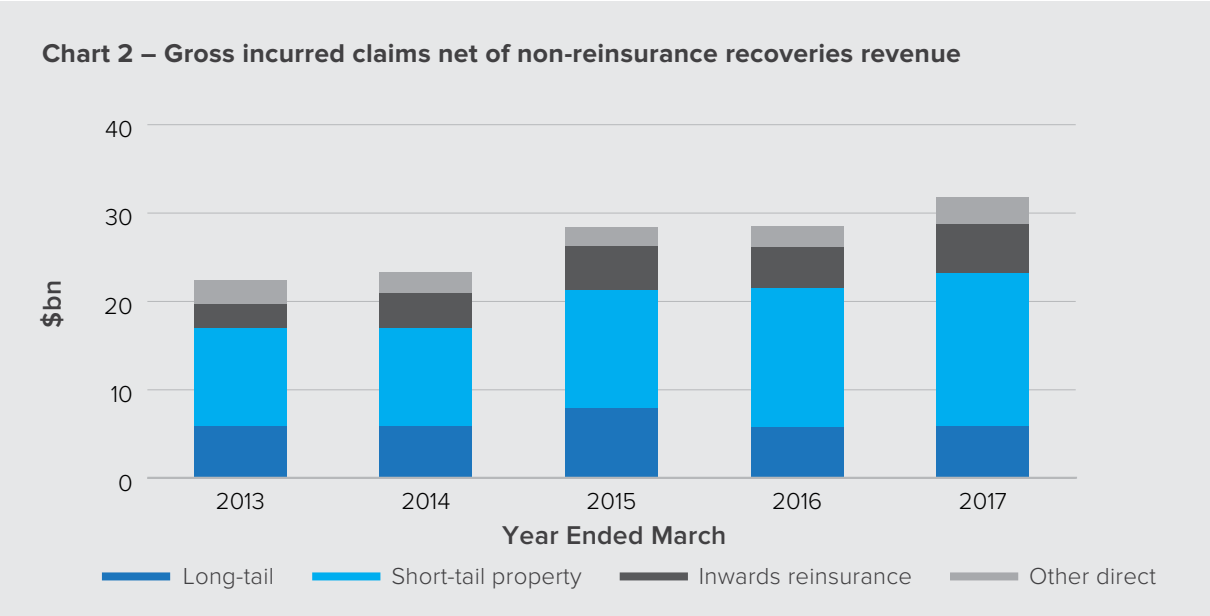
The insurance industry within Australia represents:

- a premium pool in excess of $32 billion annually that is comprised of 105 licensed insurers;
- the Annual Net Earned Premium (Gross Earned Revenue from premiums *less* costs paid away for reinsurance) for the industry represented an aggregate value of $31.8 billion for the year ended March 2017; and
- Gross Incurred Claims comprise of paid claims during the period and movements in outstanding claims liability. This represents the actual incurred cost to insurers of policyholders claiming against their stated policy. For the most recent reporting period, the Gross Incurred Claims represented a $35.5 billion cost to the insurance industry, which was up from $31.3 billion the previous year.

(1) General Insurance in Australia November 2016, IBIS World
(2) General Insurance in Australia November 2016, IBIS World

FIGURE 2.2: ANNUAL NET EARNED PREMIUM AND GROSS INCURRED CLAIMS




Source: Australia Prudential and Regulatory Authority. March, 2017

# 02. INDUSTRY OVERVIEW



The insurance building and restoration services industry has direct linkages to the insurance sector and is influenced by:

- the general economic health of the domestic general insurance industry and penetration of general insurance in the economy, in particular the insurance of household and commercial property and other business insurance (such as fire and industrial special risks). IBIS World contends that "the general insurance industry is characterised by a low level of revenue volatility[3]";
- the propensity of policyholders to make claims and the insurance sector's management of these claims. Insurers are increasingly applying the use of evaluation metrics which are focused on cost and quality of service in regard to policyholders' claims; and
- the insurers' and intermediaries' use of building and restoration services to remediate policyholders' property back to their pre-incident position.

### Peak events and catastrophe events

The Company considers that a key driver of industry demand is the number and severity of claims arising from catastrophe events which may be categorised as follows:

- peak events which result in local or regional damage for example:
  - » New South Wales hailstorms on 18 February 2017 which caused significant hailstorm damage estimated to cost $512 million in damages; and
- catastrophes and natural disasters ("CAT" designated events) for example:
  - » Cyclone Debbie in March 2017 which caused widespread flooding in Queensland and northern New South Wales, leaving an estimated insurance bill of over $1.472 billion.

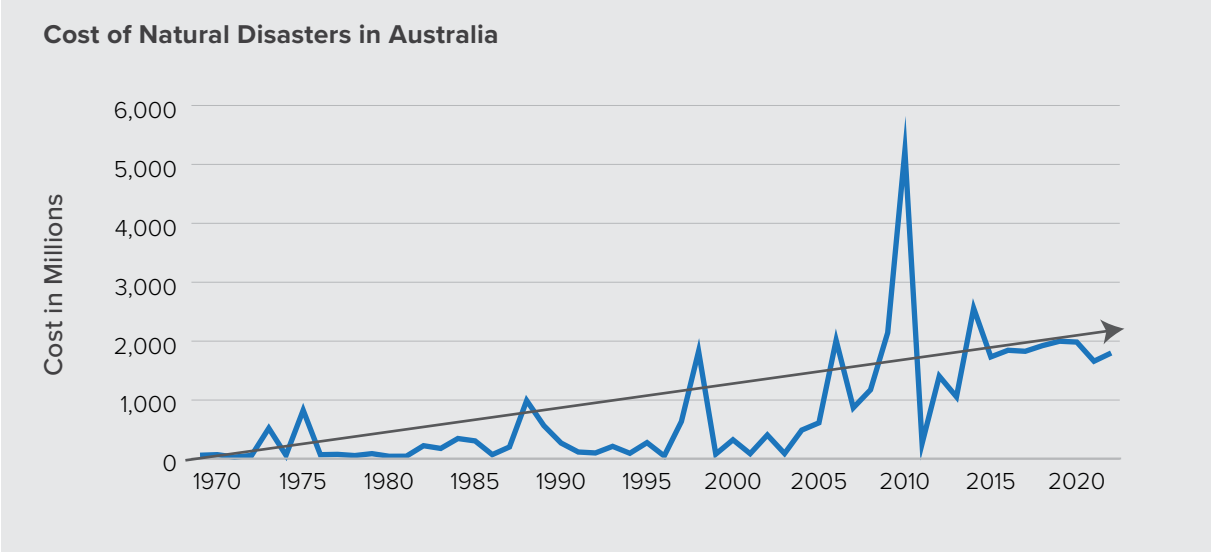
The Company believes that the number of claims arising from large scale events is likely to increase over the medium to long term due to:

- Australia's increasing population and more specifically the increasing density of households and enterprises in coastal areas which are prone to more extreme weather events; and
- an increase in catastrophe events and extreme weather events due to changing weather / climatic patterns.

The growth in Gross Incurred Claims value between 2016-2017 is attributable to natural disasters (i.e. Cyclone Debbie) according to the Australian Prudential and Regulatory Authority report published in April 2017.

Estimates derived from research conducted by IBIS World anticipate that the cost of total insured losses due to severe climatic events and natural disasters will reach $2 billion annually with a CAGR of costs around 2.7%.

### FIGURE 2.3: COSTS OF NATURAL DISASTERS IN AUSTRALIA




Source: IBIS World Business Environment Report – Natural Disasters, February 2016, IBIS World.

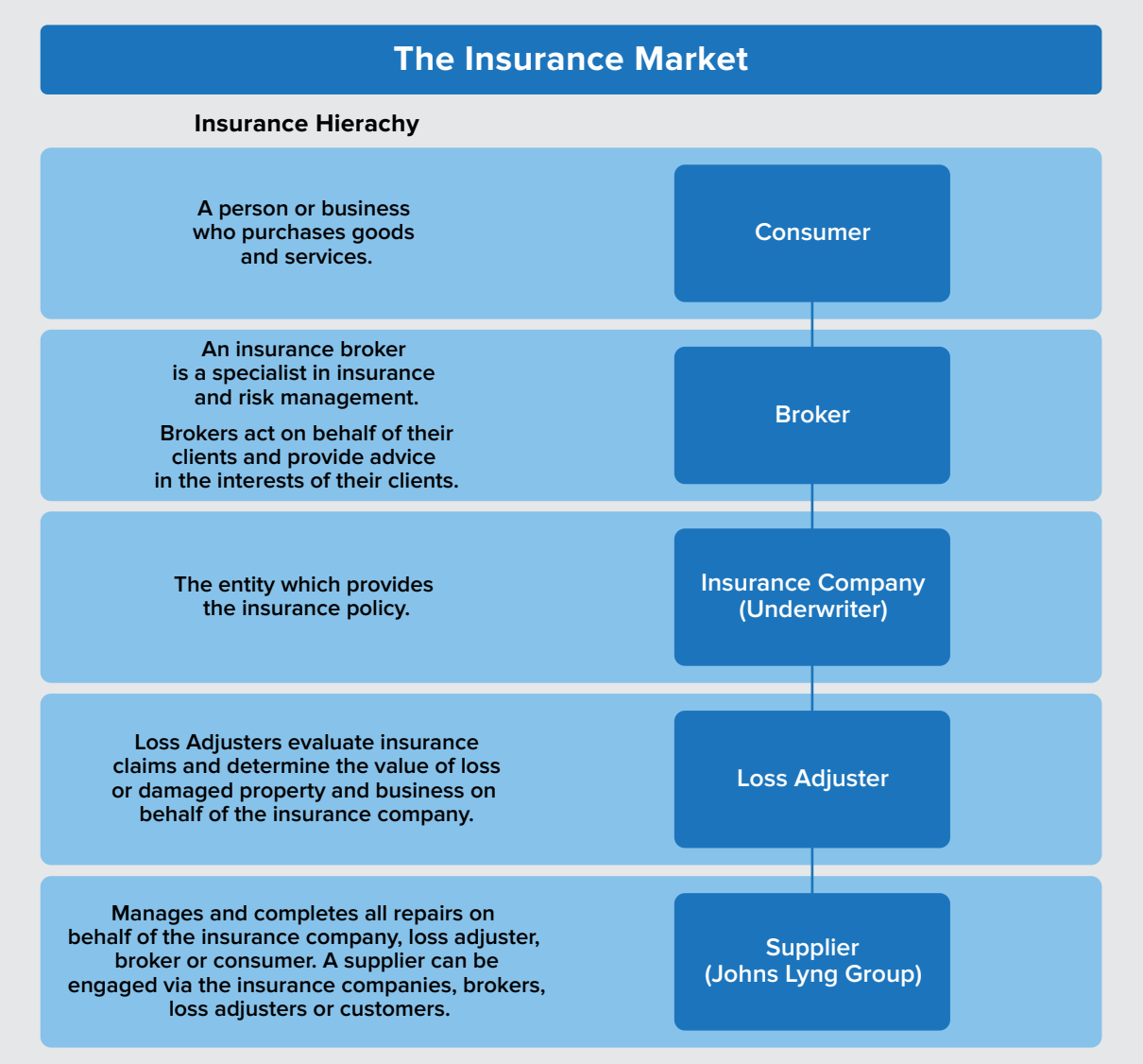
(3) General Insurance in Australia November 2016, page 29, IBIS World

# 02. INDUSTRY OVERVIEW

## 2.3 KEY STAKEHOLDERS IN THE INDUSTRY

Set out in Figure 2.4 is a diagrammatical summary of the insurance hierarchy that operates within the insurance sector.

### FIGURE 2.4: INSURANCE HIERARCHY WITHIN THE INSURANCE SECTOR




In Australia, key participants for each insurance stakeholder are considered by the Company to be:

### FIGURE 2.5: KEY PARTICIPANTS FOR INSURANCE STAKEHOLDERS

| | Insurance Companies | | | |
|---|---|---|---|---|
| Brokers | IAG Group | Suncorp Group | General Insurers | Loss Adjusters |
| AON | CGU | AAI (parent company) | AIG – QUS | ANA – Australian Network Adjusters |
| Marsh | Coles | AAMI | Allianz | ASTA Group |
| Arthur J Gallagher | Lumley | APIA | Ansvar | Crawford & Company |
| Steadfast | NRMA | Asteron Life | Calliden | Cunningham Lindsay |
| Austbrokers | RACV | Bingle | Chubb | Innovation Group |
| PSC | SGIC | Vero | Comminsure | McCraken Lang |
| Willis | SGIO | GIO | QBE – Elders / ANZ | Technical Loss Adjusting |
| | Swann Insurance | Resilium | Westpac | |
| | SUU | Shannons | Zurich | |
| | WFI | Terri Scheers | | |

# 02. INDUSTRY OVERVIEW

## 2.4 INSURANCE BUILDING AND RESTORATION SERVICE PROVIDERS

There are a number of service providers in the insurance building and restoration services industry. These range from large organisations with a broad service offering, such as the Group, to small contractors with a specialised offering.

Organisations which offer regional, metropolitan and / or national footprints have greater access to business from the insurance sector as it provides scalability to meet demands in times of high volume.

There are different panels and / or relationships for the different services – not all companies offer both building and restoration. In addition, there are specialist service areas such as "emergency make safe" and removal of hazardous materials.

Set out below in Figure 2.6 is a competitor matrix prepared by the Group that summarises in a snapshot the Group's view of the indicative cross section of major participants in the insurance building and restoration services industry, it is not intended to be exhaustive.

### FIGURE 2.6: SNAPSHOT OF THE GROUP'S VIEW OF THE INDICATIVE CROSS SECTION OF MAJOR PARTICIPANTS IN THE INSURANCE BUILDING AND RESTORATION SERVICES INDUSTRY

| | Capabilities | | | Coverage | | | | |
|---|---|---|---|---|---|---|---|---|
| Competitor Matrix | MakeSafe | Building | Restorations | NSW | VIC | QLD | WA | SA |
| Building | | | | | | | | |
| A1 Building Group | | | | | | | | |
| Advanced Building Services | | | | | | | | |
| ANT Renovations | | | | | | | | |
| AJ Grant | | | | | | | | |
| Ambrose Building | | | | | | | | |
| Barclays Building Services | | | | | | | | |
| Bay Building | | | | | | | | |
| Construct Services | | | | | | | | |
| JP Flynn Builders | | | | | | | | |
| Pattersons Building Group | | | | | | | | |
| Power Partners | | | | | | | | |
| Johns Lyng Group | | | | | | | | |
| Restoration | | | | | | | | |
| Linx Restoration (Bay Building Company) | | | | | | | | |
| A1 Building Group | | | | | | | | |
| AJ Grant Restorations | | | | | | | | |
| Ambrose Building | | | | | | | | |
| Barclays Building Services | | | | | | | | |
| Cowans Restorations | | | | | | | | |
| Pattersons Building Group | | | | | | | | |
| Steamatic | | | | | | | | |
| Johns Lyng Group | | | | | | | | |

| Table Key | |
|---|---|
| | Service or state included in company offering. |
| | State not covered by company. |
| | Service not offered by company. |
| | JLG's service and state offering. |
| | Not applicable |

# 02. INDUSTRY OVERVIEW

## 2.5 BARRIERS TO ENTRY

There are barriers for new entrants into the insurance building and restoration services industry including:

- regulatory and compliance costs and requirements;
- scale required to compete on a national basis;
- working capital constraints associated with peak and catastrophe events; and
- infrastructure and equipment requirements.

The key advantages to incumbents are:

- the relationships with key industry clients including insurance companies, loss adjusters and brokers;
- history of delivering quality outcomes and exceeding customer expectations; and
- the existing infrastructure to scale up during times of high volume.

## 2.6 INDUSTRY OVERVIEW – COMMERCIAL BUILDING SERVICES AND COMMERCIAL CONSTRUCTION SERVICES

- The commercial building services industry is not dependent on the insurance sector and activity is a function of the availability of commercial and SME project work.

### Commercial building services and commercial construction services market

From a macro perspective, the Group's operations fit within the non-residential sectors of the broader Australian construction industry which has a market size of approximately $349.3 billion[4], which includes:

- commercial building and industrial construction which is a $35 billion per annum industry in Australia[5]. This is a mature industry concentrated predominately along the eastern seaboard and comprises over 9,800 businesses;
- glazing services in Australia which has estimated industry revenue of $1.9 billion per annum with 3,080 businesses providing services nationally;
- commercial flooring services (which includes laying floorcoverings) which has an estimated market size of $4 billion per annum and approximately 14,500 operators in Australia; and
- shop fitting services, which comprises several sub markets including glazing, tiling and flooring as well as finishing carpentry services (constitutes approximately 11% of the overall $11 billion per annum carpentry services market[6]) and comprises approximately 42,000 businesses.

### Industry demand

The Company considers that the primary driver of demand in the construction sector is the level of Australian economic activity overall.

In regard to commercial and industrial building construction, the drivers of demand in the Group's view include:

- growth in employment and the nature of growth;
- household expenditure; and
- demand from the operators of office, retail and industrial property.

Industry growth forecasts vary for the different construction sub-markets. IBIS World forecasts a 1.3% growth rate for the next five years (2017 to 2022)[7] for the broader market.

### Key customer groups

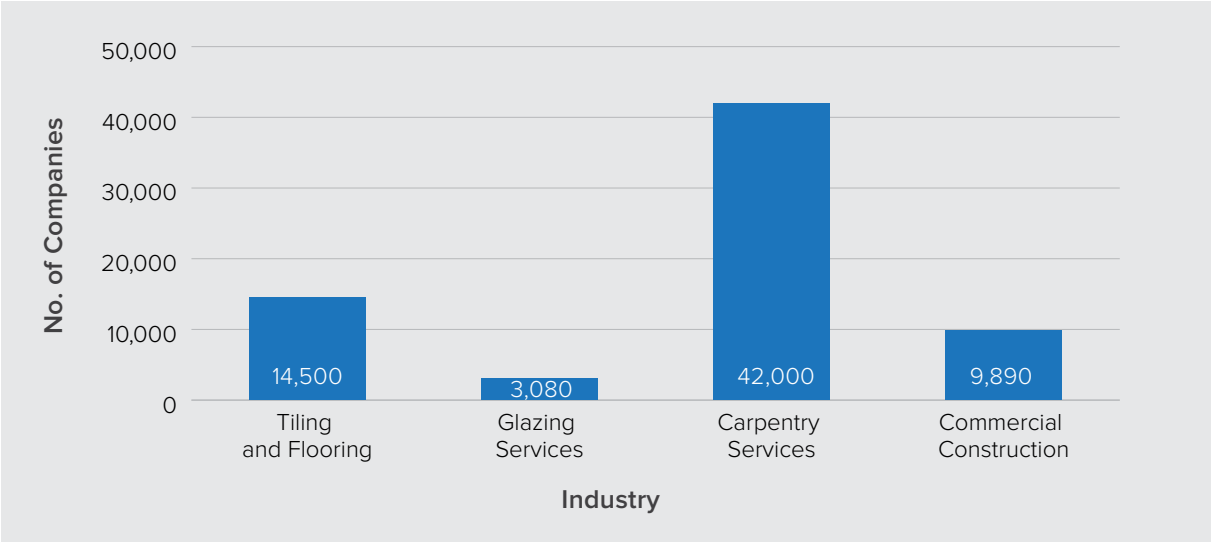
Customers in the commercial construction sector include land owners, property developers and end users of the property.

(4) Construction in Australia January 2017, IBISWorld
(5) Commercial and Industrial Building Construction in Australia November 2016, IBIS World
(6) Carpentry Services in Australia August 2016, IBIS World
(7) Commercial and Industrial Building Construction in Australia November 2016, IBIS World

## Market structure and competition

As noted above, each of these sectors is highly fragmented. There is an estimated 69,470 businesses within the four markets with few operators exhibiting scale, size and geographic reach. Figure 2.7 sets out the estimated number of businesses within the four markets.

### FIGURE 2.7: ESTIMATED NUMBER OF BUSINESSES IN THE INDUSTRY




Tiling and flooring source: "IBIS World Industry Report E3243 - Tiling and Carpeting Services in Australia" authored by Anthony Kelly, January 2017.

Glazing services source: "IBIS World Industry Report E3245 –Glazing Services in Australia" authored by Anthony Kelly, February 2017.

Carpentry services source: "IBIS World Industry Report E3242- Carpentry Services in Australia" authored by Anthony Kelly, August 2016.

Commercial construction source: "IBIS World Industry Report E3021- Commercial and Industrial Building Construction in Australia" authored by Anthony Kelly, November 2016.

The Company considers that regulatory compliance is a barrier to entering this industry and in some instances scale is a benefit for larger operators who can access larger projects and take advantage of economies of scale. Notwithstanding this, the Company considers that generally barriers to entering this industry are low.

The market size and fragmented structure creates opportunities for focused enterprises to grow and potentially acquire other operators.

## Competitors

### HAZREM – Major industry competitors

The major industry competitors for *Hazrem* in the removal of hazardous material industry are:

- MGR Industries;
- Australian Technical Services;
- SLH;
- Aware;
- Elite Building & Environmental;
- Proas;
- Western Sheet Metal; and
- Zealmore.

### COMMERCIAL BUILDERS – Major industry competitors

The major industry competitors for *Commercial Builders* include:

- FIMMA Constructions;
- 2Construct Complete Construction Solutions;
- SJ Higgins Group;
- Melbcon Pty Ltd;
- Lloyd Group;
- Rayset Construction;
- Commercial Industrial Construction Group (CICG);
- May Constructions; and
- Dura Constructions.

These businesses typically work in the less than $20 million project value range and are based predominantly in Victoria. The *Commercial Builders* division also competes with larger construction companies (like Hutchinson Builders) who typically compete on much larger value projects of greater than $50 million.

### SHOPFIT SERVICES – Major industry competitors

The major industry competitors for *Shopfit Services* in the shopfitting industry are:

- Yarra Valley Shopfitters;
- Ramvek;
- Stag Shopfitting;
- TU Projects; and
- Tasman Group.

### GLOBAL HOME RESPONSE – Major industry competitors

*Global Home Response* works in an evolving space of 'on demand' emergency and scheduled maintenance involving trade services including: plumbing, electrical, locksmiths and minor handyman works. The major competitors in this industry are: Service Today, Construct Services and Immerge Group. The industry also has aggregator and web based competitors such as HiPages, OneFlare, SwiftHero and Service Seeking. The remaining competitors for *Global Home Response* are local contractors in these service streams who predominantly do not have the resources to manage large volume contracts.

### TRUMP FLOORCOVERINGS (Nationally) – Major industry competitors

The major industry competitors for *Trump Floorcoverings* are:

#### Commercial Industrial

- JJ Carpets – Commercial; and
- RG Floors – Commercial.

#### Retail Focus

- All Commercial – Aged Care and supermarkets;
- Fab Floors – Supermarket space;
- CIS – Retail;
- B + C Flooring – Retail;
- Professional Floors – Retail; and
- Modern Floor Coverings – Multi Sector.

# 02. INDUSTRY OVERVIEW



**Apartments and Large Residential**

- Melbourne Carpets – Apartments;
- Stahmers Carpets – Apartments and General Commercial; and
- Aywon Carpets – Apartments and General Commercial.

**Commercial Fit-Outs**

- Future floors – Large office fit outs;
- Cotter Floors – Fitouts;
- Floorcom – Fitouts; and
- H & H – Fitouts and Hotels.

**Aged Care Focus**

- Asset Floors – Heath Care / Aged Care and Retail;
- Floors 91 – Healthcare / Age Care; and
- Berwick Floors – Healthcare, Commercial and Education.

**SANKEY GLASS – Major industry competitors**

*Sankey Glass* competes with glaziers in the emergency shuttering and repair industry as well as in small to medium sized projects in Melbourne. These competitors include Stevens Glass, AAA Glass, Express Glass and Integrity Glass.

# 03.

# BUSINESS OVERVIEW

# 03. BUSINESS OVERVIEW

## 3.1 INTRODUCTION

The Group operates as an integrated building services group delivering insurance building and restoration services and commercial building services in Australia as well as commercial construction services in Victoria.

The Group is a well established business with headquarters in Victoria, Australia. The Group focuses on delivering exceptional customer service outcomes and comprises a portfolio of businesses that enables it to deliver multiple services in Australia. At the core of the Group is an experienced senior executive team and underlying business unit managers that are aligned to deliver results that contribute positively to the growth of the overall business.

The Group's core business is built on its ability to rebuild and restore a variety of property types after regular damage events (e.g. escape of liquid (flood), fire, malicious damage, impact, storm and emergency domestic repairs), peak events (typically significant weather or fire events) and catastrophe events. Building and restoration services for property damage is driven by the requirements of insurers who are seeking quality outcomes for policyholders and efficiencies in regard to claims cost management. Building and restoration activities contribute to the majority of the Group's EBITDA.

The Group conducts its business across three main divisions that are made up of 12 business units and 48 subsidiary entities. Within the Group's Insurance Building and Restoration Service division, clients include: insurance companies, loss adjusters and insurance brokers. The Group also has direct relationships with customers (end recipients of services) including: government departments, large enterprises, commercial / SME and residential households.

The Group has a focus on customer service and quality. The Group's meritocratic culture also encourages client relationships and differentiates it from its competitors within the industry. This has created a tangible source of sustainable competitive advantage.

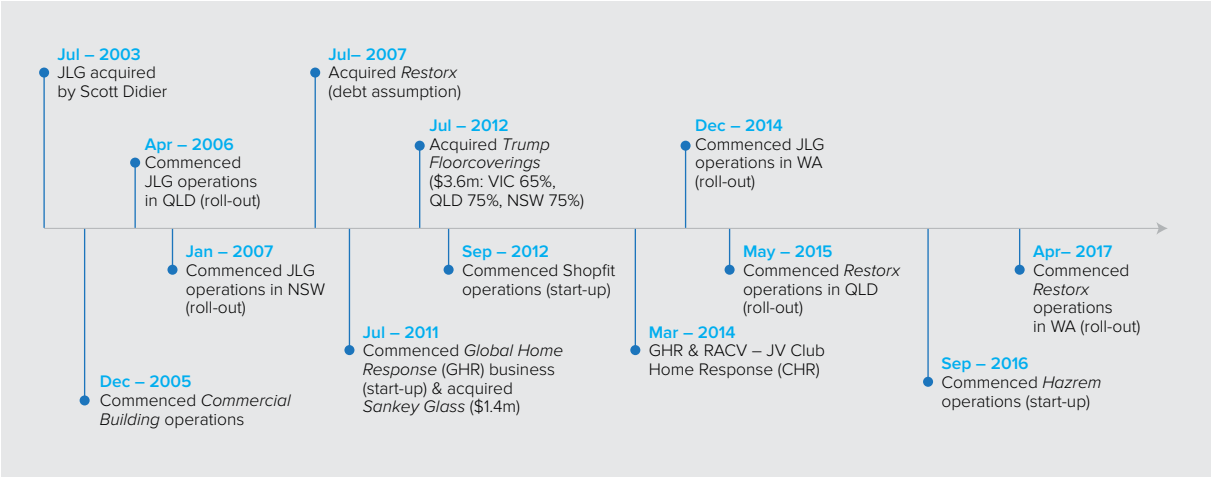
## 3.2 HISTORY

The Group was established in 1953 as a building company with the core business originally built on an ability to remediate most building types, especially after major events such as floods and fires. Since 2003 when Scott Didier (Managing Director and Chief Executive Officer) acquired the Group, it has grown into a national business, with:

- a diversified client base comprising major insurance companies, commercial enterprises and retail customers;
- a broad service offering with a leading position in insurance building and restoration services;
- over 475 employees; and
- 14 years of growth to build a business of scale.

A summary of key events in the Group's history is set out in Figure 3.1.

### FIGURE 3.1: GROUP TIMELINE



# 03. BUSINESS OVERVIEW

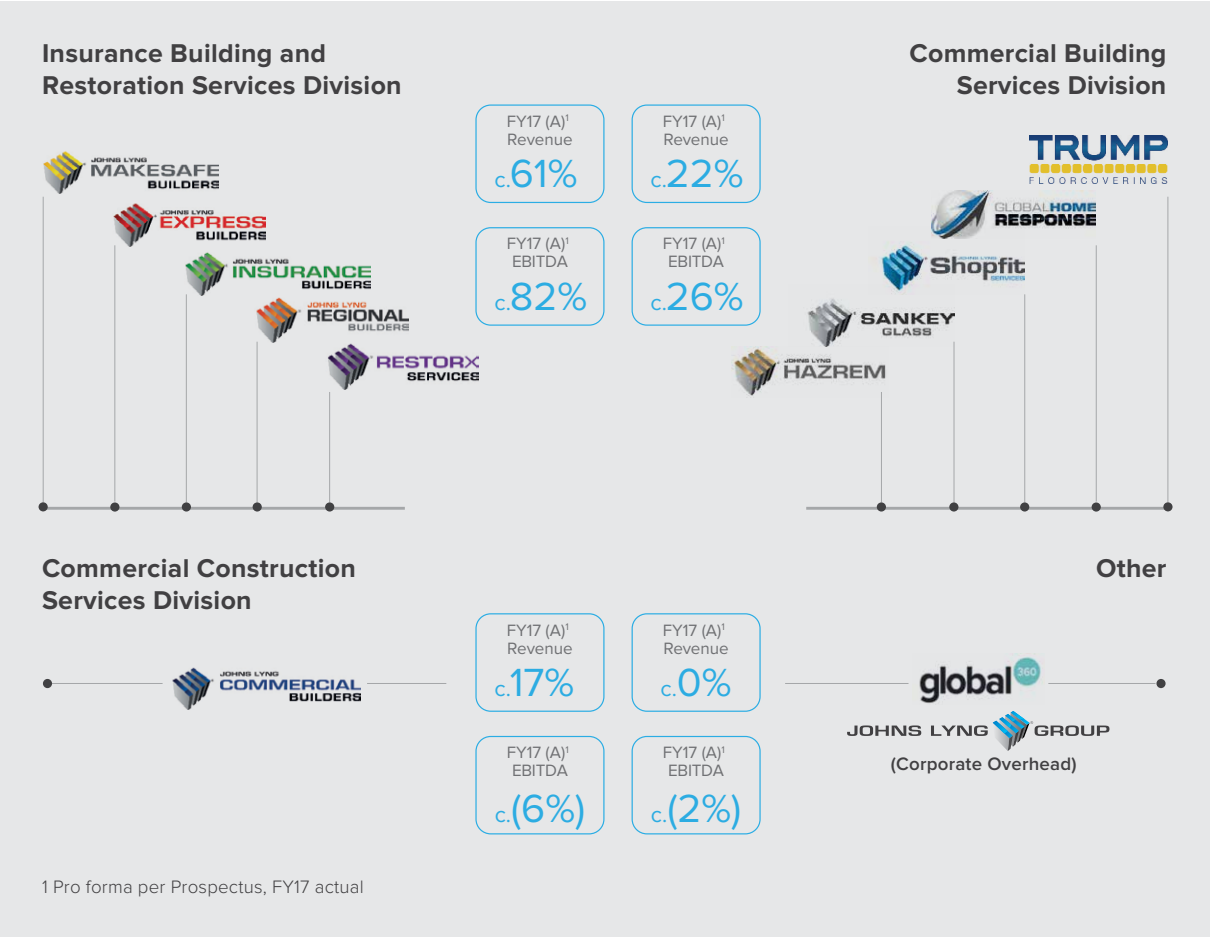
## 3.3 BUSINESS OPERATIONS

The Group operates 12 business units comprising of 48 subsidiary entities under three main divisions within Australia:

- Insurance Building and Restoration Services;
- Commercial Building Services; and
- Commercial Construction Services.

Figure 3.2 graphically summarises the Group structure under its three divisions.

### FIGURE 3.2: STRUCTURE OF THE GROUP'S THREE DIVISIONS



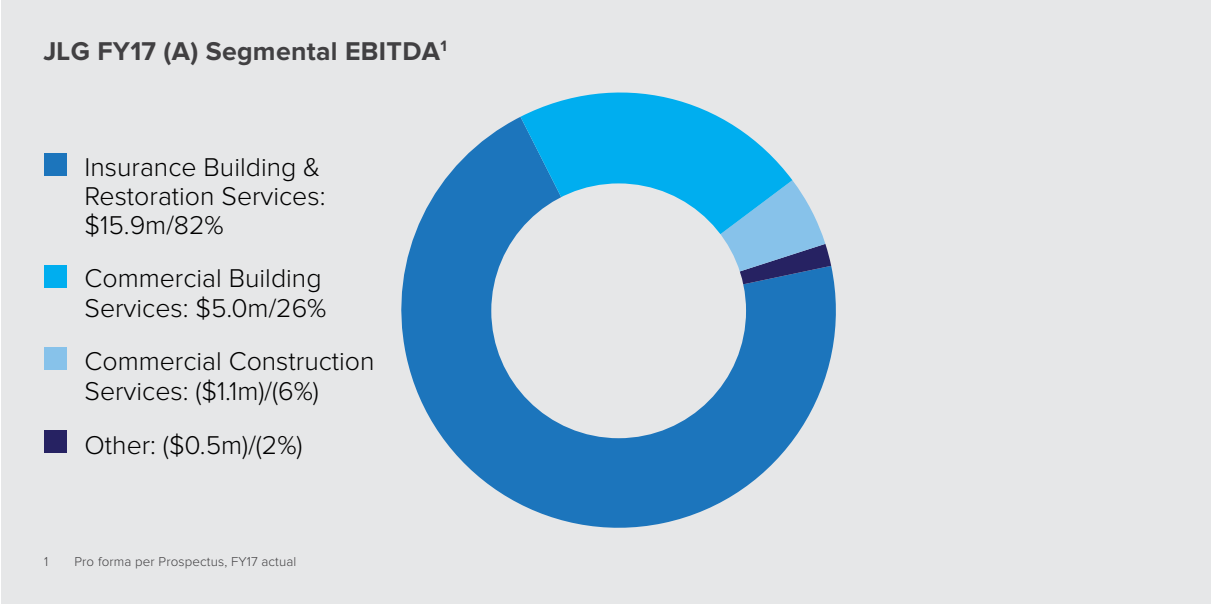

1 Pro forma per Prospectus, FY17 actual

# 03. BUSINESS OVERVIEW



Figure 3.3 includes the overall divisional contribution to earnings based upon FY17 EBITDA:

**FIGURE 3.3: DIVISIONAL CONTRIBUTION (FY17 EBITDA):**




A majority of the business units will be 85% or more owned by the Group after the Roll-Up with the exception of Club Home Response (which is a joint venture between Global Home Response Pty Ltd ACN 147 905 628 and the Royal Automobile Club of Victoria (**RACV**)). RACV owns 51% of Club Home Response and the Group owns the remaining 49%.

There is a strong consistency in management culture across the Group and a uniform scorecard management system. In addition, the divisions and business units share similar competencies in project management and estimation, allowing vertical integration and internal sub-contract opportunities for the delivery of specific services. The Group leverages relationships with approximately 5,000 sub-contractors.

The Commercial Building Services division and the Commercial Construction Services division are stand alone and non-insurance sector aligned. They do, however, at times provide a variety of services back to business units within the Insurance Building and Restoration Services division.

Underpinning the functionality and the effectiveness of the Group's divisions is the "JLG Equity Partnership Model". The basis of this model allows management of an underlying subsidiary entity or business unit to hold a minority equity position in that business and accordingly share in the profit that is generated from the business unit's performance. The Group has found that this model attracts and retains talent, motivates and aligns this talent and empowers these managers as Business Partners. This partnership model will continue after the Roll-Up as Business Partners will hold Shares as well as smaller residual equity interests in their respective business unit.

### 3.3.1 Insurance Building and Restoration Services – Business Summary

The Insurance Building and Restoration Services division represents the majority of the Group's services and EBITDA contribution. This is a national division with representation in the major metropolitan areas and a growing presence in major regional centres including those areas prone to extreme weather events such as Far North Queensland.

Within this division, the Group operates five major business units which offer a specific service. Across each is a common objective of exceptional customer outcomes for the Group's clients. This includes minimising average claim cost and maximising the quality of service and response times.

The Insurance Building and Restoration Services division generates revenue from completing building and restoration jobs on a cost plus, agreed price or through a contracted panel arrangement. Jobs can be the result of regular damage events (e.g. escape of liquid (flood), fire, malicious damage, impact, storm or emergency home repair), peak events (e.g. typically significant weather or fire events) or catastrophe events (e.g. cyclones).

Regular damage events and peak events contributed approximately 90% of the Insurance Building and Restoration Services division's revenue in FY17, with this division completing in excess of 23,000 jobs. Job size and duration vary depending on the building and restoration activity required. Catastrophe event job activity, size and duration vary depending on each particular event.

# 03. BUSINESS OVERVIEW



The Insurance Building and Restoration Services division business units are summarised below:

- **MakeSafe Builders** – *MakeSafe Builders* provides emergency and immediate response to ensure property and public safety for residential and commercial properties after a defined event. *MakeSafe Builders* is often first on site and works closely with emergency services to ensure the emergency service providers, all stakeholders and the public are not at risk of injury and provide emergency services with safe access to a site to mitigate further damage or risk. The business has access to various emergency response contractors such as tree loppers and electricians who provide specialist services in these situations.
- **Express Builders** – *Express Builders* is a specialist small works reinstatement company. It provides a range of responsive, high volume building services to reinstate residential and commercial properties which have undergone damage due to a defined event.

  This business works closely with insurance companies and predominately focuses on claims under $20,000 in value.
- **Insurance Builders** – *Insurance Builders* is focused on efficient building restoration solutions for large loss and complex insurance claims (greater than $20,000 in value). It operates with sub-contractors across a range of trades to reinstate properties for insurers and their policyholders.

  Works relate to larger and more complex claims and are generally referred to service providers such as *Insurance Builders* through either a loss adjuster or directly from the insurer. The Group has made large loss and complex work a speciality focus for the *Insurance Builders* business.
- **Regional Builders** – In regional areas, the Insurance Building and Restoration Services division is represented by *Regional Builders* which combines the company's large loss, small works and an emergency make safe service throughout Australia.
- **Restorx Services** – *Restorx Services* provides building contents and restoration services to insured properties. These services focus on the prevention of further damage to building contents (including clothing, furniture, flooring and ceiling materials) and providing restoration and replacement services (including clothing, furniture, flooring and ceiling materials). *Restorx Services* is currently operating and expanding its service offering throughout metropolitan and regional Australia.

### 3.3.2 Commercial Building Services – Business Summary

The Group's history as a commercial builder within Victoria provides the foundation for the current Commercial Building Services division. Although comparatively smaller than the Insurance Building and Restoration Services division, the Commercial Building Services division plays an integral part in the Group's service offering.

The Commercial Building Services division generates revenue from completing discrete projects on behalf of clients typically on a cost plus basis or an agreed price basis, including in excess of 60,000 jobs in FY17 through the Club Home Response joint venture.

The Commercial Building Services division has a number of business units including:

- **Hazrem** – *Hazrem* specialises in the environmentally safe removal of all hazardous materials – with a focus on the removal of asbestos either from property structures or below ground contaminants. This requires specialist training and accreditation.
- **Sankey Glass** – *Sankey Glass* is a commercial glazing provider of both emergency shuttering and glazing as well as project glazier for multiple facilities maintenance clients and retail centres. *Sankey Glass* has a 30 year plus history as a quality provider of after-hours emergency response glaziers for councils, Victoria Police and other commercial clients and has expertise in high rise external glass replacement that sets it apart from competitors in the industry.
- **Shopfit Services** – *Shopfit Services* plans, designs and delivers solutions for retail, food and beverage and commercial client outlets including new retail store fit-outs and upgrades of existing premises. *Shopfit Services* offers a national delivery solution with project works ranging up to the value of $2 million.
- **Trump Floorcoverings** – With more than 25 years in business, *Trump Floorcoverings* specialises in commercial floorcoverings. *Trump Floorcoverings* provides commercial floorcovering services to customers in both the commercial and retail sectors. *Trump Floorcoverings* has an experienced management team and long standing industry relationships. *Trump Floorcoverings* typically delivers work up to the value of $2 million for any one project. The Group acquired the Trump group of companies in 2012 and it continues to add significant value.
- **Global Home Response** – The Group has developed a home response business in joint venture with the RACV to deliver services within Australia. *Global Home Response* provides rapid response to the most common home emergencies for major membership organisations in Australia and has developed systems and capabilities enabling it to deliver thousands of jobs each month and achieve average response times of less than 60 minutes.

### 3.3.3 Commercial Construction Services – Business Summary

The Commercial Construction Services division is comprised solely of *Commercial Builders*. *Commercial Builders* specialises in building and construction projects typically up to a project value of approximately $6 million within Victoria only. The Group is strategically reducing its exposure to commercial construction going forward.

*Commercial Builders* secures project work through a combination of relationships and tenders. In line with the Commercial Building Services division's business model, revenue is generated from completing small to medium scale commercial building and construction projects on behalf of clients typically on a cost plus basis or an agreed tender price basis.

## 3.4 BUSINESS BREAKDOWN

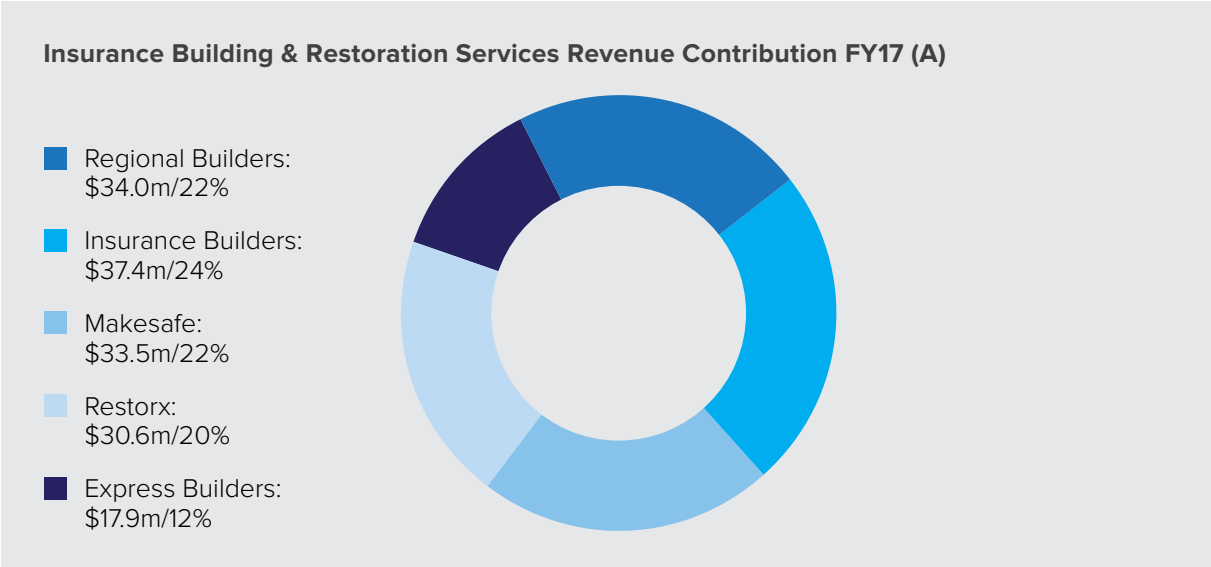
The Group's business can be broken down on a divisional level by reference to the revenue and EBITDA contribution of business units, geographic diversity and by client.

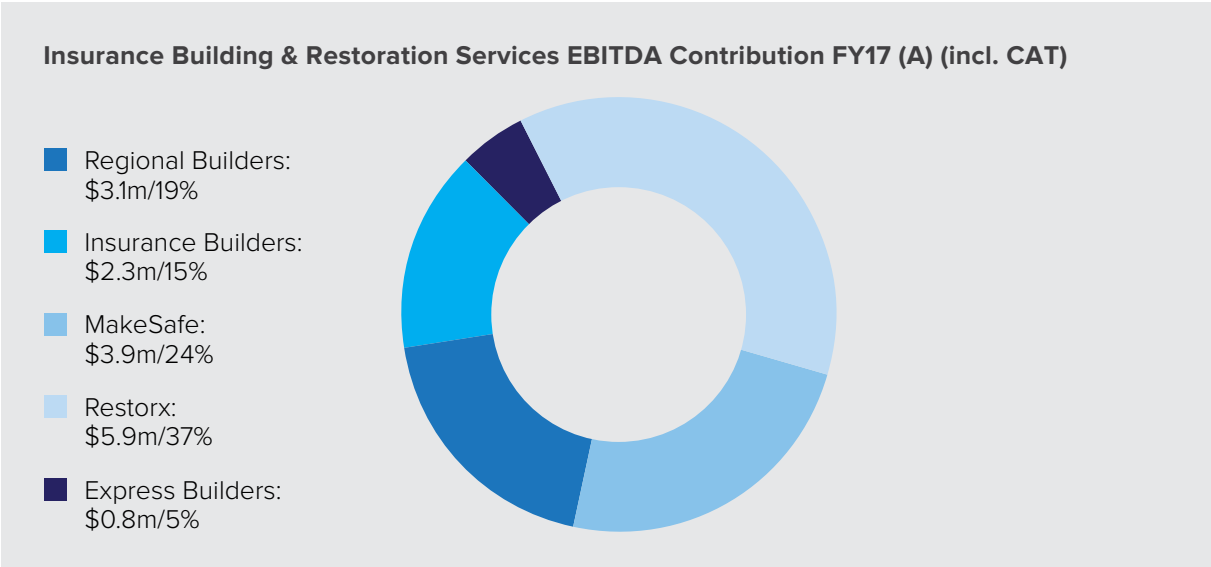
### 3.4.1 Insurance Building and Restoration Services

#### 3.4.1.1 Revenue and EBITDA contribution

The Insurance Building and Restoration Services division's revenue and EBITDA contribution for FY17 is set out in Figure 3.4:

**FIGURE 3.4: INSURANCE BUILDING AND RESTORATION SERVICES DIVISION'S REVENUE AND EBITDA CONTRIBUTION**



# 03. BUSINESS OVERVIEW

The mix of earnings across each business unit is variable depending on the type of insurance activity, the location of the incident / event and the frequency of catastrophe events during a financial year. The diversity of the division's service offering across these business units in all locations is a key source of competitive advantage.

### 3.4.1.2 Geographic position and business mix

As shown in Figure 3.5, the Insurance Building and Restoration Services division has established operations across Australian states and territories and especially in areas that are exposed to extreme weather events such Far North Queensland.

## FIGURE 3.5: INSURANCE BUILDING AND RESTORATION SERVICES DIVISION GEOGRAPHIC OPERATIONS


The contribution from the Insurance Building and Restoration Services division across key states and business activities on a 2017 EBITDA basis is set out in Figure 3.6:

## FIGURE 3.6: CONTRIBUTION FROM THE INSURANCE BUILDING AND RESTORATION SERVICES DIVISION ACROSS KEY STATES AND BUSINESS ACTIVITIES

Insurance Building and Restoration Services Earnings Contribution

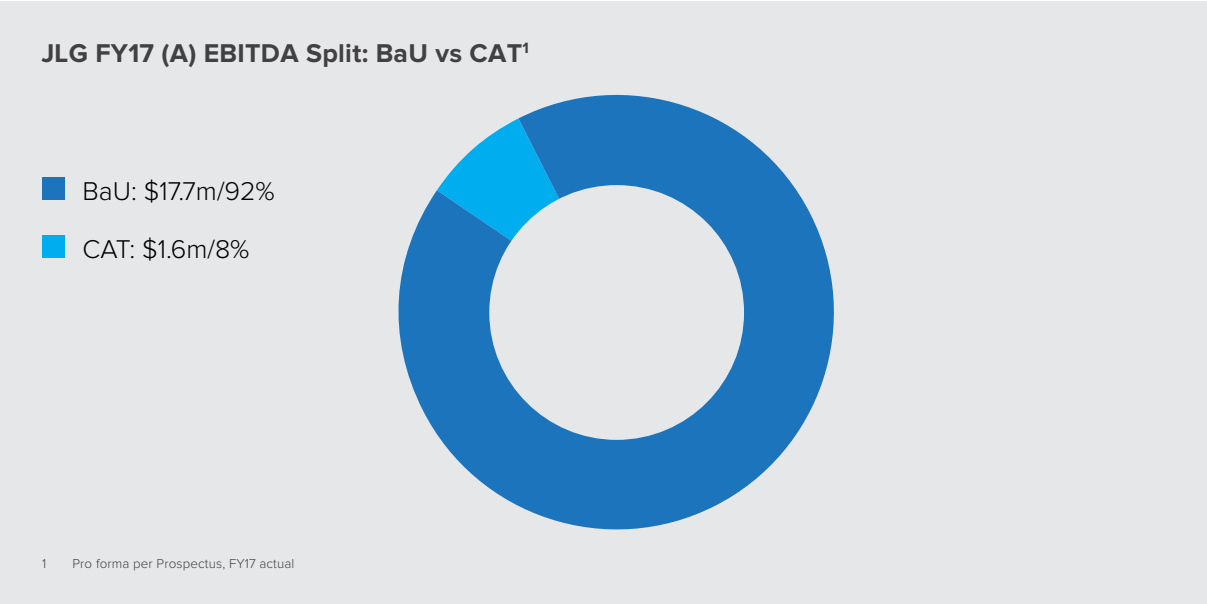
| | EBITDA Contribution by state | | | | FY17 EBITDA Contribution by Business type | |
|---|---|---|---|---|---|---|
| | Victoria | NSW | QLD | WA | Building | Restoration |
| Percentage of EBITDA | 67% | 21% | 9% | 3% | 63% | 37% |

The Group believes it is a market leader in Victoria across both building and restoration for insurance services and for restoration in Queensland. In New South Wales and Queensland, the Group is well positioned in the insurance building market which has many competitors. The Group is under-represented in both Western Australia and South Australia. As part of the Group's growth strategy, it intends to grow its business operations and seek deeper penetration in geographic areas in which it is currently under-represented.

### 3.4.1.3. Type of business

For insurance building and restoration services, the Group's work consists of 'business as usual' (**BaU**) activities and response to significant events and 'Catastrophe Events' (**CAT**). Figure 3.7 illustrates the split in EBITDA between BaU and CAT based work in FY17.

**FIGURE 3.7: SPLIT IN EBITDA BETWEEN BAU AND CAT**

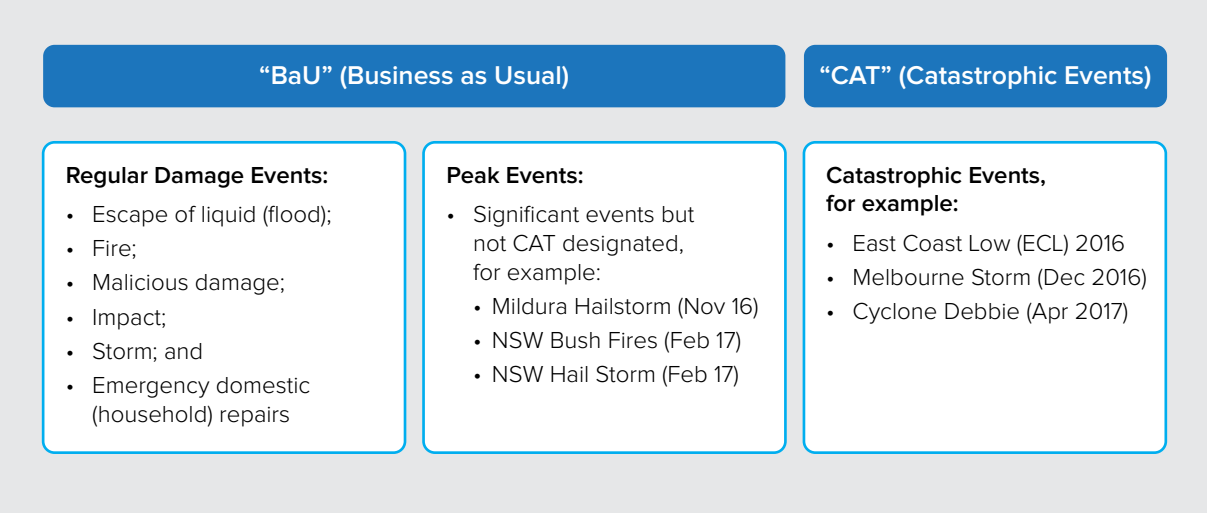



### 3.4.1.4. BaU

BaU activities include regular damage events such as: escape of liquid (flood), fire, malicious damage, impact, storm and emergency domestic (household) repairs along with peak events which are defined by the Group as significant events but not CAT activities (for example the Mildura hail storm in November 2016 and the New South Wales hail storm in February 2017).

Figure 3.8 sets out the differences between BaU activities and CAT events.

**FIGURE 3.8: BAU AND CAT ACTIVITIES**



A case study of a BaU job is set out below.

**Case Study 1 – St James Primary School in Vermont (VIC)**

In January 2015, a severe weather storm lashed the eastern suburbs of Melbourne delivering winds close to 100km/h. One of the most severely impacted sites was the grounds and buildings of St James Primary School in Vermont.

The peak weather event caused significant damage to the middle quadrant of the school and raised roof sheeting in large sections across the administration building, multiple class rooms, staff room and library. A large volume of water also entered several rooms when the roofing was removed. The roof sheeting and other debris was strewn across the school grounds and some landed as far as 200 metres away on a nearby oval, resulting in significant cleanup costs.

The Group became involved in the cleanup and restoration process via two avenues: first, being referred the work via loss adjuster, Cunningham Lindsay; and secondly, through a strong and long-term relationship with the insurer, Catholic Church Insurance (**CCI**).

Initially *Makesafe Builders* attended the site to undertake the immediate debris clean up. The rooves that were exposed were tarped and initial demolition was undertaken to make the premises safe. From there, *Insurance Builders* were engaged to provide multiple budget estimates for the loss adjuster. *Insurance Builders* were engaged on a "Managed Cost Plus" contract basis to undertake the repair work in an expeditious manner given the imminent commencement of the school year.

*Insurance Builders* were able to work to the clients' (Cunningham Lindsay and CCI) and the customer's (St James Primary School) timetable by effectively utilising the Group's vertically integrated structure of complementary business units. *Restorx Services* was engaged to complete large remedial drying while also completing an inventory and recovery process of water affected assets where possible.

*Trump Floorcoverings* completed carpet and vinyl replacement and *Sankey Glass* was engaged to undertake window repairs.

From the moment the Group stepped on site, delivering a successful outcome for the client's customer and the community was the Group's primary objective. By actively leveraging the Group's complementary service offerings, the Group was able to deliver a positive outcome within challenging working constraints.

### FIGURE 3.9: GROUP BRANDS USED AT ST JAMES PRIMARY SCHOOL IN VERMONT (VIC)

**JLG business units involved**

JOHNS LYNG INSURANCE BUILDERS

JOHNS LYNG MAKESAFE BUILDERS

SANKEY GLASS

RESTORX SERVICES

TRUMP FLOORCOVERINGS

### 3.4.1.5. CAT ACTIVITIES

CAT activities are responses to specific events designated as "catastrophes" by the Insurance Council of Australia (**ICA**), such as the "East Coast Low in 2016" and Cyclone Debbie in 2017. For CAT events, the average job size and number of jobs vary depending on the nature and severity of the event. A case study of the typical activities involved in a CAT event is set out below:

**Case Study 2 – Cyclone Debbie**

Cyclone Debbie was a Category 4 cyclone that struck north-eastern New South Wales and Queensland in March 2017.

Cyclone Debbie hit land at Airlie Beach passing over Hamilton Island as a Category 4 cyclone on 28 March 2017 creating extensive storm damage. It continued inland for 24 hours before transforming into a low pressure system. On 31 March 2017 it moved over South East Queensland and into Northern NSW bringing torrential rains and flash flooding.

Once alerted to this potential catastrophe event, the Group initiated a number of actions. First, the Group monitored media and weather reports to help anticipate the potential areas of impact and likely business requirements. Second, the Group developed a strategy surrounding deploying operations and resources to predicted impact zones. This insight allowed for the Group's *Catastrophe Rigs* to be in Mackay within 7 days of the disaster occurring. Third, the Group developed contingency plans to deal with evolving circumstances (such as a change in direction and size of area) that occur with extreme weather events.

Initially the Group planned to service the impacted areas of Townsville to Rockhampton (approximately 700km). However, as the extreme weather event unfolded, the Group adapted and delivered a response from Townsville to Byron Bay (approximately 1,500km). With access to claims data from insurers, the Group continually updated and managed its resources to meet customer needs. As further registration data became available, the Group developed a *Six Zone Operating Model* to ensure delivery capacity was maximised through travel efficiencies.

According to figures from the ICA, the claim value relating to Cyclone Debbie is close to $1.4 billion[8]. As of 28 June 2017, insurers had received more than 69,000 claims stretching from North Queensland to northern New South Wales, with a value of $988 million and with more than 80% of claims for damage to home and home contents.

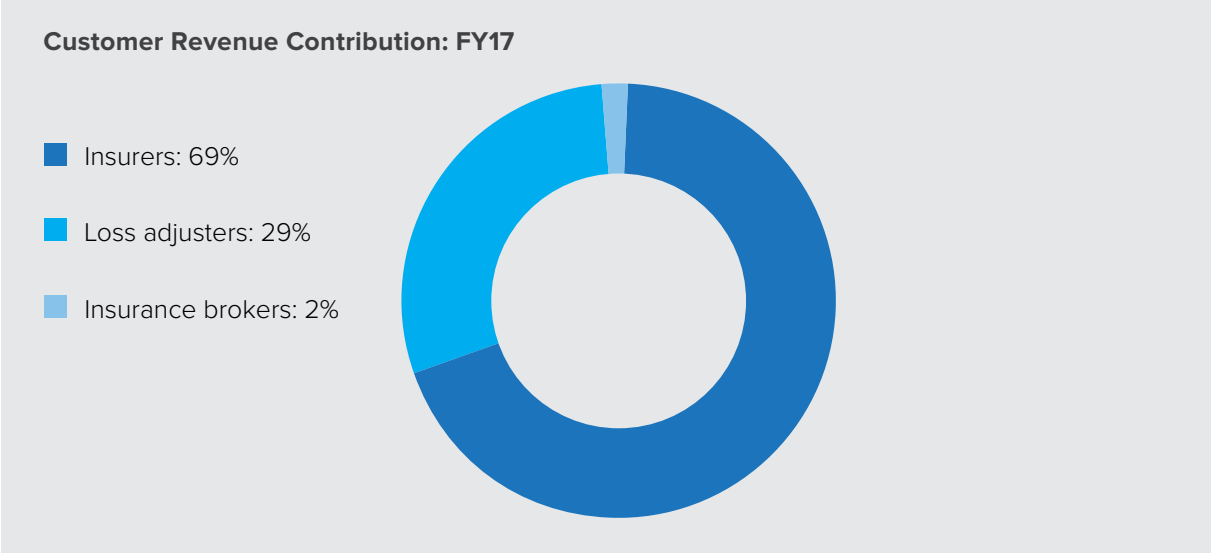
The Group's internal data details that even with this increase in volume, the Group was able to complete all registrations within 85% of the relevant insurer's strict key performance indicator requirements. With 3,300 claims now registered, the Group's estimating team has completed a substantial volume of work. The Group has received a number of authorities from insurers with operations now focused on the delivery of repairs.

### 3.4.1.6. Client breakdown

The Insurance Building and Restoration Services division has three types of clients – insurers, loss adjusters and insurance brokers.

Figure 3.10 illustrates revenue by client type for FY17.

**FIGURE 3.10: REVENUE BY CLIENT TYPE**




(8) Insurance Council of Australia – https://disasters.org.au/cyclone-debbie

# 03. BUSINESS OVERVIEW

The Group is a market leader in insurance building and restoration works with major insurance related customers including;

- the majority of the major general insurers and underwriters;
- large enterprises and government departments which manage a self-insurance and maintenance program;
- loss adjusters including the two largest loss adjusters in Australia; and
- insurance brokers.

The Group has long-standing and enduring relationships with many of these clients and has the ability to engage with them on a national, state and regional level to ensure all areas of their needs and outcomes are understood and serviced.

The Group has a number of commercial arrangements with its clients including:

- preferred supplier status;
- panel agreements;
- term contracts; and
- joint ventures with other established market participants.

The significant clients of the Group within each client category are listed in Figure 3.11.

## FIGURE 3.11: SIGNIFICANT CLIENTS OF THE GROUP

| Top 10 Customers | FY17 Revenue Contribution |
|---|---|
| Major Insurer | 8.9% |
| Major Insurer | 7.5% |
| Direct to Customer Works | 7.0% |
| Government Organisation | 6.5% |
| Major Insurer | 6.4% |
| Major Insurer | 6.1% |
| Government Organisation | 5.2% |
| Major Insurer | 3.9% |
| Major Insurer | 3.3% |
| Commercial Construction Project | 2.8% |
| **Total** | **57.6%** |
| *20th Largest Customer* | *0.9%* |
| *Top 20 Customers* | *71.1%* |

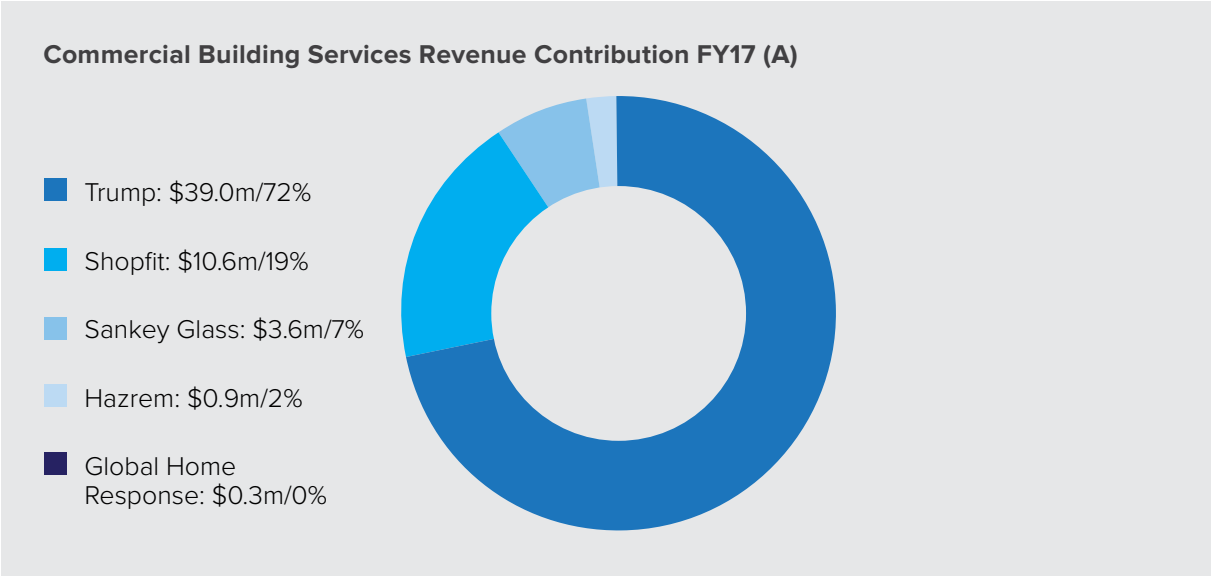
While the revenue contribution from clients is heavily weighted to insurers, ongoing relationships and deeper penetration with loss adjusters and insurance brokers across Australia is an important strategic objective of the Group.

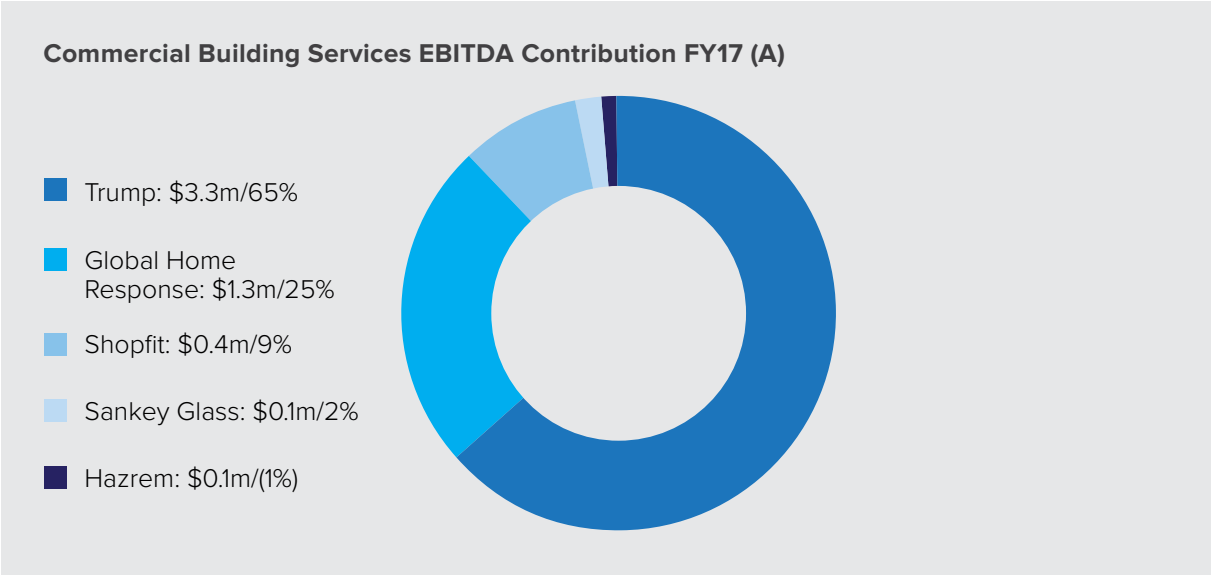
### 3.4.2 Commercial Building Services

#### 3.4.2.1 Revenue and EBITDA contribution

The Commercial Building Services division's revenue and EBITDA contribution for FY17 is set out in Figure 3.12.

**FIGURE 3.12: COMMERCIAL BUILDING SERVICES DIVISION'S REVENUE AND EBITDA CONTRIBUTION FY17**




Although relatively smaller than the Insurance Building and Restoration Services division, the Commercial Building Services division provides a positive EBITDA contribution to the Group's overall performance. The Commercial Building Services division is heavily weighted towards *Trump Floorcoverings*. However, the increased strategic focus on other business units (including *Global Home Response*) will provide strong organic growth opportunities for the Group.

#### 3.4.2.2. Geographic position and business mix

The Commercial Building Services division does not hold the same geographic footprint as the Insurance Building and Restoration Services division. However *Trump Floorcoverings* (Melbourne, Sydney and Brisbane based), *Shopfit* (Melbourne and Brisbane based) and *Sankey Glass* (Melbourne and Brisbane based) continue to increase the national service footprint across the Commercial Building Services division. *Trump Floorcoverings, Sankey Glass* and *Shopfit Services* continue to expand into additional geographic locations to service national clients.

#### 3.4.2.3. Types of business

The Commercial Building Services division operates as a building industry participant focusing on completing discrete projects on behalf of clients typically on a cost plus basis or an agreed price basis. With a focus on quality craftsmanship and working to project parameters, the Commercial Building Services division provides end-to-end building and project management solutions to a broad range of clients.

The Commercial Building Services division offers a range of complementary building services that can meet the needs of commercial and retail clients through their brands: *Hazrem, Sankey Glass, Shopfit Services, Trump Floorcoverings* and *Global Home Response*.

#### 3.4.2.4 Client breakdown

The Commercial Building Services division wins work based on a mixture of tender, relationship and referral arrangements. There is no clearly defined target market, however, the division does specialise at the lower end of the market primarily covering projects up to $2 million in value. Under the Commercial Building Services division, the Group operates a portfolio of complementary businesses including emergency domestic (household) repairs of which the Group is the exclusive supplier of these services to the Royal Automobile Club of Queensland (RACQ).

### 3.4.3. Commercial Construction Services

#### 3.4.3.1 Revenue and EBITDA contribution

The Group's Commercial Construction Services division made a loss in FY17 but is forecast to make a positive EBITDA contribution in FY18.

#### 3.4.3.2 Geographic position and business mix

The Commercial Construction Services division operates through *Commercial Builders* and only has a presence in Victoria. Having previously completed one-off projects interstate, there is potential scope for *Commercial Builders* to expand interstate, however that is not part of the Group's short-term strategy.

#### 3.4.3.3 Types of business

*Commercial Builders* operates within the commercial and construction industry in Victoria providing construction services for small to medium sized projects. Primarily engaged in works up to $15 million in value, *Commercial Builders* conducts the majority of its construction work for projects up to $6 million in value. The primary sources of work include relationships and tenders submitted on either a cost plus or an agreed price basis.

#### 3.4.3.4. Client breakdown

*Commercial Builders* wins work based on a mixture of tender, relationships and referral of work. There is no clearly defined target market, however, the business unit specialises in the middle of the market primarily covering projects up to $6 million in value.

### 3.4.4. Other business services

*Global 360* is a recruitment services start up specialising in both white and blue collar recruitment. *Global 360* sources staff internally for the various Group divisions as well as servicing a strong external client base built by the Business Partners through their 20 plus years in the industry.

# 03. BUSINESS OVERVIEW

## 3.5 BUSINESS STRATEGY

The Group's growth strategy is focused on insurance building and restoration services to:

- continue to organically grow areas of its business by leveraging the Group's competitive advantages; and
- take advantage of consolidation opportunities through selective acquisition.

### 3.5.1. Organic growth

The Group intends to drive organic growth through four key initiatives:

- deepening insurer relationships. There is significant opportunity to expand the Group's position on insurer building and restoration panels across each state;
- increasing activity from other clients, specifically loss adjusters and insurance brokers. Using the FY17 business activity as a guide, loss adjusters represented approximately 29% of client revenues. The Group believes there is significant opportunity to increase the amount of revenues sourced from these clients;
- expanding the Group's geographic footprint into areas where the Group is currently under-represented. For example, the Group believes there are opportunities for expansion of activities and business units in each state of Australia; and
- identifying complementary services that enhance the Group's offerings to its clients and ultimately, the underlying customers.

### 3.5.2. Industry consolidation

The Group's industry consolidation strategy will focus on opportunities where the Group can identify attractive business combinations that the Group expects will:

- broaden the Insurance Building and Restoration Services division beyond its current service offering;
- expand the Group's current geographical footprint;
- add to existing capabilities via complementary services; and
- create revenue and operating synergies.

## 3.6 BUSINESS FUNDING

The Group has funded its growth strategy to date through:

- equity contributed from certain Existing Owners;
- debt funding from external financiers;
- loans from certain Existing Owners; and
- internal generation of free cash flows.

The Company expects that Listing will provide the Group with additional financial flexibility to fund growth by way of:

- the proceeds of the Offer to provide additional working capital;
- future access to equity capital markets;
- use of funding facilities from external institutions that at Listing Date are undrawn;
- an ungeared balance sheet post Listing with undrawn debt facilities; and
- use of Shares as consideration for acquisitions.

## 3.7 KEY STRENGTHS THE GROUP

The key strengths of the Group are summarised in Figure 3.13.

### FIGURE 3.13: KEY STRENGTHS OF THE GROUP

**1 Experienced Management Team & Enduring Client Relationships**

- Long-standing key executive team with material equity ownership
- Management is committed to the business going forward
- Leadership succession plan in place

**2 Attractive Industry Fundamentals**

- Highly fragmented Insurance Building and Restoration Services industry
- Increasing service requirements from large national, state and regional clients

**3 Strong Organisational Culture & Partnership Model Alignment**

- Embedded values driven, meritocratic organisational culture
- Key employees (Business Partners) aligned with company performance via business unit equity ownership – to be enhanced on IPO via Roll-Up (hence dual equity alignment at business unit and JLG level)

**4 Diversified & Strategically Aligned Service Offering**

- JLG has a market leading position with a strategically aligned portfolio of businesses
- National footprint enabling rapid and efficient client outcomes

**5 Strong Track Record of Financial Performance**

- c.25% Revenue CAGR from FY04 (c.$12m to c.$280m[1])
- c.$21m FY18 (F) EBITDA[1]
- c.94% FY17 (A) Group revenue from Business as Usual (BaU) activities

**6 Low Operating Leverage**

- JLG scales up using a national panel of c.5,000 subcontractors
- Low fixed costs mitigate business risk
- Highly scalable business model

**7 Emergency Response Teams**

- Market leading emergency response teams
- Rapid and effective natural disaster response

1 Pro forma per Prospectus, FY18 forecast

## 3.8 COMPETITIVE ADVANTAGE OF THE GROUP

The Group views its advantages over its competitors as those set out below:

1. **Values driven team culture** – Having core values of respect, integrity, courtesy and honesty driving every interaction with clients, customers, suppliers and other market participants. These values serve as an overarching guide to how the Group approaches all business dealings.

2. **Partnership Model** – The Group's structure is focused on alignment of interests and creating Business Partners by providing management with equity in their respective subsidiary entity / business unit to incentivise commercial performance. After the Restructure and Listing, the Existing Owners will have an equity interest in the Group through a shareholding in JLG and / or a minority interest in a Group Member.
3. **Customer outcomes focus** – The focus of every decision made within the Group is based on ensuring optimal outcomes for the customer (end recipient of service). Ensuring the customer has a positive and satisfying outcome is of paramount importance to the Group.
4. **Strong market relationships** – Developing strong and enduring relationships on a national, state and regional level with other market stakeholders is crucial to the Group's business model. Relationships govern how the Group addresses the needs of the market and ensures it is responsive to the needs of clients.
5. **Corporate strategy** – The Group aims to deliver customer focused outcomes in a timely and cost effective manner through leveraging its core competencies and maintaining an open and transparent work place culture. By providing monthly business performance feedback, the Group drives a culture of continual improvement and provides a structure from which managers can achieve their agreed targets and goals. The Group's strategy is to continue to grow in its current markets and expand into complementary services both organically and by selective acquisition. The Group also intends to expand its geographical footprint.
6. **National platform and reach** – The national footprint of the Group provides a reach and market penetration that separates the Group from its competitors. The Group's capacity to address regional and metropolitan markets on the eastern seaboard, combined with a growing presence in South Australia and Western Australia means that there are no major population markets to which the Group does not have exposure.
7. **Multi-service offering** – The Group's multiple service offerings across divisions positions it to meet client expectations and requirements.
8. **Service depth** – The Group maintains a panel of over 5,000 sub-contractors across Australia that enables service responsiveness and timeliness, reduces fixed costs and allows for flexible resource allocation to respond to peak events.

## 3.9 TECHNOLOGY AND BUSINESS SYSTEMS

The Group has a continued focus on IT infrastructure, software platforms and constant advancement to assist all parts of the supply chain. The purpose built and proprietary project management and accounting system, "EasyBuild", has been a solid and consistent platform to manage the continual growth of the Group. The Group has a team of experienced and professional in-house software developers, systems analysts and software architect experts that guide the Group through the constantly changing and ever more mobile world of customer communication, business intelligence and reporting.

Through the ongoing commitment to constantly improving customer solutions, the Group has partnered with some of its major clients and has API integration with these clients to ensure transparency, ease of data flow and most importantly, speed of response to the customer. This has been achieved through specifically developed software solutions. These integrations are based on strong and trusted relationships with major clients and the willingness to engage in discussions around technology enhancing the customer experience. This provides a significant point of difference and competitive advantage from most of the Group's competitors.

Through its experience of managing a wide trade base and its ongoing commitment to service excellence, the Group has developed a state-of-the-art emergency response platform. This provides the ability to dispatch significant volumes of jobs in an emergency environment and meet strict key performance measures from the client, meet customer interface expectations and provide key metrics at the back end for reporting and accounting purposes. The intellectual property rights for all proprietary software is held by the Group which continues to build a competitive advantage and increase barriers to entry.

## 3.10 RESTRUCTURE AND ROLL-UP

The Group currently consists of a number of companies and trusts which are directly or indirectly sub-trusts and subsidiary companies of JLUT which together conduct the businesses of the Group. Some of these sub-trusts and subsidiary companies are not 100% owned by the Group and instead have minority or outside equity holders (Business Partners) (**Minority Holders**). Immediately prior to the Listing, the Group will be restructured such that it will be owned by JLG which will be the listed holding company of the Group and there will be a roll-up of the sub-trusts and subsidiary companies which have Minority Holders (**Restructure**). This will ultimately result in the Company owning all of the units in JLUT and the Group owning directly or indirectly a greater equity holding (but not necessarily 100%) of these

sub-trusts and subsidiary companies in consideration for ultimately issuing these Minority Holders (Business Partners) shares in JLG (**Roll-Up**). There are also put and call options over the remaining minority or outside equity holdings in these sub-trusts and subsidiary companies which may be exercised by the relevant parties (Business Partners) and / or the Group after the Listing. If these options are exercised they will result in the relevant remaining minority or outside equity holdings being completely or partially bought out by the Group or new incoming Minority Holders.

Under the put options referred to above, Minority Holders (Business Partners) may sell their interest in the Group's relevant sub-trusts and subsidiary companies to JLG:

- in the period that is less than five years from the date on which the Minority Holder acquired that interest, for an amount equal to the original subscription or issue price paid by that Minority Holder for that interest;
- in the period greater than five years from the date on which the Minority Holder acquired that interest but less than five years from Listing, for an amount equal to the proportion of the sub-trust or subsidiary company's net assets and goodwill (goodwill being calculated on the basis of 1.5 times the average operating profit over the last three completed financial years) which that Minority Holder's sale interest represents; and
- in the period greater than five years from Listing, for Shares with a value of the lower of:
  - capitalising the sub-trust's or subsidiary company's average operating profit for the last three completed financial years by the lower of the:
    - equity value multiple on Listing; and
    - multiple resulting from dividing the market capitalisation of JLG as at the close of trading on the ASX on the date on which the Minority Holder serves notice on JLG that it wishes to sell its interest, by the average consolidated operating profit of JLG in the last three completed financial years; and
    - multiplying the value determined above by the proportion of the sub-trust or subsidiary company total units or shares which the Minority Holder's sale interest represents.

The Minority Holders may only exercise this right to put its interest to JLG in respect of 50% of their total interest in the sub-trust or subsidiary company (which it held immediately after Listing) in any 12 month rolling period. The Minority Holders have agreed to enter into a voluntary 12 month escrow in respect of all Shares issued to them under this put option.

Under the call options referred to above, JLG may acquire some or all of a Minority Holder's interest in the sub-trusts and subsidiary companies, at any time after Listing, by issuing to the Minority Holder Shares with a total value of the lower of:

- capitalising the sub-trust's or subsidiary company's average operating profit for the last three completed financial years by the lower of the:
  - equity value multiple on Listing multiplied by 50%; and
  - 50% of the multiple resulting from dividing the market capitalisation of JLG as at the close of trading on the ASX on the date on which JLG serves notice on the Minority Holder that it wishes to purchase some or all of its interest, by the average consolidated operating profit of JLG in the last three completed financial years; and
- multiplying the value determined above by the proportion of the sub-trust or subsidiary company total units or shares which JLG's purchase / the Minority Holder's sale interest represents.

The Minority Holders have agreed to enter into a voluntary 12 month escrow in respect of all Shares issued to them under this call option.

The put and call option arrangement with Minority Holders apply to 28 out of the Group's 48 sub-trusts and subsidiary companies and based on the Offer Price and the valuation of the Minority Holders' interests at the Prospectus Date, the maximum number of Shares that may be issued on the exercise of these put and call options is 17,723,219.

While the Minority Holders remain, there are joint venture, shareholders and / or unitholder agreements in place which govern the relationship between the relevant parties.

The Directors believe that the benefits of the Restructure include:

- simplification of the ownership of the Group;
- alignment of internal stakeholders with the common objective of maximising Shareholder value; and
- providing greater leverage for consistent execution of business priorities across the Group and greater mobility of talent.

The comments in this Section 3.10 do not apply to Club Home Response which is a joint venture between Global Home Response Pty Ltd ACN 147 905 628 and RACV.

# 04.

# FINANCIAL INFORMATION

# 04. FINANCIAL INFORMATION

## 4.1 INTRODUCTION

This Section 4 contains a summary of the historical and forecast financial information prepared by the Directors (together the **Financial Information**).

The purpose of including the Financial Information is to provide potential investors sufficient information to make an informed investment decision regarding the Group.

- **Actual Historical Financial Information** includes:
  - actual combined historical income statements prepared on a consolidated basis for the years ended: 30 June 2015, 30 June 2016 and 30 June 2017 (**FY15**, **FY16** and **FY17**) (**Actual Historical Income Statements**);
  - actual combined cash flow statements prepared on a consolidated basis before financing, tax and dividends for FY15, FY16 and FY17 (**Actual Historical Cash Flows**); and
  - statutory combined balance sheet prepared on a consolidated basis as at 30 June 2017 (**Statutory Balance Sheet**).
- **Pro forma Historical Financial Information** includes:
  - pro forma combined historical income statements prepared on a consolidated basis for FY15, FY16 and FY17 (**Pro forma Historical Income Statements**);
  - pro forma combined cash flow statements prepared on a consolidated basis before financing, tax and dividends for FY15, FY16 and FY17 (**Pro forma Historical Cash Flows**); and
  - pro forma combined balance sheet prepared on a consolidated basis as at 30 June 2017 (**Pro forma Balance Sheet**).

The Actual Historical Financial Information and the Pro forma Historical Financial Information collectively form the **Historical Financial Information**.

- **Statutory Forecast** includes:
  - statutory consolidated forecast income statement for the year ending 30 June 2018 (FY18F) (**Statutory Forecast Income Statement**); and
  - statutory consolidated forecast cash flow statement before dividends for FY18F (**Statutory Forecast Cash Flow Statement**).
- **Pro forma Forecast** includes:
  - pro forma consolidated forecast income statement for FY18F (**Pro forma Forecast Income Statement**); and
  - pro forma consolidated forecast cash flow statement before dividends for FY18F (**Pro forma Forecast Cash Flow Statement**).

The Statutory Forecast and Pro forma Forecast collectively form the **Forecast Financial Information**.

This Section 4 also includes:

- the basis of preparation of the Financial Information (see Section 4.2);
- the Directors' assumptions underlying the Forecast Financial Information (see Sections 4.10.1 and 4.10.2);
- analysis and Management's commentary on the Financial Information (see Sections 4.9 and 4.10);
- analysis of the sensitivity of the pro forma NPAT for FY18F to changes in certain key assumptions (see Section 4.11); and
- the Group's proposed dividend policy (see Section 4.12).

The Forecast Financial Information should be read in conjunction with the risk factors set out in Section 5. All amounts disclosed in this Section 4 are in Australian dollars and unless otherwise stated, are rounded to the nearest $100,000.

## 4.2 BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

The Directors of the Group are responsible for the preparation of the Financial Information.

With the exception of the matters listed below, the Financial Information included in Section 4 has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards issued by the AASB, which are consistent with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**).

The Actual Historical Financial Information has been sourced from the financial statements of the Group. These financial statements do not comply with the applicable recognition and measurement requirements of Australian Accounting Standards in respect of accounting for various restructure transactions that were undertaken by the Group during FY17. These restructure transactions were undertaken in order to demerge non-core businesses from the Group prior to Listing. For the purposes of the financial statements referred to above (upon which the Pro forma Historical Financial Information is also based), these restructure transactions have been recognised prior to their legal effect so that the financial statements are representative of the Group businesses and assets to be listed on the ASX. Accordingly, rather than being described as 'consolidated' financial statements, the Group's financial statements are described as 'combined' financial statements prepared on a consolidated basis.

Combined financial statements differ from consolidated financial statements in that combined financial statements do not include all of the subsidiaries and other investees that the parent entity would otherwise include in its group financial statements had the parent entity prepared the group financial statements in accordance with applicable Australian Accounting Standards. As noted above, to facilitate the Actual Historical Information in this Prospectus reflecting the Group businesses and assets to be listed on the ASX, certain non-core businesses that are to be excluded from the Group prior to Listing were not consolidated into the financial statements of the Group. Nevertheless, the financial statements of the Group, from which the Actual Historical Information in this Prospectus has been sourced, have been prepared on a consolidated basis, which involved consistent accounting policies under Australian Accounting Standards being applied to entities in the Group and all inter-entity balances and transactions between entities and businesses comprising the wider group (including the excluded non-core business), including unrealised profits and losses, being eliminated.

The Pro forma Historical Financial Information has been derived from audited special purpose financial statements approved by the Directors.

This Prospectus includes Forecast Financial Information based on the specific and general assumptions of the Group. The Forecast Financial Information presented in this Prospectus is unaudited. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation of the Historical Financial Information.

The Group's key accounting policies have been consistently applied throughout the financial periods presented and are set out in Appendix A of this Prospectus.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements and comparative information as required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

### 4.2.1 Preparation of the Actual Historical Financial Information

The Actual Historical Financial Information presented in this Section 4 has been based on the audited special purpose financial statements of the Group and its subsidiaries prepared on the basis outlined above in Section 4.2.

Pitcher Partners audited the combined FY15, FY16 and FY17 financial statements and issued an unmodified opinion for those periods.

### 4.2.2 Preparation of the Pro Forma Historical Financial Information

The Pro forma Historical Financial Information is based on the special purpose actual combined financial statements of the Group for FY15, FY16 and FY17, adjusted for certain pro forma transactions.

The Pro forma Historical Financial Information included in this Prospectus has been reviewed, but not audited, by Pitcher Partners Corporate Pty Ltd. Investors should note the scope and limitations of the Independent Accountant's Report (refer to Section 8).

Refer to Section 4.3.5 for a reconciliation between the audited Actual Historical Financial Information and the Pro forma Historical Financial Information.

Investors should note that past results are not a guarantee of future performance.

### 4.2.3 Preparation of the Forecast Financial Information

The Forecast Financial Information is presented on both a pro forma and statutory basis and has been prepared solely for inclusion in this Prospectus.

The Pro forma Forecast Income Statement and Pro forma Forecast Cash Flow Statement have been derived from the Statutory Forecast Income Statement and the Statutory Forecast Cash Flow Statement respectively after adjusting for pro forma transactions and other adjustments to reflect the Group's operations following Completion of the Offer, elimination of non-recurring items and to reflect standalone public company costs as set out in Section 4.3.5. The Statutory Forecast Income Statement and Statutory Forecast Cash Flow Statement for FY18F consist of the Directors' forecast for the 12 months ending 30 June 2018.

The Forecast Financial Information has been prepared by the Directors based on an assessment of current economic and operating conditions and assumptions regarding future events and actions as set out in Sections 4.10.1 and 4.10.2. The Forecast Financial Information is subject to the risks set out in Section 5. The inclusion of these assumptions and risks is intended to assist investors in assessing the reasonableness of the assumptions and the likelihood of future events occurring and is not intended to be a representation that the assumptions will occur. The Forecast Financial Information presented in this Prospectus has been reviewed by Pitcher Partners Corporate Pty Ltd, but has not been audited. Investors should note the scope and limitations of the Independent Accountant's Report included in Section 8.

The Group believes the assumptions (taken as a whole), to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and this may have a material positive or material negative effect on the Group's actual financial performance and / or financial position. In addition, the assumptions upon which the Forecast Financial Information is based, are by their nature subject to significant uncertainties and contingencies, many of which will be outside the control of the Group, the Directors and Management and are not readily predictable.

Accordingly, none of the Group, the Directors or any other person can give investors assurance that the outcomes detailed in the Forecast Financial Information will arise.

The Forecast Financial Information in this Section 4 should be read in conjunction with the general assumptions set out in Section 4.10.1, the specific assumptions set out in Section 4.10.2, the sensitivity analysis set out in Section 4.11, the risk factors set out in Section 5 and the other information contained in this Prospectus.

### 4.2.4 Use of non-IFRS financial measures

The Group uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These are known as 'non-IFRS financial measures' and the principal ones used in this Prospectus are as follows (together **Key Earnings Metrics**):

- earnings before interest, taxation, depreciation and amortisation (**EBITDA**) excluding significant items being EBITDA calculated after removing the effect of the significant items as set out in Section 4.3.2);
- earnings before interest and taxation (**EBIT**) excluding significant items being EBIT calculated after removing the effect of the significant items as set out in Section 4.3.2);
- NPAT excluding significant items being NPAT calculated after removing the post-tax effect of the significant items as set out in Section 4.3.1); and
- significant items are transactions incurred in the normal course of business but are separately identified due to the quantitative or qualitative impact on the Group's financial performance, as determined by the Directors.

Although the Directors believe that these measures provide useful information about the financial performance of the Group, they should be considered as supplements to the income statement and cash flow statement measures that have been presented in accordance with Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions and the way the Group calculates these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

# 04. FINANCIAL INFORMATION

## 4.3 HISTORICAL AND FORECAST INCOME STATEMENTS

### 4.3.1 Pro Forma Historical and Forecast Income Statements

Figure 4.1 presents the Pro forma Historical Income Statements for FY15, FY16 and FY17 along with the Pro forma Forecast Income Statement and Statutory Forecast Income Statement for FY18F. The Pro forma Historical Income Statements and Pro forma Forecast Income Statement are reconciled to the Actual Historical Income Statements and Statutory Forecast Income Statement respectively in Section 4.3.5.

**FIGURE 4.1: PRO FORMA HISTORICAL AND FORECAST INCOME STATEMENTS**

| | PRO FORMA HISTORICAL | | | PRO FORMA FORECAST | STATUTORY FORECAST |
|---|---|---|---|---|---|
| **$ millions, June year end** | **FY15** | **FY16** | **FY17** | **FY18F** | **FY18F** |
| Total revenue | 227.9 | 242.4 | 249.7 | 278.5 | 278.5 |
| Cost of sales | (181.8) | (188.9) | (199.4) | (216.3) | (216.3) |
| Gross profit | 46.1 | 53.5 | 50.3 | 62.3 | 62.3 |
| Other revenue and income | 0.9 | 1.3 | 2.5 | 1.7 | 1.7 |
| Net employee benefits expenses | (23.1) | (22.9) | (23.7) | (30.5) | (30.2) |
| Occupancy expenses | (1.5) | (1.4) | (1.9) | (2.3) | (2.3) |
| Motor vehicle expenses | (2.0) | (1.9) | (2.1) | (3.0) | (3.0) |
| Travelling expenses | (0.9) | (1.0) | (1.1) | (1.0) | (1.0) |
| Professional fees | (1.2) | (1.2) | (1.1) | (0.9) | (0.9) |
| Telecommunications | (2.5) | (2.0) | (1.0) | (1.1) | (1.1) |
| Other expenses | (3.4) | (3.5) | (3.9) | (4.4) | (8.4) |
| **Total expenses** | **(34.5)** | **(34.1)** | **(34.8)** | **(43.1)** | **(46.9)** |
| EBITDA | 12.5 | 20.7 | 17.9 | 20.9 | 17.1 |
| Depreciation and amortisation | (1.3) | (1.7) | (2.0) | (2.7) | (2.7) |
| EBIT | 11.1 | 19.0 | 15.9 | 18.2 | 14.3 |
| Net finance income / (costs) | 0.1 | 0.1 | 0.0 | 0.3 | (0.2) |
| Share of net profits / (losses) of associates and joint ventures accounted for using the equity method | 0.3 | 0.1 | (0.4) | – | – |
| Profit before tax – including associates | 11.6 | 19.2 | 15.6 | 18.5 | 14.1 |
| Tax expense | (3.2) | (5.8) | (4.0) | (4.7) | (3.0) |
| NPAT | 8.3 | 13.3 | 11.5 | 13.8 | 11.1 |
| Profit attributable to non-controlling interests | (1.3) | (1.7) | (1.6) | (1.8) | (2.7) |
| NPAT excluding non-controlling interests | 7.0 | 11.6 | 10.0 | 12.0 | 8.4 |
| Add back significant items (after tax and non-controlling interests) | 1.1 | 0.9 | 1.2 | – | – |
| NPAT excluding significant items | 8.1 | 12.6 | 11.2 | 12.0 | 8.4 |

### 4.3.2 Pro Forma Historical, Pro Forma Forecast and Statutory Forecast key earnings metrics and significant items

Figure 4.2 sets out the adjustments made to the pro forma historical, pro forma forecast and statutory forecast income statements for FY15, FY16, FY17 and FY18F to separately identify the impact of significant items on selected earnings metrics.

#### FIGURE 4.2: SUMMARY OF SIGNIFICANT ITEMS

| | | PRO FORMA HISTORICAL | | | PRO FORMA FORECAST | STATUTORY FORECAST |
|---|---|---|---|---|---|---|
| **$ millions, June year end** | **Note** | **FY15** | **FY16** | **FY17** | **FY18F** | **FY18F** |
| Significant items | | | | | | |
| Legal settlements | 1 | 0.4 | 0.1 | – | – | – |
| Loss making contract | 2 | – | 0.6 | 1.0 | – | – |
| Terminated contracts | 3 | 1.2 | 0.3 | 0.1 | – | – |
| Preliminary losses on Cyclone Debbie building and restoration work pipeline | 4 | – | – | 0.4 | – | – |
| **Total significant items** | | **1.6** | **1.0** | **1.4** | **–** | **–** |
| EBITDA – including significant items | | 12.5 | 20.7 | 17.9 | 20.9 | 17.1 |
| EBITDA – excluding significant items | | 14.0 | 21.8 | 19.3 | 20.9 | 17.1 |
| EBIT – including significant items | | 11.1 | 19.0 | 15.9 | 18.2 | 14.3 |
| EBIT – excluding significant items | | 12.7 | 20.0 | 17.3 | 18.2 | 14.3 |
| Significant items attributable to non-controlling interests | | (0.1) | (0.0) | (0.1) | – | – |
| Tax impact – significant items | | (0.4) | (0.1) | (0.1) | – | – |
| NPAT attributable to JLG – including significant items | | 7.0 | 11.6 | 10.0 | 12.0 | 8.4 |
| NPAT attributable to JLG – excluding significant items | | 8.1 | 12.6 | 11.2 | 12.0 | 8.4 |

1. Legal settlements represent the outcomes of disputes with the Group's previous unit holders who are no longer unit holders arising from disputes over unit valuations, business performance and distributions.
2. Significant losses were incurred on a commercial construction contract in FY16 and FY17. Whilst losses occur throughout the Group businesses, the scale and factors contributing to these losses and the quantum of those losses on these projects is considered significant. In FY16 and FY17, these contracts generated approximately $2.8m and $3.6m revenue respectively.
3. In FY17, the Group terminated two service delivery contracts to provide emergency assistance services as those arrangements were not providing sufficient financial returns or job volumes to sustain the contracts. Collectively, in FY15 and FY16 these contracts generated revenue of $3.8m and $3.0m respectively and gross profit of $0.6m and $0.7m respectively.
4. Preliminary losses on storm restoration relate to early stage set up costs (e.g. the cost of estimators, equipment and physical offices) incurred in north and central Queensland for the recovery from Cyclone Debbie as the Group established its presence on the ground in severely affected areas including Hamilton Island and Cairns.

### 4.3.3 Key operating metrics

Figure 4.3 sets out the key historical and forecast operating metrics for the Group derived from the Pro forma Historical Financial Information, Pro forma Forecast Financial Information and Statutory Forecast Financial Information.

**FIGURE 4.3: KEY OPERATING METRICS**

| | PRO FORMA HISTORICAL | | | PRO FORMA FORECAST | STATUTORY FORECAST |
|---|---|---|---|---|---|
| June year end | FY15 | FY16 | FY17 | FY18F | FY18F |
| Total revenue growth | n/a | 6.3% | 3.0% | 11.5% | 11.5% |
| Gross margin | 20.2% | 22.1% | 20.1% | 22.4% | 22.4% |
| Gross margin growth | n/a | 9.0% | (8.8%) | 11.0% | 11.0% |
| EBITDA growth – including significant items | n/a | 66.4% | (13.5%) | 16.4% | n/a |
| EBITDA growth – excluding significant items | n/a | 55.2% | (11.2%) | 8.0% | n/a |
| EBITDA margin – including significant items | 5.5% | 8.6% | 7.2% | 7.5% | 6.1% |
| EBITDA margin – excluding significant items | 6.2% | 9.0% | 7.7% | 7.5% | 6.1% |
| EBIT growth – including significant items | n/a | 70.6% | (16.1%) | 13.9% | n/a |
| EBIT growth – excluding significant items | n/a | 57.7% | (13.4%) | 4.7% | n/a |
| EBIT margin – including significant items | 4.9% | 7.8% | 6.4% | 6.5% | 5.1% |
| EBIT margin – excluding significant items | 5.6% | 8.3% | 6.9% | 6.5% | 5.1% |
| NPAT attributable to JLG growth – including significant items | n/a | 66.2% | (14.0%) | 20.0% | (16.3%) |
| NPAT attributable to JLG growth – excluding significant items | n/a | 55.9% | (10.6%) | 6.7% | (25.5%) |

### 4.3.4 Actual Historical Income Statements

Figure 4.4 sets out the Actual Historical Income Statements for the Group.

**FIGURE 4.4: ACTUAL HISTORICAL INCOME STATEMENTS**

| $ millions, June year end | FY15 | FY16 | FY17 |
|---|---|---|---|
| Total revenue | 227.9 | 242.3 | 249.7 |
| Cost of sales | (181.8) | (188.9) | (199.6) |
| Gross profit | 46.1 | 53.4 | 50.2 |
| Other revenue and income | 0.9 | 1.3 | 2.5 |
| Net employee benefits expenses | (22.2) | (22.0) | (23.0) |
| Employee benefits – distributions to equity holders including non-controlling interests | (6.4) | – | – |
| Occupancy expenses | (1.5) | (1.4) | (1.9) |
| Impairment expenses | (1.7) | (2.0) | (0.6) |
| Motor vehicle expenses | (2.0) | (1.9) | (2.1) |
| Travelling expenses | (0.9) | (1.0) | (1.1) |
| Professional fees | (0.9) | (0.9) | (1.3) |
| Telecommunications | (2.5) | (2.0) | (1.1) |
| Other expenses | (3.6) | (3.8) | (4.2) |
| Total expenses | (41.5) | (35.1) | (35.3) |
| EBITDA | 5.5 | 19.7 | 17.4 |
| Depreciation and amortisation | (1.3) | (1.7) | (2.0) |
| EBIT | 4.1 | 18.0 | 15.4 |
| Net finance income / (costs) | (0.9) | (0.9) | (1.1) |
| Share of net profits / (losses) of associates and joint ventures accounted for using the equity method | 0.3 | 0.1 | (0.4) |
| **Profit before tax – including associates** | **3.5** | **17.2** | **13.9** |
| Tax expense | (0.7) | (0.5) | (0.6) |
| NPAT | 2.8 | 16.7 | 13.3 |
| Profit attributable to non-controlling interests | – | (4.1) | (3.2) |
| **NPAT excluding non-controlling interests** | **2.8** | **12.6** | **10.1** |

### 4.3.5 Pro Forma Adjustments to the Actual Historical and Statutory Forecast Income Statements

Figure 4.5 sets out the pro forma adjustments made to NPAT as reported in the Actual Historical Income Statements and Statutory Forecast Income Statement for the Group. These adjustments are summarised in the footnotes below.

#### FIGURE 4.5: PRO FORMA ADJUSTMENTS TO THE ACTUAL HISTORICAL AND STATUTORY FORECAST INCOME STATEMENTS

| $ millions, June year end | Note | FY15 | FY16 | FY17 | FY18F |
|---|---|---|---|---|---|
| Statutory NPAT attributable to Johns Lyng Group Ltd | | 2.8 | 12.6 | 10.1 | 8.4 |
| Public company costs | 1 | (1.0) | (0.9) | (0.3) | (0.2) |
| Impairment of loans to related parties | 2 | 1.7 | 2.0 | 0.6 | – |
| Distributions recorded as employee benefits | 3 | 6.4 | – | – | – |
| Restructure costs | 4 | – | – | 0.2 | – |
| Transaction costs | 5 | – | – | 0.1 | 4.1 |
| Finance costs | 6 | 0.9 | 0.9 | 1.1 | 0.5 |
| Distributions to non-controlling interests | 7 | (1.3) | 2.4 | 1.6 | 0.9 |
| Income tax expense | 8 | (2.5) | (5.3) | (3.4) | (1.7) |
| **Pro forma NPAT attributable to Johns Lyng Group Ltd** | | **7.0** | **11.6** | **10.0** | **12.0** |
| Significant items | | 1.1 | 0.9 | 1.2 | – |
| **Pro forma NPAT attributable to Johns Lyng Group Ltd excl. significant items** | | **8.1** | **12.6** | **11.2** | **12.0** |

1. Public company costs reflect the Group's estimate of incremental annual costs that the Company will incur as a publicly listed company. These costs include additional Director remuneration, audit costs, listing fees, share registry costs, directors' and officers' insurance premiums as well as annual general meeting and annual report costs.
2. Impairment of loans to companies external to the Group relate to funds loaned to loss making, related group companies that were subsequently demerged as part of the Group's restructure prior to the IPO.
3. In FY15 payments made to certain majority, and all minority unit holders were reported as employee benefits for accounting purposes rather than distributions as intended due to terms in the unit holder deeds. Unit holder deeds have subsequently been amended and for accounting purposes, these amounts are now recognised as distributions, as intended.
4. Restructure costs represent professional fees incurred to enact the demerger of certain entities and reflect the current group structure.
5. Total costs directly attributed to the Offer are estimated to be $6.5m of which $2.4m is directly attributable to the issue of new shares and will be offset against equity raised in the Offer. The remaining $4.1m is expensed in the FY17 and FY18F results, which relates to the sale of shares by existing shareholders.
6. Finance costs reflect the proposed full repayment of all facilities with the proceeds of the Offer and the elimination of interest expenses.
7. Distributions to non-controlling interests reflects the net change to non-controlling interests' distributions resulting from the Restructure as described in Section 3.10.
8. Cumulative income tax effect on applicable adjustments between the actual and pro forma financial information, the consequence of overlaying a listed corporate parent entity and the first time recognition of taxable balance sheet assets and liabilities ($0.9m) in FY17. These adjustments assume an effective tax rate of 30%.

## 4.4 PRO FORMA BALANCE SHEET

Figure 4.6 sets out the adjustments made to the Statutory Balance Sheet as at 30 June 2017 to prepare the Pro forma Balance Sheet. These adjustments reflect the capital structure that will be in place following Completion of the Offer, as if it had occurred as at 30 June 2017. These adjustments are summarised in the footnotes below.

### FIGURE 4.6: PRO FORMA BALANCE SHEET

| $ millions, 30 June 2017 | Statutory Balance Sheet | Change in Capital Structure[1] | Impact of the Offer and Bank Facilities[2] | Pro forma Balance Sheet |
|---|---|---|---|---|
| **Current assets** | | | | |
| Cash and cash equivalents | 6.8 | – | 5.5 | 12.3 |
| Trade and other receivables | 44.4 | – | – | 44.4 |
| Other current assets | 12.4 | – | – | 12.4 |
| **Total current assets** | **63.6** | **–** | **5.5** | **69.1** |
| **Non-current assets** | | | | |
| Property, plant and equipment | 7.5 | – | – | 7.5 |
| Intangibles | 3.4 | – | – | 3.4 |
| Deferred tax assets | – | – | 2.4 | 2.4 |
| Other non-current assets | (0.3) | | – | (0.3) |
| **Total non-current assets** | **10.6** | **–** | **2.4** | **13.0** |
| **Total assets** | **74.3** | **–** | **7.9** | **82.1** |
| **Current liabilities** | | | | |
| Trade and other payables | 42.8 | – | – | 42.8 |
| Borrowings | 18.6 | – | (18.2) | 0.5 |
| Provisions | 2.2 | – | – | 2.2 |
| Other current liabilities | 22.5 | – | (14.6) | 8.0 |
| **Total current liabilities** | **86.1** | **–** | **(32.7)** | **53.4** |
| **Non-current liabilities** | | | | |
| Borrowings | 2.2 | – | (2.2) | – |
| Provisions | 0.2 | – | – | 0.2 |
| **Total non-current liabilities** | **2.4** | **–** | **(2.2)** | **0.2** |
| **Total liabilities** | **88.6** | **–** | **(34.9)** | **53.7** |
| **Net assets** | **(14.3)** | **–** | **42.8** | **28.4** |
| **Equity** | | | | |
| Issued capital | 2.0 | 21.1 | 45.2 | 68.3 |
| Reserves | (1.3) | (21.3) | – | (22.5) |
| Retained earnings | (14.8) | – | (2.4) | (17.2) |
| Non-controlling interests | (0.3) | 0.1 | – | (0.1) |
| **Total equity** | **(14.3)** | **–** | **42.8** | **28.4** |

1. The change in capital structure reflects non-cash, fair value of the consideration received by the non-controlling interest unit holders as a result of the Restructure as described in Section 3.10.

2 The impact of the Offer reflects a net cash increase of $5.5m after accounting for the allocation of funds raised including the primary capital raise ($46.9m) less total transaction costs ($6.5m) inclusive of GST amounts where input credits cannot be claimed, the repayment of third party borrowings ($20.3m), estimated repayment of unit holders' loans at IPO date ($14.6m). Working capital requirements after IPO date are expected to be $5m. A provision for the increase in bank loans between 30 June 2017 and IPO date has been made ($0.5m). Deferred tax assets are recognised relating to the tax effect of transaction costs ($1.5m) and the first time recognition of taxable balance sheet assets and liabilities ($0.9m).

## 4.5 CAPITALISATION AND INDEBTEDNESS

Figure 4.7 sets out the indebtedness of the Group as at 30 June 2017, before and having adjusted for the pro forma impact of the Offer.

### FIGURE 4.7: STATUTORY AND PRO FORMA INDEBTEDNESS AS AT 30 JUNE 2017

| $ millions, 30 June 2017 | Note | Statutory / Actual | Pro forma |
|---|---|---|---|
| Bank loans | 1 | 14.3 | – |
| Hire Purchase leases | 2 | 4.2 | – |
| Bank overdraft | 3 | 1.8 | – |
| Other loans | 4 | 0.5 | 0.5 |
| Less: cash and cash equivalents | 5 | (6.8) | (12.3) |
| **Net total indebtedness** | | **14.0** | **(11.9)** |
| Net total indebtedness / FY17 pro forma EBITDA | 6 | 0.8x | n/a |
| Net total indebtedness / FY18F pro forma EBITDA | 6 | 0.7x | n/a |

1. Bank loans include three variable rate commercial bills with ANZ. On Completion of the Offer, all commercial bills will be repaid in full.
2. Hire purchase leases relate to various hire purchase leases with ANZ used to fund the acquisition of fixed assets including motor vehicles and PP&E. On Completion of the Offer, it is the Group's intention to repay the hire purchase leases.
3. The Group's overdraft with ANZ will be repaid in full on Completion of the Offer.
4. The Group's annual insurance policy funding (other loans listed in Figure 4.7) will remain outstanding on Completion of the Offer.
5. Cash and cash equivalents represent cash on hand and on deposit with ANZ.
6. Ratios are calculated using pro forma EBITDA in the respective years and statutory net total indebtedness as at 30 June 2017. The net finance costs as a proportion of EBITDA ratio has been excluded as debt is proposed to be fully repaid with the proceeds of the Offer.

### 4.5.1 Liquidity and capital resources

The Group's principal sources of liquidity will be cash generated from operations, cash on hand and borrowings under the Bank Facilities. As at 30 June 2017, on a pro forma basis (adjusted for the repayment of existing debt facilities), the Group had:

- net cash and equivalents of $12.3m;
- undrawn debt of $35.6m under the Bank Facilities; and
- an $8m Guarantee Facility, of which $6.4m was drawn and $1.6m undrawn.

The Group's main uses of liquidity are to fund working capital and capital expenditure requirements in order to operate and expand its business and the payment of interest, tax, distributions and dividends. The Group believes that its cash from operations, cash on hand and undrawn borrowing capacity under the Bank Facilities will be sufficient to meet its cash requirements for the foreseeable future.

### 4.5.2 Description of the Bank Facilities

**Overview of Bank Facilities**

The Company has executed a non-binding credit approved term sheet dated 12 September 2017 (**Term Sheet**) for a suite of new bank facilities with ANZ as detailed below (**Bank Facilities**). The Group will repay its existing bank facilities with ANZ on Completion of the Offer.

### FIGURE 4.8: DESCRIPTION OF BANK FACILITIES

| FACILITY | FACILITY LIMIT | TERMINATION DATE | PURPOSE |
|---|---|---|---|
| Working capital facility (overdraft and cash advance interchangeable options) | $5m | Up to 5 years | To assist with operating working capital requirements |
| Acquisition facility (cash advance facility) | $25m | Up to 5 years | To assist in the financing of the purchase price and transaction costs (including financing costs) associated with the acquisition of potential targets |
| Asset finance facility | $5.6m | Up to 5 years | To assist in the leasing and / or hire purchase of various motor vehicles and equipment for the business |
| Guarantee facility | $8m | Up to 5 years | To assist in general bonding requirements |
| Ancillary facilities (credit card, ePay limits and encashment options) | $3.1m | Subject to annual review | For transactional banking purposes |

A facility establishment fee will be paid on the initiation of the Bank Facilities. Line fees are also payable quarterly in advance for the Bank Facilities commencing on the date of the facility agreement.

### FIGURE 4.9: BANK FACILITIES TERMS

| ITEM | DESCRIPTION |
|---|---|
| Interest rates | The Bank Facilities will have variable interest rates calculated based on the bank bill swap bid rate (**BBSY**) for the relevant interest period plus the applicable margin. Interest rates for loans under an overdraft sub-facility will be based on BBSY (for a period of one month) plus the applicable margin. |
| Conditions precedent to initial drawdown | There are a number of conditions precedent to initial drawdown under the Bank Facilities which are customary for facilities of this nature. The conditions precedent include ANZ receiving a copy of this Prospectus, legal and financial due diligence reports on the Group and evidence of the commencement of trading of the Shares on the ASX.<br><br>Additional conditions precedent will apply to the acquisition facility. These include that any acquisition must be consistent with the Group's core business and confirmation that no event of default or potential event of default subsists or will occur as a result of the acquisition. |
| Financial covenants | The agreement under which the Bank Facilities will be made available will contain certain financial covenants including compliance with:<br>• agreed leverage ratio (gross financial indebtedness (excl. guarantees) to EBITDA);<br>• fixed charge cover ratio (EBITDA plus operating leases and rent expenses to interest plus operating leases and rent expense commitments); and<br>• gearing ratio (gross financial indebtedness to gross financial indebtedness plus Shareholder funds).<br>The financial covenants will be tested quarterly on a rolling twelve month basis. |
| Representations and warranties | The agreement under which the Bank Facilities will be made available will contain representations and warranties usual for debt facilities of this nature. |

| ITEM | DESCRIPTION |
|---|---|
| Undertakings | The agreement under which the Bank Facilities will be made available will contain certain information undertakings and other general undertakings customary for facilities of this nature.<br><br>Information undertakings include the provision of unaudited quarterly management accounts within 45 days of the end of each financial quarter, audited financial accounts within 120 days of the end of each financial year, half-year audit reviewed accounts within 60 days of the end of half year end, annual budget within 30 days of the start of the financial year and compliance certificates to be provided with all accounts except the annual budget.<br><br>Other general undertakings include requirements to not incur or repay any financial indebtedness (other than those permitted), not provide financial accommodation or give any guarantee (other than those permitted), not create or permit to exist security interest over any of the Group's assets (other than those permitted) or not dispose of any asset (unless permitted). |
| Events of default | The agreement under which the Bank Facilities will be made available will contain events of default which are standard for facilities of this nature, including an event or series of events (whether related or not) which occur which in ANZ's opinion would have or be likely to have a material adverse effect.<br><br>If an event of default is triggered, this may result in, among other things, the commitments provided under the Bank Facilities being cancelled and the amounts borrowed under the Bank Facilities being declared immediately payable or payable on demand. |
| Review events | The agreement under which the Bank Facilities will be made available will contain review events that are standard for facilities of this nature. Review events include:<br>• change of control - where any person (other than the Principals (as defined in the Term Sheet) which include Scott Didier, Lindsay Barber, Paul Dwyer, Adrian Gleeson and Curt Mudd) acquires more than 19.9% of the issued Shares or comes to control the Company; or<br>• where the Company is delisted or suspended from the ASX for more than three business days. |

## 4.6 CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENT LIABILITIES

Figure 4.10 sets out the Group's contractual obligations and commitments (following Completion of the Offer). Operating lease commitments relate to rental lease payments on the Group's leasehold properties. Hire purchase lease commitments relate to hire purchase lease payments on some of the Group's motor vehicles and PP&E.

The Group has contingent liabilities in respect of the following items:

- Bank guarantees drawn in the amount of $6.4m as at 30 June 2017.

Excluding the items above, the Group is not aware of any material actual or contingent liabilities, transactions or arrangements which are not disclosed in the Pro forma Balance Sheet (see Section 4.4 or Figure 4.10) or the table below.

### FIGURE 4.10: CONTRACTUAL OBLIGATIONS AND COMMITMENTS AS AT 30 JUNE 2017

| $ millions, 30 June 2017 | Note | Less than 1 year | 1–5 years | More than 5 years | Future finance charges | Total |
|---|---|---|---|---|---|---|
| Hire purchase leases | 1 | 2.2 | 2.3 | – | (0.3) | 4.2 |
| Operating leases | 2 | 1.6 | 4.1 | 1.6 | – | 7.3 |

1. Total Hire Purchase lease commitments of $4.2m comprise arrangements with ANZ to fund the acquisition of assets, but will be repaid in full with the proceeds from the Offer.
2. Operating leases materially comprise rental leases on the Group's various business premises.

## 4.7 HISTORICAL AND FORECAST CASH FLOW STATEMENTS

### 4.7.1 Pro Forma Historical Cash Flows and Pro Forma Forecast and Statutory Forecast Cash Flow Statements

Figure 4.11 sets out the Pro forma Historical Cash Flows for FY15, FY16 and FY17 along with the Pro forma Forecast and Statutory Forecast Cash Flow Statements for FY18F. The Pro forma Historical Cash Flows are reconciled to the Actual Historical Cash Flows in Section 4.3.5.

**FIGURE 4.11: PRO FORMA HISTORICAL CASH FLOWS FOR FY15, FY16 AND FY17 AND PRO FORMA FORECAST CASH FLOW STATEMENT AND STATUTORY FORECAST CASH FLOW STATEMENT FOR FY18F**

| | PRO FORMA HISTORICAL | | | PRO FORMA FORECAST | STATUTORY FORECAST |
|---|---|---|---|---|---|
| $ millions, June year end | FY15 | FY16 | FY17 | FY18F | FY18F |
| EBITDA | 12.5 | 20.7 | 17.9 | 20.9 | 17.1 |
| Changes in working capital | (5.4) | (4.9) | (4.0) | (0.8) | (0.8) |
| Maintenance and replacement capital expenditure | (2.1) | (2.0) | (5.6) | (2.9) | (2.9) |
| Net cash flow before financing and taxation | 4.9 | 13.8 | 8.4 | 17.2 | 13.3 |
| Tax paid | | | | (0.6) | (0.6) |
| Net finance income / (costs) | | | | 0.3 | (0.2) |
| Proceeds from issue of shares | | | | – | 46.9 |
| Repayment of borrowings | | | | – | (20.3) |
| Repayment of Equityholders' loans | | | | – | (14.6) |
| Distributions to non-controlling interests | | | | (1.8) | (2.7) |
| Transaction costs | | | | – | (2.4) |
| Net cash flow (before dividends) | | | | 15.1 | 19.4 |
| Free cash flow / EBITDA | 39.6% | 66.6% | 46.8% | 82.3% | 78.2% |

### 4.7.2 Pro Forma Adjustments to the Actual Historical Cash Flows

Figure 4.12 sets out the pro forma adjustments to the Actual Historical Cash Flows along with the Statutory Forecast Cash Flow Statement. These adjustments are summarised in the footnotes below.

**FIGURE 4.12: PRO FORMA ADJUSTMENTS TO THE ACTUAL HISTORICAL CASH FLOWS FOR FY15, FY16 AND FY17 AND STATUTORY FORECAST CASH FLOWS FOR FY18F**

| $ millions, June year end | Note | FY15 | FY16 | FY17 | FY18F |
|---|---|---|---|---|---|
| **Actual free cash flow before financing and taxation** | | **(0.4)** | **14.7** | **8.4** | **13.3** |
| Adjustments to EBITDA | 1 | (1.1) | (0.9) | (0.2) | (0.2) |
| Transaction costs | 2 | – | – | 0.1 | 4.1 |
| Non-cash adjustments | 3 | 6.4 | – | – | – |
| **Pro forma free cash flow before financing and taxation** | | **4.9** | **13.8** | **8.4** | **17.2** |

1. Adjustments to EBITDA reflect the incremental cash outflow the Group will incur for the costs of being a publicly listed entity.
2. Total transaction costs are estimated to be $6.5m, of which $2.4m is directly attributable to the issue of new shares by the Group and will be offset against equity raised in the Offer. The remaining $4.2m is expensed in the FY17 and FY18F results, which relates to the sale of Sale Shares by the Existing Owners.
3. Non-cash adjustments are the re-allocation of payments made to certain majority and all minority unit holders which were reported as employee benefits for accounting purposes rather than distributions as intended, due to terms in the unit holder deeds at the time. Unit holder deeds have subsequently been amended and for accounting purposes, these payments are now recognised as distributions.

## 4.8 SEGMENT INFORMATION

In accordance with Australian Accounting Standard AASB 8, JLG has determined that its reporting segments comprise:

- Insurance Building and Restoration Services
  - » Insurance Building and Restoration Services generates revenue from completing building and restoration jobs on a cost plus, agreed margin (panel arrangement) or a fixed price arrangement. Jobs may be the result of non-event driven incidents including: escape of liquid (flood), fire, malicious damage, impact, storm or emergency response. Jobs may also be the result of event driven incidents typically significant weather related catastrophe events. Jobs are sourced by the Group from insurance companies either as part of a panel arrangement or by direct referrals from insurance companies, loss adjusters, insurance brokers and insured parties.
- Commercial Building Services
  - » Commercial Building Services generates revenue from completing discrete projects on behalf of clients typically on a cost plus or fixed price basis. Commercial Building Services offers the following services / products: commercial glazing, commercial flooring, shop-fitting, hazardous waste removal and emergency domestic (household) repairs.
- Commercial Construction Services
  - » Commercial Construction Services includes traditional commercial building activities in Victoria.
- Other
  - » Includes unallocated corporate overhead costs and a start-up recruitment and labour hire business which undertakes jobs on behalf of the Group and external clients.

These segments are those in which Management receives information for the purpose of resource allocation and the assessment of segment performance.

Figure 4.13 contains a summary of JLG's pro forma historical, forecast and statutory forecast revenue and EBITDA excluding Significant Items by segment for FY15, FY16, FY17 and FY18F.

### FIGURE 4.13: PRO FORMA HISTORICAL, FORECAST AND STATUTORY FORECAST SEGMENTAL REVENUE AND EBITDA EXCLUDING SIGNIFICANT ITEMS FOR FY15, FY16, FY17 AND FY18F

| | PRO FORMA HISTORICAL | | | PRO FORMA FORECAST | STATUTORY FORECAST |
|---|---|---|---|---|---|
| **$ millions, June year end** | **FY15** | **FY16** | **FY17** | **FY18F** | **FY18F** |
| **Revenue** | | | | | |
| Insurance Building & Restoration Services | 126.2 | 145.2 | 153.4 | 179.8 | 179.8 |
| – Of which is derived from CAT events | 17.8 | 23.6 | 16.0 | 37.0 | 37.0 |
| Commercial Building Services | 46.4 | 47.2 | 54.4 | 60.2 | 60.2 |
| Commercial Construction | 55.4 | 49.9 | 41.6 | 34.5 | 34.5 |
| Other | (0.0) | 0.0 | 0.4 | 4.0 | 4.0 |
| **Total Revenue** | **227.9** | **242.4** | **249.7** | **278.5** | **278.5** |
| **EBITDA – excluding significant items** | | | | | |
| Insurance Building & Restoration Services | 11.3 | 17.8 | 15.9 | 17.3 | 17.3 |
| – Of which is derived from CAT events | 1.5 | 4.0 | 1.6 | 4.3 | 4.3 |
| Commercial Building Services | 4.9 | 4.0 | 5.0 | 4.9 | 4.9 |
| Commercial Construction | 0.2 | 0.4 | (1.1) | (0.0) | (0.0) |
| Other | (2.5) | (0.4) | (0.5) | (1.3) | (5.1) |
| **Total EBITDA – excluding significant items** | **14.0** | **21.8** | **19.3** | **20.9** | **17.1** |

## 4.9 MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION

### 4.9.1 General factors affecting the operating results of the group

Below is a discussion of the general factors which affected the Group's operations and relative financial performance in FY15, FY16 and FY17 and which the Directors expect may continue to affect financial performance in the future.

The discussion of those general factors is intended to provide a brief summary only and does not detail all factors that affected the Group's historical operating and financial performance, nor everything which may affect operations and financial performance in the future.

#### Revenues

The key drivers of the Group's revenue are:

- volume of jobs undertaken;
- average value of jobs undertaken; and
- occurrence of catastrophe events.

Job volume across all Group divisions is predominantly relationship driven through referrals. Referrals are sourced either through existing or new relationships engendered through business development activities. Established relationships built on trust resulting from demonstrable service quality and exceeding stakeholder expectations are the fundamental drivers of increased job volumes and opportunities to participate in larger projects.

Insurance Building and Restoration Services jobs are typically originated via:

- panel representation – the Group has extensive panel representation with major insurers nationally; and
- direct referrals from:
  - » insurance companies (outside of a panel arrangement);
  - » loss adjusters;
  - » insurance brokers; and
  - » insured parties.

The Group is highly experienced in responding to catastrophe events, a majority of which are extreme weather events. The timing of catastrophe events is unpredictable. The Group typically experiences a large increase in job volumes during such events which can extend over a protracted period of time.

The Commercial Building Services and the Commercial Construction Services divisions' jobs are typically also originated via relationships. Many clients are long-term repeat customers, including numerous large retail chains / franchises, property developers, commercial builders and various other commercial enterprises.

*Global Home Response* is the only exception within the Commercial Building Services division. *Global Home Response* operates an emergency domestic (household) repairs service in a joint venture with RACV ('Emergency Home Assist' membership product). Job volumes are event driven and as such, directly correlated to members' incident rates which drive call out volumes.

A key area of business development for the Group is maintaining and growing relationships with insurance company clients, commercial sector clients, customers and other referral conduits. These initiatives, combined with a relentless focus on exceeding stakeholders' expectations have facilitated year on year historical growth.

### Cost of sales and gross margin

Gross margin is dictated by the terms of the Group's underlying contracts. Typically, across its three main divisions, the Group will enter into the following contractual arrangements for service delivery:

- Cost plus arrangement (agreed mark-up / margin)
  - » Typical of panel arrangements and smaller Insurance Building and Restoration Services and Commercial Building Services jobs
- Fixed price arrangement
  - » Typical of larger Insurance Building and Restoration Services and Commercial Building Services jobs and Commercial Construction Services contracts (*Commercial Builders*)

### Employee expenses

Employee expenses comprising remuneration and on-costs represent the largest component of the Group's fixed cost base. Between FY15 and FY17, employee expenses accounted for more than 67% of overhead expenses.

### Occupancy expenses

Occupancy expenses primarily relate to rent payments for business premises including leased offices and warehouses.

### Impairment expenses

Impairment expenses relate to the impairment of loans and investments in related parties i.e. the forgiveness of loans and de-recognition of investments in entities demerged as part of the pre-IPO restructuring transactions.

### Motor vehicle expenses

Motor vehicle expenses relate to car hire and running costs associated with the Group's fleet of vehicles including: fuel, insurance, registration, repairs and maintenance.

### Other expenses

Other expenses are primarily comprised of sundry office expenses including: bank charges, cleaning, computer expenses, utilities, printing and stationary.

### Capital expenditure

Maintenance and replacement capital expenditure is predominantly comprised of capital spending to replace the Group's fleet of motor vehicles and PP&E. Motor vehicles are replaced every three years and other assets are replaced at the end of their useful lives.

The amount of capital expenditure can also vary from year to year reflecting the Group's various growth initiatives and the requirements of any catastrophe events e.g. Cyclone Debbie.

## 4.9.2 Pro Forma Historical Income Statements – FY16 compared to FY15

Figure 4.14 sets out the Pro forma Historical Income Statement for FY16 compared to FY15.

### FIGURE 4.14: PRO FORMA HISTORICAL INCOME STATEMENT – FY16 COMPARED TO FY15

| $ millions, June year end | FY15 | FY16 | Change | Change % |
|---|---|---|---|---|
| Total revenue | 227.9 | 242.4 | 14.5 | 6.3% |
| Cost of sales | (181.8) | (188.9) | (7.1) | 3.9% |
| Gross profit | 46.1 | 53.5 | 7.4 | 15.9% |
| Other revenue and income | 0.9 | 1.3 | 0.5 | 57.0% |
| Net employee benefits expenses | (23.1) | (22.9) | 0.1 | (0.6%) |
| Occupancy expenses | (1.5) | (1.4) | 0.0 | (1.2%) |
| Motor vehicle expenses | (2.0) | (1.9) | 0.0 | (1.3%) |
| Travelling expenses | (0.9) | (1.0) | (0.2) | 17.7% |
| Professional fees | (1.2) | (1.2) | 0.0 | (2.8%) |
| Telecommunications | (2.5) | (2.0) | 0.5 | (21.0%) |
| Other expenses | (4.4) | (4.0) | 0.4 | (8.5%) |
| **Total expenses** | **(34.5)** | **(34.1)** | **0.4** | **(1.3%)** |
| EBITDA | 12.5 | 20.7 | 8.3 | 66.4% |
| Depreciation and amortisation | (1.3) | (1.7) | (0.4) | 31.1% |
| EBIT | 11.1 | 19.0 | 7.9 | 70.6% |
| Add back significant items | 1.6 | 1.0 | (0.5) | (34.3%) |
| EBITDA before significant items | 14.0 | 21.8 | 7.7 | 55.2% |
| EBIT before significant items | 12.7 | 20.0 | 7.3 | 57.7% |

### Revenue

Total revenue increased by $14.5m from $227.9m to $242.4m which represents growth of 6.3% from FY15 to FY16. This was primarily driven by:

- Increase in Insurance Building and Restoration Services division revenue of $19.4m, the key drivers of growth being:
  - increase in revenue from catastrophe events compared with FY15 of $5.8m;
  - organic growth across the Insurance Building and Restoration Services division with increased panel representation and referrals from loss adjusters and insurance brokers in line with an increase in business development initiatives including:
    - increase in revenue from QLD operations of $7.3m excluding revenue from catastrophe events;
    - increase in revenue from WA operations of $3.2m excluding revenue from catastrophe events; and
    - increase in revenue from VIC operations of $2.8m excluding revenue from catastrophe events;

- increase in Commercial Building Services division revenue of $0.8m, the key drivers being:
  - » increase in revenue from VIC operations of $0.5m;
  - » increase in revenue from NSW operations of $0.6m; and
- decrease in Commercial Construction Services division revenue of $5.5m.

**Cost of sales and gross margin**

Cost of sales increased by $7.1m from $181.8m to $188.9m effecting an increase in gross margin of 1.8% from 20.2% to 22.0% from FY15 to FY16.

The increase in gross margin was predominantly driven by:

- increase in Insurance Building and Restoration Services division contribution to gross profit from 64.1% to 69.2%;
- increase in Insurance Building and Restoration Services division gross margin of 1.9%, the key drivers of growth being:
  - » increase in revenue from catastrophe events – typically emergency response jobs are cost plus arrangements hence reduced risk of margin erosion;
  - » increase in gross margin from VIC operations of 3.0%. VIC operations contributed 32.9% of the year on year increase in gross profit for the Insurance Building and Restoration Services division; and
  - » increase in gross margin from QLD operations of 3.0%. QLD operations contributed 38.0% of the year on year increase in gross profit for the Insurance Building and Restoration Services division;
- increase in Commercial Building Services division gross margin of 1.1% as a result of the FY16 job mix compared with FY15 in the ordinary course of business; and
- decrease in Commercial Construction Services division gross margin of 8.2%.

**Total expenses**

Total expenses decreased by $0.4m from $34.5m to $34.1m which represents a reduction of 1.3% from FY15 to FY16. Neither this 1.3% aggregate decrease in total expenses nor any movements in individual expense line items are considered material.

**EBITDA (before Significant Items)**

As a result of the factors described above, EBITDA increased by $7.7m from $14.0m to $21.8m which represents an increase of 55.2% from FY15 to FY16.

Accordingly EBITDA margin increased by 2.8% from 6.2% to 9.0% from FY15 to FY16.

**EBIT (before Significant Items)**

Depreciation expenses increased by $0.4m from $1.3m to $1.7m which represents an increase of 31.1% from FY15 to FY16.

The increase in depreciation expenses was directly attributable to the increase in net book value of motor vehicles and PP&E from FY15 to FY16 as a result of additional investment in capital expenditure to facilitate growth.

As a result of the factors described above, EBIT increased by $7.3m from $12.7m to $20.0m which represents an increase of 57.7% from FY15 to FY16.

Accordingly EBIT margin increased by 2.7% from 5.6% to 8.3% from FY15 to FY16.

### 4.9.3 Pro Forma Historical Cash Flows – FY16 compared to FY15

Figure 4.15 sets out the Pro forma Historical Cash Flows for FY16 compared to FY15.

**FIGURE 4.15: PRO FORMA HISTORICAL CASH FLOWS – FY16 COMPARED TO FY15**

| $ millions, June year end | FY15 | FY16 | Change | Change % |
|---|---|---|---|---|
| EBITDA | 12.5 | 20.7 | 8.3 | 66.4% |
| Changes in working capital | (5.4) | (4.9) | 0.5 | (9.5%) |
| Maintenance and replacement capital expenditure | (2.1) | (2.0) | 0.1 | (3.6%) |
| **Net cash flow before financing and taxation** | **4.9** | **13.8** | **8.9** | **179.5%** |

Net cash flow before financing and taxation increased by $8.9m from $4.9m to $13.8m which represents an increase of 179.5% from FY15 to FY16. This was primarily driven by:

- increase in EBITDA of $8.3m as described above;
- increase in cash flow from movements in working capital of $0.5m; and
- decrease in capital expenditure of $0.1m.

As a percentage of EBITDA, free cash flow increased by 26.9% from 39.6% in FY15 to 66.7% in FY16.

### 4.9.4 Pro Forma Historical Income Statements – FY17 compared to FY16

Figure 4.16 sets out the Pro forma Historical Income Statements for FY17 compared to FY16.

**FIGURE 4.16: PRO FORMA HISTORICAL INCOME STATEMENT – FY17 COMPARED TO FY16**

| $ millions, June year end | FY16 | FY17 | Change | Change % |
|---|---|---|---|---|
| Total revenue | 242.4 | 249.7 | 7.4 | 3.0% |
| Cost of sales | (188.9) | (199.4) | (10.6) | 5.6% |
| Gross profit | 53.5 | 50.3 | (3.2) | (6.0%) |
| Other revenue and income | 1.3 | 2.5 | 1.1 | 83.6% |
| Net employee benefits expenses | (22.9) | (23.7) | (0.8) | 3.3% |
| Occupancy expenses | (1.4) | (1.9) | (0.5) | 34.1% |
| Motor vehicle expenses | (1.9) | (2.1) | (0.2) | 8.0% |
| Travelling expenses | (1.0) | (1.1) | (0.0) | 3.8% |
| Professional fees | (1.2) | (1.1) | 0.1 | (9.9%) |
| Telecommunications | (2.0) | (1.0) | 1.0 | (48.2%) |
| Other expenses | (3.5) | (3.9) | (0.4) | 10.3% |
| **Total expenses** | **(34.1)** | **(34.8)** | **(0.7)** | **2.1%** |
| EBITDA | 20.7 | 17.9 | (2.8) | (13.5%) |
| Depreciation and amortisation | (1.7) | (2.0) | (0.3) | 15.0% |
| EBIT | 19.0 | 15.9 | (3.1) | (16.1%) |
| Add back significant items | 1.0 | 1.4 | 0.4 | 36.0% |
| EBITDA before significant items | 21.8 | 19.3 | (2.4) | (11.2%) |
| EBIT before significant items | 20.0 | 17.3 | (2.7) | (13.4%) |

### Revenue

Total revenue increased by $7.4m from $242.4m to $249.7m which represents growth of 3.0% from FY16 to FY17. This was primarily driven by:

- increase in Insurance Building and Restoration Services division revenue of $8.2m, the key drivers of growth being:
  - » organic growth across the Insurance Building and Restoration Services division with increased panel representation and referrals from loss adjusters and insurance brokers in line with an increase in business development initiatives including:
    - increase in revenue from VIC operations of $15.3m excluding revenue from catastrophe events;
    - increase in revenue from WA operations of $1.6m excluding revenue from catastrophe events;
    - increase in revenue from NSW operations of $1.4m excluding revenue from catastrophe events; and
    - decrease in revenue from QLD operations of $2.5m excluding revenue from catastrophe events;
  - » decrease in revenue from catastrophe events compared with FY16 of $7.6m;
- increase in Commercial Building Services division revenue of $7.2m, the key drivers of growth being:
  - » organic growth across the Commercial Building Services division in line with an increase in business development initiatives including:
    - increase in revenue from VIC operations of $3.6m;
    - increase in revenue from QLD operations of $1.9m;
    - increase in revenue from NSW operations of $1.7m; and
- decrease in Commercial Construction Services division revenue of $8.4m.

### Cost of sales and gross margin

Cost of sales increased by $10.6m from $188.9m to $199.4m effecting a decrease in gross margin of 1.9% from 22% to 20.1% from FY16 to FY17.

The decrease in gross margin was predominantly driven by:

- decrease in Insurance Building and Restoration Services division gross margin of 3.3%, the key driver being lower revenue from catastrophe events – typically emergency response jobs are cost plus arrangements hence reduced risk for margin erosion; and
- decrease in Commercial Building Services division gross margin of 5.5% as a result of the mix of contracts won and negotiated in FY17.

### Total expenses

Total expenses increased by $0.7m from $34.1m to $34.8m which represents an increase of 2.1% from FY16 to FY17. Neither this 2.1% aggregate increase in total expenses nor any movements in individual expense line items are considered material.

### EBITDA (before Significant Items)

As a result of the factors described above, EBITDA decreased by $2.4m from $21.8m to $19.3m which represents a decrease of 11.2% from FY16 to FY17.

Accordingly EBITDA margin decreased by 1.3% from 9.0% to 7.7% from FY16 to FY17.

### EBIT (before Significant Items)

Depreciation expenses increased by $0.3m from $1.7m to $2.0m which represents an increase of 15.0% from FY16 to FY17.

The increase in depreciation expenses is directly attributable to the increase in net book value of motor vehicles and PP&E from FY16 to FY17 as a result of additional investment in capital expenditure to facilitate growth.

As a result of the factors described above, EBIT decreased by $2.7m from $20.0m to $17.3m which represents a decrease of 13.4% from FY16 to FY17.

Accordingly EBIT margin decreased by 1.4% from 8.3% to 6.9% from FY16 to FY17.

### 4.9.5 Pro Forma Historical Cash Flows – FY17 compared to FY16

Figure 4.17 sets out the Pro forma Historical Cash Flows for FY17 compared to FY16.

**FIGURE 4.17: PRO FORMA HISTORICAL CASH FLOWS – FY17 COMPARED TO FY16**

| $ millions, June year end | FY16 | FY17 | Change | Change % |
|---|---|---|---|---|
| EBITDA | 20.7 | 17.9 | (2.8) | (13.5%) |
| Changes in working capital | (4.9) | (4.0) | 0.9 | (18.8%) |
| Maintenance and replacement capital expenditure | (2.0) | (5.6) | (3.5) | 174.8% |
| **Net cash flow before financing and taxation** | **13.8** | **8.4** | **(5.4)** | **(39.2%)** |

Net cash flow before financing and taxation decreased by $5.4m from $13.8m to $8.4m which represents a decrease of 39.2% from FY16 to FY17. This was primarily driven by:

- decrease in EBITDA of $2.8m as described above;
- increase in cash flow from movements in working capital of $0.9m; and
- increase in capital expenditure of $3.5m.

As a percentage of EBITDA, free cash flow decreased by 19.8% from 66.7% in FY16 to 46.9% in FY17.

## 4.10 MANAGEMENT DISCUSSION AND ANALYSIS OF THE FORECAST FINANCIAL INFORMATION

The Forecast Financial Information has been prepared based on the significant accounting policies adopted by the Group, which are in accordance with Australian Accounting Standards and are disclosed in Appendix A. It is assumed that there will be no changes to Australian Accounting Standards, the Corporations Act or other financial reporting requirements that may have a material effect on the Group's accounting policies during the forecast period.

The Forecast Financial Information is based on a number of assumptions concerning future events, including those set out below. In preparing the Forecast Financial Information, the Group has analysed historical performance and made assumptions in order to predict future performance for FY18F. The Group believes it has prepared the Forecast Financial Information with due care and attention and considers all assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus, including each of the general assumptions set out in Section 4.10.1.

However, actual results may vary from the forecast and the variation may be materially positive or negative. The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingent events, many of which are outside the control of the Group and its Directors and are not reliably predictable.

Accordingly, none of the Group, its Directors or any other person can give any assurance that the Forecast Financial Information or any other prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material positive or negative impact on the Forecast Financial Information.

The assumptions detailed below should be read in conjunction with the sensitivity analysis set out in Section 4.11, the risk factors set out in Section 5 and the Independent Accountant's Report set out in Section 8.

### 4.10.1 General assumptions

In preparing the Forecast Financial Information, the following general assumptions have been adopted:

- no material changes in Federal, State or local government legislation, tax legislation, regulatory requirements or government policies that will have a material impact on the Group's financial performance, cash flows, financial position and accounting policies;
- no material change in applicable accounting standards, other mandatory professional reporting requirements or the Corporations Act, which will have a material impact on the Group's financial performance, financial position, accounting policies, financial reporting or disclosure;
- no significant deviation from current market expectations of the broader economic conditions relevant to the geographic markets in which the Group operates;

- no material disruption to the continuity of operations of the Group nor other material changes in its business;
- no loss of key personnel and the Group maintains its ability to recruit and retain the personnel required to support future growth;
- none of the risks set out in Section 5 occur, or if they do, none of them have a material adverse impact on the Group's operations; and
- the proceeds from the Offer are raised in accordance with the timetable and terms set out in this Prospectus.

### 4.10.2 Specific assumptions

The Forecast Financial Information is based on various assumptions, of which the key assumptions are set out below. The assumptions below are a summary only and do not represent all factors that will affect the Group's forecast financial performance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. It should be read in conjunction with the basis of preparation and presentation of the Forecast Financial Information set out in Section 4.2.3 the general assumptions set out in Section 4.10.1 and the risk factors set out in Section 5.

The Directors' specific assumptions underpinning the Forecast Financial Information include those set out below.

**Revenue assumptions**

Revenue is forecast 'bottom up' across the Group's businesses i.e. by subsidiary entity and by geography.

Subsidiary entity level revenue forecasts are combined at business unit and business division levels being:

- Insurance Building and Restoration Services;
- Commercial Building Services;
- Commercial Construction Services; and
- Other.

Assumptions for each subsidiary entity are agreed in collaboration with Management from the relevant subsidiary entity, business unit and business division based on:

- contracted sales pipeline (work in hand);
- live tenders, quotes and other Requests for Proposals (**RFP's**);
  - the potential revenue outcomes and indicative timings are quantified and calibrated by applying run-rate win / loss ratios from empirical Group data;
- known upcoming tenders and RFP's following the same methodology described above; and
- other revenue is forecast on a client by client basis taking into consideration:
  - historical revenue by client, adjusted for large 'non-recurring' or anomalous projects and jobs undertaken in response to catastrophe events. This determines underlying historical BaU revenue by client, which Management believes to be a reasonable basis for forecast revenue;
  - importantly, the Group's revenue forecast includes BaU revenue assumptions only and specifically excludes revenue from future catastrophe events. Catastrophe events while recurring in nature, are unpredictable in terms of timing and magnitude. As such, Management has not included forecast revenue from future catastrophe events; and
  - forecast revenue from Cyclone Debbie described in Section 4.10.3 is included in the revenue forecast because the event has physically occurred. As such, the Group's sales pipeline is quantifiable to the extent it is contracted and it is reasonable to forecast revenue in line with other BaU assumptions described above.

**Cost of sales / gross margin assumptions**

Gross margin is forecast at the subsidiary entity level and agreed in collaboration with Management from the relevant subsidiary entity, business unit and business division based on:

- historical gross margin; and
- run-rate gross margin.

Gross margin assumptions are then calibrated for any known or anticipated factors that may positively or negatively impact gross margin during the FY18F period.

### Expense assumptions

#### Employee expenses

Employee expenses comprising remuneration and on-costs represent the largest component of the Group's fixed cost base.

Employee expenses are initially calculated based on current staff headcount and the terms of their respective employment contracts.

Employee expenses are then calibrated to align with forecast revenue to ensure the Group has sufficient staff resources to deliver forecast revenue within the Group's target staff utilisation parameters.

This calibration is effected by calculating the implied utilisation of each staff member relative to forecast revenue and making assumptions around forecast staff headcount increases / decreases required to 'right size' the forecast staff headcount and associated employee expenses in line with forecast revenue.

#### Occupancy expenses

Occupancy expenses primarily relate to rent payments for business premises including leased offices and warehouses which are forecast based on the terms of the underlying agreements.

#### Motor vehicle expenses

Motor vehicle expenditure relates to car hire and running costs associated with the Group's fleet of vehicles including: fuel, insurance, registration, repairs and maintenance. Motor vehicle expenses are forecast based on current and forecast fleet numbers (relative to forecast staff headcount) and associated expenses per vehicle / person based on average historical expenses.

#### Other expenses

Other expenses are primarily comprised of sundry office expenses including: bank charges, cleaning, computer expenses, utilities, printing and stationary. Other expenses are forecast based on historical and run-rate expenses calibrated for any known or anticipated factors that may increase or decrease other expenses during the FY18F period.

#### Depreciation

Forecast depreciation is based on the existing and forecast asset base (based on forecast capital expenditure). Forecast depreciation is calculated by applying accounting useful lives that are consistent with FY17.

#### Tax

The Australian corporate tax rate is assumed to remain at 30%. Other relevant tax and duty rates are assumed to remain at the current statutory rates.

#### Capital expenditure

Maintenance and replacement capital expenditure is predominantly comprised of capital spending to replace the Group's fleet of motor vehicles and PP&E. Motor vehicles are replaced every three years and other assets are replaced at the end of their useful lives.

Forecast capital expenditure is based on:

- scheduled replacement capital expenditure;
- Management's planned upgrades in relation to IT infrastructure;
- additional motor vehicles in line with forecast staff headcount; and
- additional PP&E required to deliver the Group's forecast revenue.

#### Working capital

Movements in net working capital are expected to be primarily comprised of an increase in employee provisions along with an increase in trade and other accounts payable / receivable in the ordinary course of business.

### 4.10.3 Pro Forma Forecast Income Statement for FY18F compared to Pro Forma Historical Income Statement for FY17

Figure 4.18 sets out the Pro forma Forecast Income Statement for FY18F compared to the Pro forma Historical Income Statement for FY17.

**FIGURE 4.18: PRO FORMA FORECAST INCOME STATEMENT FOR FY18F COMPARED TO PRO FORMA HISTORICAL INCOME STATEMENT FOR FY17**

| $ millions, June year end | FY17 | FY18 | Change | Change % |
|---|---|---|---|---|
| Total revenue | 249.7 | 278.5 | 28.8 | 11.5% |
| Cost of sales | (199.4) | (216.3) | (16.8) | 8.4% |
| Gross profit | 50.3 | 62.3 | 12.0 | 23.8% |
| Other revenue and income | 2.5 | 1.7 | (0.7) | (29.5%) |
| Net employee benefits expenses | (23.7) | (30.5) | (6.8) | 28.7% |
| Occupancy expenses | (1.9) | (2.3) | (0.3) | 17.3% |
| Motor vehicle expenses | (2.1) | (3.0) | (1.0) | 45.7% |
| Travelling expenses | (1.1) | (1.0) | 0.1 | (7.8%) |
| Professional fees | (1.1) | (0.9) | 0.2 | (19.4%) |
| Telecommunications | (1.0) | (1.1) | (0.1) | 7.1% |
| Other expenses | (4.1) | (4.5) | (0.4) | 10.6% |
| **Total expenses** | **(34.8)** | **(43.1)** | **(8.3)** | **23.8%** |
| EBITDA | 17.9 | 20.9 | 2.9 | 16.4% |
| Depreciation and amortisation | (2.0) | (2.7) | (0.7) | 36.7% |
| EBIT | 15.9 | 18.2 | 2.2 | 13.9% |
| Add back significant items | 1.4 | – | (1.4) | (100.0%) |
| EBITDA before significant items | 19.3 | 20.9 | 1.5 | 8.0% |
| EBIT before significant items | 17.3 | 18.2 | 0.8 | 4.7% |

**Revenue**

Total revenue is forecast to increase by $28.8m from $249.7m to $278.5m which represents an increase of 11.5% from FY17 to FY18F. This is expected to be driven by:

- Increase in Insurance Building and Restoration Services division forecast revenue of $26.4m, the key drivers of growth being:
  - » Increase in forecast revenue from catastrophe events of $21.0m. This is exclusively related to Cyclone Debbie which occurred in QLD in March 2017 and therefore can be estimated in line with other BaU activities.
    - Importantly, no provision has been included for forecast revenue from catastrophe events that have not yet occurred.

- » Organic growth across the Insurance Building and Restoration Services division with increased panel representation and referrals from loss adjusters and insurance brokers in line with an increase in business development initiatives including:
  - increase in forecast revenue from QLD operations of $7.6m excluding revenue from catastrophe events;
  - increase in forecast revenue from NSW operations of $1.9m excluding revenue from catastrophe events; and
  - decrease in forecast revenue from VIC operations of $4.1m excluding revenue from catastrophe events.
- Increase in Commercial Building Services division forecast revenue of $5.9m, the key drivers of growth being:
  - » Organic growth across the Commercial Building Services division in line with an increase in business development initiatives including:
    - increase in forecast revenue from VIC operations of $4.0m; and
    - increase in forecast revenue from QLD operations of $1.9m.
- Decrease in Commercial Construction Services forecast revenue of $7.1m.
- Increase in other divisions forecast revenue of $3.6m.

### Cost of sales and gross margin

Cost of sales is forecast to increase by $16.8m from $199.4m to $216.3m effecting an increase in gross margin of 2.3% from 20.1% to 22.4% from FY17 to FY18F.

The increase in forecast gross margin is predominantly driven by:

- Increase in Commercial Building Services division forecast gross margin of 3.4% as a result of the mix of contracts to be won and negotiated in FY18F.
- Increase in Commercial Construction Services division forecast gross margin of 4.1%.
  - » It is expected that gross margin in FY18F will return to a more 'normal and sustainable' level, in-line with FY15, after the completion of events described as part of the significant Items commentary.
- Insurance Building and Restoration Services division FY18F gross margin is forecast in line with FY17.

### Total expenses

Total expenses are forecast to increase by $8.3m from $34.8m to $43.1m which represents an increase of 23.8% from FY17 to FY18F. The key driver being an increase in employee benefits expenses of $6.8m as the business increases staff resources support revenue growth.

### EBITDA (before Significant Items)

As a result of the factors described above, EBITDA is forecast to increase by $1.5m from $19.3m to $20.9m which represents an increase of 8.0% from FY17 to FY18F.

EBITDA margin is forecast to decrease marginally by 0.2% from 7.7% to 7.5% from FY17 to FY18F.

### EBIT (before Significant Items)

Depreciation expenses are forecast to increase by $0.7m from $2.0m to $2.7m which represents an increase of 36.7% from FY17 to FY18F.

The forecast increase in depreciation expenses is directly attributable to the forecast increase in net book value of motor vehicles and PP&E from FY17 to FY18F as a result of forecast additional investment in capital expenditure to facilitate growth.

As a result of the factors described above, EBIT is forecast to increase by $0.8m from $17.3m to $18.2m which represents an increase of 4.7% from FY17 to FY18F.

Accordingly EBIT margin is forecast to decrease by 0.4% from 6.9% to 6.5% from FY17 to FY18F.

### 4.10.4 Pro Forma Forecast Cash Flow Statement for FY18F compared to Pro Forma Historical Cash Flows for FY17

Figure 4.19 sets out the Pro forma Forecast Cash Flow Statement for FY18F compared to the Pro forma Historical Cash Flows for FY17.

**FIGURE 4.19: PRO FORMA FORECAST CASH FLOW STATEMENT FOR FY18F COMPARED TO PRO FORMA HISTORICAL CASH FLOWS FOR FY17**

| $ millions, June year end | FY17 | FY18 | Change | Change % |
|---|---|---|---|---|
| EBITDA | 17.9 | 20.9 | 2.9 | 16.4% |
| Changes in working capital | (4.0) | (0.8) | 3.2 | (80.3%) |
| Maintenance and replacement capital expenditure | (5.6) | (2.9) | 2.7 | (47.7%) |
| **Net cash flow before financing and taxation** | **8.4** | **17.2** | **8.8** | **104.9%** |

Net cash flow before financing and taxation is forecast to increase by $8.8m from $8.4m to $17.2m which represents an increase of 104.9% from FY17 to FY18F. This is primarily driven by:

- forecast EBITDA increase of $2.9m as described above;
- forecast increase in cash flow from movements in working capital of $3.2m; and
- forecast decrease in capital expenditure of $2.7m.

As a percentage of EBITDA, free cash flow increased by 35.5% from 46.8% in FY17 to 82.3% in FY18F.

## 4.11 SENSITIVITY ANALYSIS

The Forecast Financial Information detailed in Sections 4.3 and 4.7 includes estimates based on a number of assumptions as described in Sections 4.10.1 and 4.10.2. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Group, the Directors and Management. These estimates and assumptions include future business decisions, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the Pro Forma Forecast Financial Information, the sensitivity of pro forma forecast NPAT for FY18F to changes in certain key assumptions is set out below. The changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and variations in actual performance could exceed the ranges shown. Each sensitivity is presented in terms of the impact on FY18F pro forma forecast NPAT in Figure 4.20.

**FIGURE 4.20: SENSITIVITY ON PRO FORMA FORECAST NPAT FOR FY18F**

| Assumption | Change | Impact on FY18F NPAT |
|---|---|---|
| Total revenue | +/– 1% | +/– $0.4m |
| Gross margin | +/– 1% | +/– $1.9m |
| Net employee benefits expenses (overheads) | +/– 1% | +/– $0.2m |

Total revenue

- It has been assumed that any change in revenue attracts the same gross margin as the FY18 statutory forecast (22.4%), and that a 30% tax benefit / (expense) is also recognised in order to illustrate the likely impact on NPAT.

Gross margin

- It has been assumed that any change in gross margin is applied against FY18 statutory forecast revenue ($278.5m), and that a 30% tax benefit / (expense) is also recognised in order to illustrate the likely impact on NPAT.

Net employee benefits expenses (overheads)

- It has been assumed that any change to net employee benefits expenses (overheads) is applied against FY18 statutory forecast net employee benefits expense ($30.2m), and that a 30% tax benefit / (expense) is also recognised in order to illustrate the likely impact on NPAT.

## 4.12 DIVIDEND POLICY

It is intended that the first dividend paid by the Group will be a final dividend in respect of the period ending 30 June 2018.

The payment of a dividend by the Group is at the discretion of the Board and will be a function of a number of factors including: general business and financial conditions, the Group's cash flow including cash from operations, capital expenditure requirements, working capital requirements, potential acquisition and expansion opportunities, unusual or non-recurring items, taxation requirements and other factors that the Board considers relevant.

Depending on the available profits and the financial position of the Group, it is the current intention of the Board to pay final dividends in respect of full financial years ending 30 June each year.

The Board intends to target a payout ratio of 40% to 60% of NPAT. However, the level of payout ratio is expected to vary between periods depending on the factors described above. It is expected that all future dividends will be franked to the maximum extent possible.

No assurances can be given by any person, including the Board, about the payment of any dividend and the level of franking of any such dividend.

# 05. RISK FACTORS

# 05. RISK FACTORS



## 5.0 INTRODUCTION

This Section 5 describes the potential risks associated with the operations of the Group and the risks associated with an investment in the Shares. It does not purport to list every risk that may be associated with an investment in the Shares now or in the future. The occurrence of, or consequences of, some of the risks described in this Section 5 are partially or completely outside of the control of the Group, its Directors and its Management.

The selection of risks is based on the assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk, if it did occur. That assessment is based on the knowledge of the Group as at the date of this Prospectus, but there is no guarantee or assurance that the importance of different risks will not change or that other risks will not emerge.

There can be no guarantee that the Group will deliver on its business strategy, or that the forecasts or any forward looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

The Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares and to seek professional guidance from their solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to apply for Shares pursuant to this Prospectus.

## 5.1 SPECIFIC RISKS OF AN INVESTMENT IN JLG

### 5.1.1 Panels, tender process and pricing

Group Members have been appointed to a number of insurance building and construction services panels. The appointment to these panels is for a fixed period (e.g. three years) and the Group Members are generally one of a number of contractors appointed to each panel. Being on the panel does not guarantee that the Group Member will be awarded contracts from the panel appointment. Each panel appointment has varying degrees of significance to the Group. If a Group Member is unable to secure its position on a panel which it currently sits on, or is unable to secure future panel positions, this may adversely impact the Group's financial performance.

Additionally, Group Members regularly enter into contracts for construction and services projects following a competitive tender process. A reduction in the number of tender contracts awarded to the Group may adversely impact the Group's financial performance.

Failure by the Group to properly assess and manage project risks may result in cost overruns which cause a project to be less profitable than expected or loss making. If this occurs, it may have an adverse impact on the Group's future financial performance and position.

### 5.1.2 Compliance and regulation costs and liabilities

Complying with and adhering to relevant regulatory and compliance standards at national and state levels impose real costs to the business both in monetary value but also allocation of resources. If there are any changes in regulatory or compliance standards with which the Group is required to comply, that may result in either one-off costs and / or ongoing expenses to the Group. They may also result in a change to the Group's business model. These increased costs may not be able to be reduced or passed on to clients / customers. This may impact on company operations, outcomes and profitability.

In addition, certain Group Members hold licences that authorise them to operate their businesses. These licences include building and similar licences issued by various regulatory authorities. Holders of licences and authorisations are required to comply with the conditions of those licences and authorisations. Compliance is typically monitored by those authorities which may conduct periodic reviews of regulated entities. An unsatisfactory review may cause the relevant authority to impose conditions that may make it comparatively less cost effective or profitable to operate that business with the ultimate sanction being the revocation of the licence or authorisation. If a Group Member suffers the withdrawal of a licence or authorisation to operate all or a substantial part of its business, this may require the relevant entity to cease to operate its regulated business, which may have an adverse effect on the Group's business and financial position.

### 5.1.3 Increasing competition in the insurance building services and restoration services industry

A number of entities compete with the Group across a number of Australian markets in the insurance building services and restoration services industry. The Company faces competition from existing competitors and could face competition from new foreign participants who could aggressively attempt to grow their market share through activities

including significant price reductions. A deterioration in the Group's competitive position may result in a loss of market share and a decline in revenue and profit margins, which may have an adverse impact on the Group's future financial performance and position.

The market share of the Group's competitors may increase or decrease as a result of various factors. These competitive actions may reduce the prices the Group is able to charge for its services or may reduce the Group's activity levels, both of which would negatively impact the financial performance of the Group.

### 5.1.4 Personnel

One of the Group's key strengths is its meritocratic organisational culture and its people. Accordingly, the performance and retention of the Group's professional employees and senior executives is central to its ongoing financial performance. The loss of any of the Group's key personnel may have an adverse financial impact on the Group. In addition, the departure of certain key personnel may result in the subsequent loss of key clients and other employees. The Group also depends substantially on its Business Partners, the loss of whose contribution might significantly delay or prevent the achievement of the Group's business strategy.

The Roll-Up and Listing will result in a significant change to the manner in which the Business Partners and key personnel are remunerated and incentivised. In addition, following the Listing, the Group, its Business Partners, key personnel and other employees will be subject to new structures and procedures relating to the governance, management and operations of the Group's businesses. These changes may have an adverse impact on the Group's ability to attract, retain and motivate its Business Partners, key personnel and employees, which may in turn have an adverse impact on the Group's financial performance.

Employee remuneration costs represent the largest single component of the Group's overall cost base. Any material increase in head count or salary levels without a corresponding increase in revenue and / or decrease in other costs may adversely affect the Group's cash flows, margins and profitability.

In addition, the Group's operations are labour intensive and the Group relies on skilled and qualified labour to grow its business. Accordingly, lack of availability of skilled labour either at all or at budgeted rates may adversely impact on the Directors' forecasts and the Group's ability to grow its business.

As a result, the ability of the Group to retain and attract sufficiently qualified and experienced individuals as key employees, executives and Business Partners is critical to its success. Although the Group has to date attracted and retained a skilled and motivated workforce, there can be no guarantee that the Group will continue to attract and retain suitable individuals currently or in the future on acceptable terms, or at all, and the failure to do so may adversely affect the Group's business.

### 5.1.5 Brand and reputation

The Group's ability to maintain its reputation is critical to the ongoing financial performance of the Group. The Group's reputation could be jeopardised if it fails to maintain high standards for service quality or if it does not comply with regulations or accepted practices. Any consequential negative publicity may reduce demand for the Group's services. Failure to comply with laws and regulations, to maintain an effective system of internal controls or to provide accurate and timely financial information could also damage the Group's reputation. Damage to the Group's reputation or the reputations of its clients could have a material adverse effect on the Group's results of operations, financial condition and cash flow.

Negligence in the provision of building, insurance or repair services may damage the Group's brand which would adversely impact the Group's financial performance.

### 5.1.6 Sustainability of growth and margins

The Group has achieved strong growth in revenue and profits. The sustainability of this growth and the level of profit margins from operations is dependent on a number of factors outside the Group's control. Industry margins in all sectors of the Group's activities are likely to be subject to continuing but varying pressures and these may have an adverse impact on the financial performance of the Group.

### 5.1.7 Occupational health and safety

The Group is exposed to risks associated with the occupational health and safety of its employees. Injuries to employees may result in significant lost time for the employee and costs and impacts on the Group beyond what is covered under workers compensation schemes.

### 5.1.8 Industrial accidents

Services provided by the Group involve both risk to persons and property. A serious accident may occur, causing damage, injury or death with operational and financial implications for the Group as well as damage to the Group's reputation and standing. There can be no guarantee that the Group will not suffer some kind of industrial accident in the future.

### 5.1.9 Business operating risks

The performance of the Group may be subject to conditions beyond the control of management and these conditions may reduce sales of services.

It may also result in increased costs for both current and future operations. Disruption to standard business operations may result in higher operating costs or deterioration of the Group's capacity to provide services, which may adversely affect the Group's reputation, profitability and growth prospects.

### 5.1.10 Activity in the insurance building and restoration industry

The continued performance and future growth of the Group is in part dependent on continued activity and expansion in the Australian insurance building and restoration services industry.

### 5.1.11 Reliance on clients and client concentration

The historical success of the Group's business and the success of its future growth is predicated on its capacity to retain existing client relationships and foster new ones. Although no single client represented more than approximately 9% of the Group's revenues in FY17, if a significant number of the Group's existing relationships fail to deliver continued work flow, or if the Group fails to develop new clients then it may adversely impact the Group's financial performance, financial position and market share. There is also the potential that the Group will not receive payments for the provision of its services if a client becomes insolvent or fails to provide payment in accordance with its agreement with the Group. Further, not all sectors that the Group operates in have a steady customer base, the Group may not be successful with all or a majority of tender applications and it may have difficulty in passing on price increases to its customers.

### 5.1.12 Existing Owners

Following the Listing, it is expected that the Existing Owners will hold approximately 56% of the Shares. The Existing Owners' shareholdings may allow the Existing Owners (acting collectively and possibly individually) to exert significant influence over the outcome of matters relating to the Company, including the election of Directors and approval of transactions. The interests of the Existing Owners may be different from the interests of other investors who acquire Shares.

### 5.1.13 Capital costs and planned capital projects

The Group's forecasts are based on the best available information at the time and certain assumptions in relation to cost and timing of planned development or expansion of facilities, receipt of design and development approvals and regulatory approvals, and the level of capital expenditure required to undertake planned development and maintenance of assets. Any significant unforeseen increases in the capital costs or delays in receipt of approvals associated with the Group's operations may adversely impact its future cash flow and profitability.

### 5.1.14 Growth strategy and integration of acquisitions

The Group has historically grown through a combination of organic initiatives and strategic acquisitions. While future acquisitions are not drivers of the forecasts in Section 4, part of the Group's strategic plan involves the ability to identify and acquire suitable business acquisitions in the future. There is no assurance that the Group will secure any acquisitions to drive future growth.

In addition, while the Group intends that its historical and future acquisitions will improve its competitiveness and profitability, it cannot be certain that they will meet its operational or strategic expectations.

### 5.1.15 Banking Facilities

The Company has entered into a non-binding credit approved term sheet with ANZ (as described in Section 4.5.2). If a binding facility agreement between the Company and ANZ is not executed or if the Bank Facilities are not available to the Company and the Company cannot obtain similar facilities from another lending institution, the Group may not be able to implement its business strategy (including growing by acquisition) and may not be able to meet its working capital and general financing needs. This may adversely impact the Group's future financial performance and position.

### 5.1.16 Project delays

Delays to the commencement or completion of work on projects have occurred from time-to-time and may occur in the future due to a variety of reasons, including changes in the scope of work, legal issues, supply of labour, scarcity of quality materials and equipment, lower than expected productivity levels, accidents, natural disasters, inclement weather conditions, land contamination, regulatory intervention, delays in necessary approvals, difficult site access, or industrial relations issues. These delays may be as a result of matters beyond the control of the Group. Project delays may result in revenue being recognised in a later period. In addition, where delays occur to the completion of contractor works, there is a risk that the Group will be unable to achieve maximum utility of its personnel and assets as any delays may prevent these assets from being deployed to other projects. Where any of these occur, the Group's financial performance may be adversely impacted.

### 5.1.17 Payment delays and failure to receive payment

While the Group undertakes the necessary financial review of contracting parties there are risks, including insolvency of a contracting party, that can significantly impact on the Group's financial performance.

### 5.1.18 Access to sufficient levels of assets, equipment, products and parts

The Group is reliant on its assets and equipment base to commence and perform new projects. If the Group is unable to acquire required additions to its assets and equipment or if the price of any additional assets and equipment increases because of shortages in the relevant market, the Group may be unable to commence new projects which may adversely impact on the Group's financial performance.

In addition, any interruptions to the availability, or increase in the cost of parts, equipment or products that the Group requires, can impact on the Group's ability to perform its contractual obligations on time and on budget which can also adversely impact on the Group's financial performance.

### 5.1.19 Early termination of projects by clients

The Directors' forecasts are based on projects being performed to completion. A number of the Group's contracts provide for termination for convenience and are not fixed term contracts. This generally means that the client can terminate the contract on short notice. Consequently, early termination may have an adverse impact on the Group's financial performance.

### 5.1.20 Contractual dispute and litigation

The Group operates in an industry in which contractual disputes are relatively common. The Group is currently a party to a number of unresolved litigation proceedings which it does not consider material. It may be exposed to other claims or disputes in the future with respect to its operations. Disputes may arise during the execution of a project with customers, sub-contractors or suppliers. While the Group endeavours to settle claims and disputes collaboratively, this is not always possible and may lead to litigation. If the litigation involves a material sum or related costs, this may have an adverse effect on the Group's financial performance and other resources.

### 5.1.21 Cyber security

The Group may be adversely affected by malicious third party applications that interfere with, or exploit, security flaws in the Group's software and infrastructure (some of which may be managed by a third party). Viruses, worms and other malicious software programs could, among other things, jeopardise the security of information stored in a customer's or the Group's computer systems. If the Group's efforts to combat these malicious applications are unsuccessful, or if its software or infrastructure has actual or perceived vulnerabilities, the Group's business reputation and brand name may be harmed, which may result in a material adverse effect on the Group's operations and financial position.

Breaches of security, such as cyber attacks by hackers, could also render the Group's IT infrastructure and software platforms unavailable through a disrupted denial of service or other disruptive attacks. Unavailability of the Group's software could lead to a loss of revenues for the Group. Further, it could hinder the Group's ability to retain existing clients and attract new clients which would have a material adverse impact on the Group's prospects.

Breaches of security and disruption to the Group's services or clients could adversely impact on the Group's revenue and profitability. The loss of client data could have severe impacts to customer service, reputation and the ability for customers to use the products.

### 5.1.22 Availability of skilled labour

The Group's operations are labour intensive and the Group relies on skilled and qualified labour to grow its business. Accordingly, lack of availability of skilled labour may adversely impact on the Directors' forecasts and the Group's ability to grow the business. Although the Group has to date attracted and retained a skilled workforce, there can be no guarantee that the Group will continue to be able to do so.

### 5.1.23 Performance of sub-contractors

Non-performance or delays in performance by sub-contractors or where performance is considered sub-standard, may expose the Group to potential liability.

### 5.1.24 Industrial disputes

The Group operates in the commercial construction industry that has historically been subject to high levels of industrial disturbance and if the Group or a Group Member becomes a party to protracted industrial action, its financial performance could suffer. There can be no guarantee that the Group will not experience industrial action in the future. Any change to the political climate or the size of the Group's projects, may increase the risk of industrial disputes.

### 5.1.25 Catastrophes and climate change

Through its Insurance Building and Restoration Services division, the Group completes jobs arising from catastrophe events in Australia including, but not limited to, cyclones, earthquakes, wind, hail, fires and floods. It is not possible to predict the timing or severity of catastrophes. Additionally, climate change may impact on job activity volumes (i.e. increasing or decreasing frequency of climate change events outside of BaU). A decrease in the frequency of catastrophe events or climate change events could adversely affect the Group's business, financial performance and prospects.

### 5.1.26 Change in structure and control

The Group is transitioning from privately owned companies and trusts into a listed entity structure. As a listed entity, the Company will be subject to strict standards of financial management and reporting, corporate governance and operating requirements. New governance arrangements, policies and processes will be put in place at the date of Listing. However, there is a risk that the Group may not adequately manage and deploy the necessary resources to manage the changes in governance and financial management and reporting standards. There is a risk that, if the Group is unable to adequately manage this transition to being a listed entity, it will have an adverse impact on the Group's financial performance.

In addition, there are a number of agreements which are considered by the Group not to be material to which certain Group Members are parties to that require those Group Members to obtain consents from the counterparties to those agreements to a change of control of the relevant Group Member or its holding company. These change of control provisions may be triggered by the Restructure. Failure by the relevant Group Members to obtain consents from the counterparties may expose those Group Members to termination or renegotiation of terms of those contracts which may have an adverse effect on the Group and its financial performance.

### 5.1.27 Outside minority interests

The Group includes a number of subsidiaries and sub-trusts that are not wholly owned by the Group after the Restructure and are subject to separate joint venture or shareholder and unitholder agreements. Accordingly, there is a risk that a buy-out, sale or dispute may arise in one or more of these subsidiaries and/or sub-trusts which may result in a breakdown of the commercial relationship with the relevant counterparty and such a breakdown may have an adverse affect on the performance of that subsidiary entity. Depending on the significance of that subsidiary entity to the Group, this may adversely impact the Group's financial performance.

## 5.2 GENERAL RISKS

### 5.2.1 Economic conditions

General economic conditions, introduction of tax reform, new legislations, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Group's activities, as well as on its ability to fund those activities.

Deterioration in the general economic conditions, including factors that impact negatively on disposable income of consumers, could affect client expenditure, including on the demand for insurance products and insurance related advice which may adversely affect the Group's profitability.

### 5.2.2 Market conditions

Share market conditions may affect the value of the Group's quoted securities regardless of the Group's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates, inflation rates, exchange rates and commodity prices;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and industrial stocks in particular. Neither the Company nor the Directors warrant the future performance of the Group or any return on an investment in the Company and give no assurance that the price of the Shares will increase following quotation on the ASX, even if the Group's earnings meet or exceed forecasts.

### 5.2.3 Trading in shares may not be liquid and the Escrowed Shareholders' holdings

There is currently no public market through which the Shares may be sold. There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase following Official Quotation. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares.

Following the Listing it is expected that the Escrowed Shareholders will hold approximately 119,184,584 of the Shares (being approximately 54% of the total Shares on issue), which will also impact on liquidity for up 12 to 24 months starting from the date of the Group's admission to the Official List. The absence of any sale of Shares by the Escrowed Shareholders during this period may cause, or at least contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares. It is important to recognise that Shareholders may receive a market price for their Shares that is less than the price that they paid.

Following the end of the Escrow Periods, Shares held by Escrowed Shareholders are likely to be able to be freely traded on the ASX. A significant sale by the Escrowed Shareholders (individually or collectively), or the perception that such sales have occurred or might occur, could significantly reduce the price of Shares.

### 5.2.4 Access to equity and debt funding

The Group's capital requirements depend on numerous factors. Depending on the Group's ability to generate income from its operations, the Group may require further funding in addition to amounts raised under the Offer. Volatility in the financial markets could have a material adverse effect on the Company's ability to equity or debt fund its business operations or future acquisitions. The Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally.

In addition, any deterioration in global financial markets could impact risk appetite among lending institutions which may impact the Company's ability to enter into the proposed Bank Facilities, any new loan facilities or replace existing facilities. The Directors can give no assurance that future funds can be raised by the Company on favourable terms, if at all.

If the Company is unable to obtain additional funding as needed, or is unable to do so on acceptable terms, it may be required to reduce the scope of its operations and scale back its programs as the case may be.

### 5.2.5 Shareholder dilution

In the future, the Group may elect to engage in various types of capital raisings, including the issue of Shares or other securities. While the Group will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period without Shareholder approval (other than where exceptions apply), Shareholders at the time may be diluted as a result of such capital raisings if they do not participate pro rata.

### 5.2.6 Operational factors

While the Group implements measures and procedures to manage operational risk, the Group's profitability will continue to be subject to a variety of strategic and business decisions (including any future acquisitions, as discussed in Section 5.1.14 and operational risks (arising from inadequate or failed internal processes, people and systems, or external events) including:

- fraud and other dishonest activities;
- workplace safety;
- compliance and regulatory risk;
- business continuity and crisis management;
- key person and personnel risk;
- information systems integrity; and
- outsourcing risk.

### 5.2.7 Taxation changes

There is the potential for major changes to Australia's tax laws. Any change to the current rates of taxes imposed on the Group is likely to affect returns to Shareholders. In addition there may be changes to the rate of taxes imposed in overseas jurisdictions in which the Group may operate or tax legislation which generally may affect the Group and its Shareholders.

The Group obtains external expert advice on the application of the tax laws to its operations. However, an interpretation of taxation laws by the relevant tax authority or by the Courts that is contrary to the Group's view of those laws or the advice that it has received may increase the amount of tax to be paid and may lead to the imposition of penalties and a liability to pay interest. In addition, an investment in Shares involves tax considerations which may differ for each Shareholder. Each investor is encouraged to obtain professional tax advice in connection with any investment in the Company.

### 5.2.8 Accounting Standards

Australian Accounting Standards are set by the AASB and are outside the control of the Group. The AASB is due to introduce new or refined Australian Accounting Standards during 2018, which may affect future measurement and recognition of key income statement and balance sheet items, including revenue and receivables. There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key income statement and balance sheet items, such as revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the Group's consolidated financial statements.

### 5.2.9 Dividends may not be fully franked

The Company expects future dividends to be fully franked, at least initially. However, there is no guarantee that the Company will have sufficient franking credits in the future to fully frank dividends. There is also a risk that the franking system may be subject to legislative review and / or reform. The value and availability of franking credits to a Shareholder will depend on their particular taxation and financial circumstances. Shareholders should be aware that the ability to use franking credits, as a tax offset or to claim a refund after the end of the income year will depend on the individual tax position of each Shareholder and should seek their own taxation advice in relation to any potential tax offset or refund claim which they may be entitled to in any particular Financial Year.

### 5.2.10 Force majeure events

Events may occur within or outside Australia that could impact on the Australian economy, the global economy, the operations of the Company, the price of the Shares and the Company's ability to pay dividends. The events include but are not limited to acts of terrorism, an outbreak of war or other international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or manmade events or occurrences that could have an adverse effect on the demand for the Group's services and its ability to conduct its business. The Group has only a limited ability to insure against some of these risks.

# 06.

# KEY INDIVIDUALS, INTERESTS AND BENEFITS

# 06. KEY INDIVIDUALS, INTERESTS AND BENEFITS



## 6.1 BOARD OF DIRECTORS

At the Listing Date, the Board will comprise seven Directors, consisting of the Non-Executive Chairman, the Managing Director and Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Executive General Manager of Business Development and Client Relations, the Executive General Manager of Strategic Initiatives and one independent Non-Executive Director.

The Directors of the Company bring to the Board a variety of skills and experience, including industry and business knowledge, financial management and corporate governance experience. The Board comprises:

| DIRECTOR | EXPERTISE, EXPERIENCE AND QUALIFICATIONS |
|---|---|
|  <br>**Peter Nash**<br>*Non-Executive Chairman* | Peter Nash most recently served as the National Chairman of KPMG Australia from 2011 through 2017. In this role he also served as a member of KPMG's Global and Regional Boards. His previous positions with KPMG included: Regional Head of Audit for Asia Pacific, National Managing Partner for Audit in Australia and head of KPMG Financial Services. In his role as National Chairman, Peter was responsible for the overall governance and strategic positioning of KPMG in Australia. Peter has worked in geographically diverse and complex operating environments providing advice on a range of topics including: business strategy, risk management, internal controls, business processes and regulatory change. He has also provided both financial and commercial advice to many Government businesses at both a Federal and State level. Peter is a board member of: Reconciliation Australia, Koorie Heritage Trust, Golf Victoria and the Migration Council Australia. He is a Member of the Advisory Council of The Centre for Contemporary Chinese Studies. |
|  <br>**Scott Didier AM**<br>*Managing Director and Chief Executive Officer* | Scott has led the Group for over 13 years, taking the position on acquisition in 2003. During that time, Scott's enthusiasm, strong leadership and approach towards business has grown the organisation from a single building services company to a diverse, industrial business. the Group's culture and ethos are driven by Scott's emphasis on people. He takes a holistic approach towards employees, hiring them as much for their personalities and morals as their accomplishments and skills. This approach has fostered a sense of cohesion and healthy competition within the business which has expedited growth. Scott has also applied his business acumen to the philanthropic sector, founding 'The Star Ball' in 1998. Under Scott's guidance as chairman, this prestigious event has become the Starlight Foundation's largest income generator, raising over $1.5 million each year to brighten the lives of seriously ill children. |
|  <br>**Lindsay Barber**<br>*Executive Director and Chief Operating Officer* | Lindsay joined the Group as Chief Operating Officer in 2005. A degree qualified Civil Engineer and Oxford University alumnus of the Said Business School, Lindsay brings a wealth of experience from a long and celebrated career in construction and project management. Lindsay leads the day-to-day operations, strategic planning and growth initiatives of the Group. Lindsay has deep experience in all facets of the construction industry, having worked as a Senior Project Manager at construction giant John Holland, Construction Manager at Betona Corporation and Site Engineer Foreman and Site Manager for Jennings Industries. |

# 06. KEY INDIVIDUALS, INTERESTS AND BENEFITS



| DIRECTOR | EXPERTISE, EXPERIENCE AND QUALIFICATIONS |
|---|---|
|  <br>**Matthew Lunn**<br>*Executive Director and Chief Financial Officer* | Matthew is a strategic and commercial Finance Executive. He has significant experience in Corporate Finance across Investment Banking, Private Equity and Professional Services Environments. Prior to joining the Group in 2016, he was General Manager of Corporate Development with Aligned Resources Group (Private Equity Investment Company). Prior to that, Matthew worked with Ernst & Young's Australian mergers and acquisitions team. Matthew relocated to Australia from the UK in 2010, where he worked in London for over 9 years, latterly with Vantis Corporate Finance and Dresdner Kleinwort Investment Bank where he focused on M&A and Private Equity Advisory. Matthew is a UK Chartered Accountant and CFq designation holder (ICAEW's Advanced Diploma in Corporate Finance). |
|  <br>**Adrian Gleeson**<br>*Executive Director and Executive General Manager, Business Development and Client Relations* | Adrian served as the Group's chairman from 2011 to Listing. After finishing his AFL playing career with Carlton Football Club (where he played 176 games, was a member of the 1987 Premiership team and is a Life Member), he developed a career in the wealth management and financial services industries. In 1999, he established C.A.G Wealth Management, which subsequently merged with Tribeca Financial. Adrian has a strong focus on relationship building within the SME market and has supported a number of high net worth individuals, family offices and corporates helping to co-ordinate their accounting, legal, banking and finance affairs in a successful manner. Adrian has also served on the board of directors of Carlton Football Club since 2006. |
|  <br>**Curtis (Curt) Mudd**<br>*Executive Director and Executive General Manager, Strategic Initiatives* | Curt has over 30 years' professional experience including senior roles at Nike and The Limited Brands Company where he developed and led a proven system of talent management strategies and Human Resource solutions. These strategies and solutions support the development of organisational capabilities and systems that drive and sustain an innovation agenda for brands, products and their consumers. From start-ups to Fortune 500 companies, Curt has a high degree of expertise in a variety of wholesale and retail industry segments that include: consumer products and packaged goods, personal care and beauty, natural and organic foods, software, non-profits and a variety of market segments in professional services. This includes significant international experience and success with major markets in Asia and Europe. |
|  <br>**Paul Dwyer**<br>*Non-Executive Director* | Paul has deep expertise, significant experience and extensive relationships in the Insurance Sector. Paul is the founder and Managing Director of ASX listed PSC Insurance Group. Prior to founding PSC, Paul held senior executive positions with Oamps Insurance Brokers Limited and prior to that, he was a Regional Underwriter with CGU. Paul adds significant value to the Board, leveraging his relationships and Insurance Sector expertise, in particular through his insight and contribution to corporate strategy. |

The composition of the Board committees and details of its key corporate governance policies are set out in Sections 6.11 and 6.12.

Each of the Directors above is expected to be able to perform their duties as a Non-Executive Director or Executive Director of the Company, as the case may be, without constraint from other commitments.

The Board has considered the Company's immediate requirements as it transitions to an ASX listed company and is satisfied that the composition of the Board represents an appropriate range of experience, qualifications and skills at this time.

## 6.2 SENIOR MANAGEMENT TEAM

Set out below are details regarding the senior management team of the Group.

| EXECUTIVE | EXPERTISE, EXPERIENCE AND QUALIFICATIONS |
|---|---|
| **Scott Didier AM**<br>*Chief Executive Officer (CEO)* | Refer to Board Details. |
| **Lindsay Barber**<br>*Chief Operating Officer (COO)* | Refer to Board Details. |
| **Matthew Lunn**<br>*Chief Financial Officer (CFO)* | Refer to Board Details. |
| **Adrian Gleeson**<br>*Executive General Manager, Business Development and Client Relations* | Refer to Board Details. |
| **Curtis (Curt) Mudd**<br>*Executive General Manager, Strategic Initiatives* | Refer to Board Details. |
| **Michael (Mick) Harford**<br>*Executive General Manager, Commercial Building Services and Commercial Construction* | Mick joined the Group in 2008 after 4 years' consulting to RMIT University launching its start-up Graduate School of Business in Asia and online. Mick is an alumnus of Stanford's Business School and qualified in Business and Finance. He is also a qualified loss adjuster. Mick oversees both consumer direct and business partnership operations including all joint venture partnerships. He continues to work with start-up opportunities to enhance and diversify the Group's service offerings as it heads into the next phase of growth. |
| **Nick Carnell**<br>*Executive General Manager, Insurance Building and Restoration Services* | Nick is Executive General Manager of the Group's insurance brands. With over 23,000 property related insurance claims in FY17, the Group is one of Australia's largest insurance builders. Nick is responsible for overseeing the Insurance Building and Restoration Services division's operational and financial performance. With over 12 years' experience in the construction industry, Nick has significant experience in all facets of construction. Nick also draws on his previous experiences running his own construction company – Carnell Group. |

# 06. KEY INDIVIDUALS, INTERESTS AND BENEFITS



| EXECUTIVE | EXPERTISE, EXPERIENCE AND QUALIFICATIONS |
|---|---|
| **John McPhee**<br>*Executive General Manager, Finance* | John joined the Group in 2006, he is a Certified Practising Accountant (CPA) and brings over 30 years' experience in the finance and construction industries. John runs the Group's day-to-day finance and accounting function including the management of a broad array of commercial and operational matters. John's financial acumen and expertise are important to the Group's financial strength, cash flow planning and financial management. |
| **Philippa (Pip) Brown**<br>*General Manager, Business Development and Marketing* | Pip joined the Group in early 2014 as General Manager of Business Development and Marketing. With a background in event management and marketing spanning more than a decade, Pip has worked on major projects and campaigns for a range of clients across various fields. This includes BHP Billiton's 2008 Olympic Project Team, managing community events designed to strengthen relationships with clients and stakeholders globally. |
| **Mark Baratta**<br>*General Manager, JLG National Retail Services* | Mark joined the Group (from *Trump Floorcoverings*) in January 2017 as General Manager, JLG National Retail Services. With almost two decades working with *Trump Floorcoverings*, Mark has a wealth of knowledge in estimating, contracting and client management. During his time at *Trump Floorcoverings*, Mark worked his way from the Estimating Team to Senior Management, ultimately leading the *Trump Floorcoverings'* team in all facets of business operations. In his current role, Mark focuses on growth of the retail services offering nationally. |
| **Kelly Mitchell**<br>*State Manager, JLG Victoria* | Kelly joined the Group in 2013 in the *Restorx Services* business unit and was promoted to State Manager (VIC) in December 2016. She joined the Group after 6 years in the civil construction industry where she gained significant experience in construction and business operations. Kelly leads the day-to-day operations and growth strategy of the Insurance Building and Restoration Services division within Victoria with a focus on streamlining and challenging Business Partners to drive a unified, innovative and complementary suite of services. |
| **Paul Folkard**<br>*State Manager, JLG New South Wales* | Paul joined the Group in 2011 as State Manager (NSW). Prior to this, Paul worked in the commercial construction industry for over 10 years in both Australia and the UK in tier 2 construction companies delivering a range of projects across the retail, education, residential and refurbishment sectors. He holds formal qualifications with a Bachelor of Construction Management (Hons) as well as being a Licensed Builder in NSW, ACT and QLD. Paul has led the growth across NSW over the last 6 years. With an extensive network across the wider insurance industry, Paul is a strong leader who is well respected by his staff and peers. Paul is a key part of the Group's senior management team. |
| **Adam Wright**<br>*State Manager, JLG Queensland and Northern Territory* | Adam joined the Group in 2014 following an extensive career in the insurance industry across Australia and New Zealand. Adam holds a Diploma in Business (Frontline Management) and has accumulated 30 years' experience working in insurance and building related industries, focusing predominantly on the management of property claims.<br><br>Adam has led the growth of the Group's business in Queensland including the implementation of an extensive regional network providing building and restoration services throughout the state and most recently expanding those operations into the Northern Territory. Adam's skills and experience make him a key member of the Group's senior management team. |

## 6.3 INTERESTS AND BENEFITS

This Section 6.3 and Sections 6.4 to 6.7 below set out the nature and extent of the interests and fees of certain persons involved in the Offer.

Other than as set out in this Prospectus, no:

- Director or proposed Director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company or;
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds at the time of lodgement of the Prospectus with ASIC, or has held in the two years preceding lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

## 6.4 INTERESTS OF ADVISERS

The Company has engaged the following professional advisers in relation to the Offer:

- Bell Potter and Evans and Partners have acted as Joint Lead Managers and Joint Bookrunners and Bell Potter as sole Underwriter to the Offer and the fees payable to Bell Potter and Evans and Partners pursuant to the Underwriting Agreement are described in Section 9.5.1;
- MinterEllison has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, up to $350,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to MinterEllison in accordance with its normal time based rates;
- Pitcher Partners Corporate Pty Ltd has acted as the Investigating Accountant and has performed financial, accounting and tax due diligence services and prepared the Independent Accountant's Report in Section 8 in relation to the Financial Information. The Company has paid, or has agreed to pay, the Investigating Accountant approximately $220,000 excluding disbursements and GST for these services up until the Prospectus Date. Further amounts may be paid to the Investigating Accountant under time-based charges; and
- Pitcher Partners has acted as Auditor to the Company in relation to the Historical Financial Information in Section 4. The Company has paid or agreed to pay the amount of approximately $503,500 (plus disbursements and GST) in respect of these services. Further amounts may be paid to Pitcher Partners in accordance with time based charges.

The Company will pay these amounts, and other expenses of the Offer, out of funds raised under the Offer or cash otherwise available to the Company (or one of its subsidiaries). Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.5.

## 6.5 DIRECTORS' INTERESTS AND REMUNERATION

### 6.5.1 Executive Directors' remuneration

The Company has entered into an employment agreement with Scott Didier in respect of his employment as Managing Director and Chief Executive Officer of the Company. Refer to Section 6.6 for further details.

The Company has also entered into employment agreements with Lindsay Barber, Matthew Lunn, Adrian Gleeson and Curt Mudd. Refer to Section 6.6 for further details.

### 6.5.2 Non-Executive Directors' remuneration

Under the Constitution, the total amount of fees paid to all Directors for their services (excluding for these purposes, the salary of an Executive Director) must not exceed in aggregate $1,000,000 in any financial year. Any change to this aggregate annual sum needs to be approved by Shareholders. The ASX Listing Rules require that the remuneration of Executive Directors must not include a commission on, or a percentage of, operating revenue.

Annual Directors' fees currently agreed to be paid by the Company to the Chairman, Peter Nash, are $150,000 per annum plus sub-committee fees. Paul Dwyer (through his entity PSC JLG Investment Pty Ltd) will receive $50,000 per annum for being a Director. Additionally, Peter Nash will receive $50,000 of Loan Shares under the ELP annually, commencing after the Restructure (see Section 6.5.4 for further details).

Shares, options, rights and other share-based payments may be provided to Non-Executive Directors as part of their remuneration according to the rules of any share plan that has or may be introduced and adopted by the Company, subject to the Listing Rules and requirements of the Corporations Act. The value of any such Shares, options, rights and other share-based payments will not be included in the aggregate maximum amount.

### 6.5.3 Deeds of access, insurance and indemnity for Directors

The Company has entered into deeds of indemnity, access and insurance with each Director containing rights of access to the books, Board papers and other documents of the Company, both while the Director is a director of the Company and for a seven year period after the Director ceases to be an officer of a body corporate in the Group. After a Director has ceased to hold office that Director may only access the records of the Company for the purposes of a legal proceeding or investigation to which the Director is subject or is a party, or proposes in good faith to bring, or for any other purpose in respect of which the Company gives its written consent.

Under the Constitution and to the extent permitted by law, the Company has agreed to indemnify all Directors and officers, past and present, against certain liabilities. The indemnity provided for under each deed of indemnity, access and insurance operates indefinitely from the date of appointment as a Director and ends seven years after the date on which a Director has ceased to be an officer of a body corporate in the Group. The Company indemnifies each Director against any and all liabilities (other than for legal costs) incurred by that Director as an officer of a body corporate in the Group and any and all reasonable legal costs incurred by a Director in defending an action for a liability incurred or allegedly incurred by a Director as an officer of a body corporate in the Group, in each case to the maximum extent permitted by law.

The indemnities given by the Company under each deed of indemnity, access and insurance do not apply to any liabilities or legal costs incurred by a Director as an officer of a body corporate in the Group that have arisen from conduct by the Director that was deliberately dishonest or deliberately fraudulent or not in good faith.

If a Director is entitled to be indemnified under the deed of indemnity, access and insurance, the Company will pay the relevant amount to discharge the liability or legal cost. It is not necessary for a Director to make any payment before enforcing their rights under the deed of indemnity, access and insurance.

In certain cases, the deed of indemnity, access and insurance allows for the Company to make advance payments to an indemnified Director for an amount owing in respect of legal costs covered by the deed before the outcome of the action is known.

Under the Constitution, the Company may arrange and maintain directors' and officers' insurance for its Directors and officers to the extent permitted by law. Under the deed of indemnity, access and insurance, the Company must, for each Director, maintain and pay the premium on insurance during the Director's period of office and for a period of seven years after the Director ceases to hold office. The directors' and officers' insurance policy must be for an amount and on terms and conditions as are appropriate and available in the market for a reasonably prudent company in the Company's circumstances acting fairly.

### 6.5.4 Loan Shares to Directors

The Chairman, Peter Nash, has been offered $50,000 worth of Loan Shares per year by the Company commencing on and from the date of his appointment as Chairman and on each anniversary of his appointment.

50,000 Loan Shares will be issued to Peter Nash based on the Offer Price prior to Listing. The number of Loan Shares to be provided (by way of issue or transfer as determined by the Company) for future tranches will be based on the 10 day volume weighted average price of the Shares in the 10 days prior to the anniversary of Peter Nash's appointment.

Each tranche of Loan Shares provided to the Chairman will be funded by a zero interest non-recourse loan from the Company. A loan agreement between the Company and Peter Nash has been entered into which documents this arrangement.

The Chief Financial Officer, Matthew Lunn, will be issued $250,000 worth of Loan Shares at the Offer Price in connection with and prior to the Listing under the ELP. The Loan Shares provided to Matthew Lunn will be funded by a zero interest non-recourse loan from the Company. A loan agreement between the Company and Matthew Lunn has been entered into which documents this arrangement.

### 6.5.5 Payments in connection with Listing

In addition to the loan funded Loan Shares as described in Section 6.5.4, Matthew Lunn will also receive $60,000 as a cash bonus from the Group in connection with the Listing as part of his pre-existing employment terms.

### 6.5.6 Other information about Directors' remuneration

Directors and the Chairman may also be reimbursed for expenses reasonably incurred in attending to the Company's affairs.

Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in his or her capacity as a Director of the Company or a subsidiary.

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions. The interests of Directors and senior management are set out in Section 6.5.7.

### 6.5.7 Directors' interests in Shares and other securities

Directors are not required under the Constitution to hold any Shares. The Directors (and their associates) are entitled to apply for Shares under the Offer. Figure 6.1 sets out the Directors' (and their associated entities') direct and indirect interests in Shares on Completion of the Offer.

#### FIGURE 6.1: DIRECTORS' (AND THEIR ASSOCIATED ENTITIES') SHAREHOLDINGS

| Director | Shares held on Completion of the Offer (number) | Shares held on Completion of the Offer (%) |
|---|---|---|
| Peter Nash – Non Executive Chairman | 50,000 | 0.02% |
| Scott Didier – Managing Director | 57,658,962 | 26.21% |
| Lindsay Barber – Executive Director | 15,725,171 | 7.15% |
| Matthew Lunn – Executive Director | 250,000 | 0.11% |
| Adrian Gleeson – Executive Director | 1,572,517 | 0.71% |
| Curt Mudd – Executive Director | 1,048,344 | 0.48% |
| Paul Dwyer – Non-Executive Director | 15,233,265 | 6.92% |

The table above does not include any Shares the Directors may acquire under the Offer.

Directors' security holdings will be notified to the ASX on Listing.

### 6.5.8 Directors' interests

There are certain related party transactions between a related party of the Group and the Group. Details of these related party transactions are as follows:

- prior to entering into an executive services agreement in respect of his role as Managing Director and Chief Executive Officer of the Company which is effective on and from the Listing, Scott Didier received consultancy fees from the Group through his entity, Trump Investments Trust. In FY17, approximately $299,197 (plus GST) was invoiced to the Group for services provided by Scott Didier through the Trump Investments Trust. The consultancy arrangements and fees will cease on Listing;
- Adrian Gleeson receives a consultancy fee from the Group through his business, Aust-Sport Financial Services Pty Ltd ACN 055 170 075. Adrian Gleeson does not have a direct employment relationship with the Group. In FY17, approximately $75,481 (plus GST) was invoiced to the Group for services provided by Aust-Sport Financial Services Pty Ltd. The consultancy arrangements will cease on or prior to Listing;
- the Group uses PSC Insurance Brokers (Aust) Pty Ltd (PSC) for all of its insurance requirements, excluding 'Home Owner Warranty' insurance. PSC is related to PSC JLG Investment Pty Ltd which is a unitholder in JLUT. Paul Dwyer is the CEO of PSC JLG Investment Pty Ltd. PSC receives a fee of approximately $38,500 (plus GST) per annum for its services. PSC's fees are charged at its standard commercial rates in accordance with a service agreement which is expected to continue after Listing; and
- the Group currently pays approximately $6,000 (including GST) per month to Trump Yacht Charters Pty Ltd for use of a corporate yacht. Scott Didier is a director and shareholder of Trump Yacht Charters Pty Ltd. The arrangement is on an arm's length basis and on commercial terms and is expected to continue after Listing.

#### Related party leases

The Group has entered into a number of leases for office and warehouse space throughout Australia. Three of these leases in Victoria are with landlords that are related parties of the Group. Figure 6.2 lists the names of the related party landlords and their relationship with the Group.

#### FIGURE 6.2: RELATED PARTY LEASES

| Landlord / Premises | Related party relationship with the Group |
|---|---|
| Landlord: Trump Investments Pty Ltd ACN 006 779 791 as trustee for the Trump Investments Trust Premises: 17 Capital Place, Carrum Downs, Victoria 3201 | Scott Didier is a director and sole shareholder of Trump Investments Pty Ltd. |
| Landlord: Trump Sunshine Pty Ltd ACN 151 548 202 as trustee for the Trump Sunshine Trust Premises: 120 Proximity Drive, Sunshine West, Victoria 3020 | Scott Didier is a director and shareholder of Trump Sunshine Pty Ltd (through Trump Investments Pty Ltd). |
| Landlord: 1 Williamsons Road Pty Ltd ACN 130 622 187 as trustee for Williamsons Road Unit Trust Premises: 1 Williamsons Rd, Doncaster, Victoria 3108 including 40 secured underground parks | 1 Williamsons Road Pty Ltd as trustee for Williamsons Road Unit Trust is owned by Johns Lyng Investments Unit Trust. Scott Didier, Lindsay Barber, Adrian Gleeson, Curt Mudd, Paul Dwyer and certain senior leadership team members together own Johns Lyng Investments Unit Trust. |

The lease agreements with the landlords noted above have been entered into on an arm's length basis and on commercial terms and will continue after Listing.

#### Related party building projects

The services of certain Group Members have been engaged for related party building projects. Set out below is a list of the related party building projects:

- Johns Lyng Insurance Building Solutions (Victoria) Unit Trust is currently conducting renovations at Scott Didier's residence. A fixed price contract for the works of $589,226 (plus GST) has been entered into. Any additional works will be quoted as variations. This project is on an arm's length basis and on commercial terms; and

- Scott Didier, Lindsay Barber, Adrian Gleeson, Curt Mudd, Paul Dwyer and certain senior leadership team members together own a 25% share of 67-71 Shirley Street Pty Ltd. 67-71 Shirley Street Pty Ltd has entered into a building works contract with Johns Lyng Insurance Building Solutions (NSW) Unit Trust for approximately $3,151,809 (plus GST). This project is on an arm's length basis and on commercial terms.

**Other interests**

As employees of the Group prior to Listing, Matthew Lunn, Lindsay Barber and Curt Mudd received remuneration from the Group in accordance with their employment contracts.

Under their employment agreements, Matthew Lunn was paid total compensation of $240,000 per annum (including superannuation) plus customary benefits, Lindsay Barber was paid total compensation of $236,812 per annum (including superannuation) plus customary benefits and Curt Mudd was paid total compensation of $182,865 per annum (including superannuation) plus customary benefits.

## 6.6 MANAGEMENT INTERESTS AND REMUNERATION

The Company's Managing Director and Chief Executive Officer and other members of senior management are employed under individual contracts of employment with a Group Member. The contracts set out:

- the individual's total fixed compensation, including fixed cash remuneration and the Company's superannuation contribution;
- eligibility to participate in any incentive scheme (e.g. annual bonuses or securities ownership plans) which may be implemented by the Company;
- notice and termination provisions; and
- employee entitlements including leave.

The Company makes contributions with respect to the senior executives to complying superannuation funds in accordance with relevant superannuation legislation and the individual contracts of employment.

**Managing Director and Chief Executive Officer employment contract**

A Group Member has entered into an executive services agreement with Scott Didier to govern his employment with the Company as Managing Director and Chief Executive Officer (**CEO**). It includes:

- total compensation of $500,000 per annum (including superannuation entitlements);
- an ability to receive a short term incentive bonus of up to 33% of his base salary or any other amount agreed with the Company from time-to-time and an opportunity to participate in the Company's long term incentive plan;
- a right for the Group Member to terminate the CEO's employment by giving the CEO six months' written notice;
- the Group Member may elect to make a payment to the CEO equal to the CEO's base salary in lieu of and equal to any period of notice or the unexpired part of any period of notice;
- the Group Member's right to terminate the CEO's employment immediately without notice, if in the Group Member's opinion, the CEO materially neglects his duties, disobeys a lawful direction of the Group Member, becomes insolvent or is involved in a serious misconduct;
- a right for the CEO to terminate his employment by giving the Group Member six months' written notice;
- restraint of trade provisions throughout Australia for 12 months which prevents the CEO from engaging in a business or activity that is the same as, substantially similar to, or competitive with the business conducted by the Group, being employed by or otherwise perform any work for any person or entity which was or is a client or customer of the Group with whom the CEO had direct dealings in the 12 month period prior to termination of their employment, soliciting any clients or customers of, or employing or enticing any employee of, the Group. The enforceability of the restraint is subject to all usual legal requirements and interpretation;
- throughout and at all times after the termination of the CEO's employment, the CEO must not divulge, use (or attempt to use) or appropriate for the CEO's own use or for the use of others, except as the Group Member may authorise or direct in writing, any confidential information obtained by the CEO during their employment; and
- 20 days' paid annual leave per year as well as other customary leave entitlements.

### Chief Operating Officer employment contract

A Group Member has entered into an executive services agreement with Lindsay Barber to govern his employment with the Company as Chief Operations Officer. It includes:

- total compensation of $400,000 per annum (including superannuation entitlements);
- an ability to receive a short term incentive bonus of up to 33% of his base salary or any other amount agreed with the Company from time-to-time and an opportunity to participate in the Company's long term incentive plan;
- a right for the Group Member to terminate the Chief Operating Officer's employment by giving the Chief Operating Officer six months' written notice;
- the Group Member may elect to make a payment to the Chief Operating Officer equal to the Chief Operating Officer's base salary in lieu of and equal to any period of notice or the unexpired part of any period of notice;
- the Group Member's right to terminate the Chief Operating Officer's employment immediately without notice, if in the Group Member's opinion, the Chief Operating Officer materially neglects his duties, disobeys a lawful direction of the Group Member, becomes insolvent or is involved in a serious misconduct;
- a right for the Chief Operating Officer to terminate his employment by giving the Group Member six months' written notice; and
- restraint of trade, confidentiality restrictions and annual and long service leave entitlements in the employment agreement are the same as those corresponding provisions in Scott Didier's employment agreement, as outlined above.

### Chief Financial Officer employment contract

A Group Member has entered into an executive services agreement with Matthew Lunn to govern his employment with the Company as Chief Financial Officer. It includes:

- total compensation of $300,000 per annum (including superannuation entitlements);
- an ability to receive a short term incentive bonus of up to 33% of his base salary or any other amount agreed with the Company from time-to-time and an opportunity to participate in the Company's long term incentive plan;
- a right for the Group Member to terminate the Chief Financial Officer's employment by giving the Chief Financial Officer three months' written notice;
- the Group Member may elect to make a payment to the Chief Financial Officer equal to the Chief Financial Officer's base salary in lieu of and equal to any period of notice or the unexpired part of any period of notice;
- the Group Member's right to terminate the Chief Financial Officer's employment immediately without notice, if in the Group Member's opinion, the Chief Financial Officer materially neglects his duties, disobeys a lawful direction of the Group Member, becomes insolvent or is involved in a serious misconduct;
- a right for the Chief Financial Officer to terminate his employment by giving the Group Member three months' written notice; and
- restraint of trade, confidentiality restrictions and annual and long service leave entitlements in the employment agreement are the same as those corresponding provisions in Scott Didier's employment agreement, as outlined above.

### Executive General Manager, Business Development and Client Relations employment contract

A Group Member has entered into an executive services agreement with Adrian Gleeson to govern his employment with the Company as Executive General Manager, Business Development and Client Relations (**General Manager BD**). It includes:

- total compensation of $180,000 per annum (including superannuation entitlements);
- a right for the Group Member to terminate the General Manager BD's employment by the Group Member giving the General Manager BD three months' written notice;
- the Group Member may elect to make a payment to the General Manager BD equal to the General Manager BD's base salary in lieu of and equal to any period of notice or the unexpired part of any period of notice;
- the Group Member's right to terminate the General Manager BD's employment immediately without notice, if in the Group Member's opinion, the General Manager BD materially neglects his duties, disobeys a lawful direction of the Group Member, becomes insolvent or is involved in a serious misconduct;

- a right for the General Manager BD to terminate his employment by giving the Group Member three months' written notice; and
- restraint of trade, confidentiality restrictions and annual and long service leave entitlements in the employment agreement are the same as those corresponding provisions in Scott Didier's employment agreement, as outlined above.

**Executive General Manager, Strategic Initiatives employment contract**

A Group Member has entered into an executive services agreement with Curt Mudd to govern his employment with the Company as Executive General Manager, Strategic Initiatives (**General Manager SI**). It includes:

- total compensation of $182,865 per annum (including superannuation entitlements);
- a right for the Group Member to terminate the General Manager SI's employment by the Group Member giving the General Manager SI three months' written notice;
- the Group Member may elect to make a payment to the General Manager SI equal to the General Manager SI's base salary in lieu of and equal to any period of notice or the unexpired part of any period of notice;
- the Group Member's right to terminate the General Manager SI's employment immediately without notice, if in the Group Member's opinion, the General Manager SI materially neglects his duties, disobeys a lawful direction of the Group Member, becomes insolvent or is involved in a serious misconduct;
- a right for the General Manager SI to terminate his employment by giving the Group Member three months' written notice; and
- restraint of trade, confidentiality restrictions and annual and long service leave entitlements in the employment agreement are the same as those corresponding provisions in Scott Didier's employment agreement, as outlined above.

## 6.7 EMPLOYEE AND EXECUTIVE INCENTIVE ARRANGEMENTS

The Board believes that the adoption of an employee and executive incentive arrangement as part of the Company's overall remuneration framework is critical to the development of a high performance culture within the Company. Accordingly, to assist in the attraction, motivation and retention of management and employees, the Board plans to establish various incentive arrangements that will apply on Listing as set out in this Section 6.7.

### 6.7.1 Employee and Executive Incentive Plan

The Company has adopted the Employee and Executive Incentive Plan (**EEIP**) to encourage executives and employees to have a greater involvement in the achievement of the Group's objectives and to attract and retain employees essential for the continued growth and development of the Group. Under the EEIP, eligible participants (including officers, Employees and Directors) selected by the Board to administer the EEIP may be offered Shares or granted Options or Rights or transferred Shares under the EEIP. The Company may offer additional incentive schemes to the management and employees over time.

**(a) Eligibility**

Eligibility to participate in the EEIP and the number of Shares, Options or Rights offered to each individual participant, will be determined by the Board. Eligible participants include persons who satisfy one or more of the following eligibility requirements and whom the Board determines to be an eligible participant:

(a) a full-time or part-time employee of a body corporate in the Group (including any employee on parental leave, long service leave or other special leave as approved by the Board);

(b) an individual who provides services to a body corporate in the Group whom the Board determines to be an employee for the purposes of the EEIP;

(c) a director of a body corporate in the Group who holds a salaried employment or office in a body corporate in the Group; or

(d) a Director.

Provided that a Director satisfies the eligibility criteria, then that Director will be eligible to participate in the EEIP, as determined by the Board from time-to-time.

**(b) Offer**

Under the rules of the EEIP, Shares, Options and / or Rights may be offered to eligible employees from time-to-time, subject to the conditions (if any) determined by the Board and specified in the offer.

**(c) Terms and conditions**

The Board may set the terms and conditions (including conditions in relation to vesting and any applicable exercise conditions) on which it will offer Shares or grant Options or Rights under the EEIP. The Board will determine the procedure for offering Shares or granting Options or Rights (including the form, terms and content of any offer, invitation or acceptance procedure) in accordance with the rules of the EEIP.

**(d) Ranking of Shares**

Unless otherwise determined by the Board at the time of an offer, all Shares issued (including Shares issued upon exercise of Options or Rights granted) under the EEIP will rank equally in all respects with the other issued Shares.

**(e) Voting and dividend rights of Options and Rights**

Options and Rights do not carry any voting or dividend rights. Shares issued or transferred to participants on exercise of an Option or Right carry the same rights and entitlements as other issued Shares, including voting and dividend rights.

**(f) Exercise of Options or Rights**

A participant may exercise Options or Rights in respect of which the Board has given a vesting notice and which have not expired or been forfeited. To exercise an Option or Right, the participant must lodge with the Company a signed notice of exercise and comply with any requirements under the rules of the EEIP or as specified by the Board.

**(g) Lapse of Options or Rights**

Options and Rights which have not been exercised will lapse if the applicable vesting conditions and any other conditions to exercise are not met during the prescribed performance period or if they are not exercised before the applicable expiry date. In addition, Options and Rights will lapse if, in the Board's opinion, the participant deals with the Options and Rights in breach of the rules of the EEIP or the participant has acted fraudulently or with gross misconduct.

**(h) Vested Options or Rights**

If the grant or offer of Shares is subject to vesting conditions, the Company must give a participant a vesting notice on the vesting conditions relating to the Shares issued (or transferred) to the participant having been satisfied or waived by the Board.

**(i) Quotation**

Options and Rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the EEIP either upon the issue of unvested Shares or issue of Shares on exercise of Options or Rights, in accordance with the ASX Listing Rules.

**(j) Options or Rights exercise price**

The Board may determine that a participant is required to pay an exercise price to exercise the Options or Rights offered to that participant.

**(k) No hedging and no transfer**

Without the prior approval of the Board, unvested Shares, or Options or Rights which have not been exercised, may not be sold, transferred, encumbered or otherwise dealt with. Further, participants cannot enter into any transaction, scheme or arrangement which hedges or otherwise affects the participant's economic exposure to the Shares, Options or Rights before they vest.

**(l) Plan limit**

Subject to the rules of the EEIP, an offer of Shares, Options or Rights must not be made if making the offer would breach the 5% capital limit on the issue of shares as set out in ASIC Class Order 14 / 1000 in relation to employee share schemes or contravene the Corporations Act, ASX Listing Rules or instruments of relief issued by ASIC from time-to-time.

To the extent permitted by law, the Board may offer such number of Shares, Options or Rights which is greater than 5% of the issued Shares from time-to-time, provided that the Company will only issue up to the 5% capital limit as set out in ASIC Class Order 14 / 1000, with the balance to be issued pursuant to other available exemptions, including, for example, section 708 of the Corporations Act.

**(m) Cessation of employment**

The EEIP contains provisions concerning the treatment of unvested Shares and Options or Rights in the event a participant ceases employment.

**(n) Corporate control event**

If a Corporate Control Event occurs (as defined in the EEIP), the Board may determine that this constitutes an Accelerated Vesting Event (as defined in the EEIP). If an Accelerated Vesting Event occurs or is expected to occur while a participant is employed with the Group, the Board may, at its discretion: (a) bring forward the exercise date of all Options or Rights held by the participant to a date determined by the Board and (b) waive or vary any exercise condition in regard to an Option or Right held by the participant, subject to any shareholder approval requirements in the EEIP.

**(o) Capital reconstruction**

If there are certain variations of the share capital of the Company including a capitalisation or rights issue, subdivision, consolidation or reduction in share capital, the Board may make such adjustments as it considers appropriate under the EEIP, in accordance with the provisions of the ASX Listing Rules.

**(p) Other terms of the EEIP**

The EEIP also contains customary and usual terms having regard to Australian law for dealing with administration, variation and termination of the EEIP.

### 6.7.2 Employee Loan Plan

The Company has adopted the Employee Loan Plan (**ELP**) to provide an incentive for employees to remain in their employment, to recognise the ongoing ability and expected efforts of employees and their contribution to the performance and future success of the Group and to provide a means through which employees may acquire Shares in the Company under the ELP rules.

**(a) Eligibility**

Eligibility to participate in the ELP will be determined by the Board or the plan committee (if any). Eligible participants include persons who satisfy one or more of the following eligibility requirements and whom the Board determines to be an eligible participant:

(a) a full-time or part-time employee of an entity in the Group (including any employee on parental leave, long service leave or other special leave as approved by the Board);

(b) a director of a Group Member; or

(c) an individual otherwise employed by a Group Member whom the Board determined is covered by this definition.

**(b) Offer**

Under the rules of the ELP, a participant may only acquire Shares where a loan amount has been advanced to the participant which has been used to fund the payment of the acquisition price for those Shares under the loan terms. The Board may in its sole and absolute discretion issue an offer to an employee to acquire Shares.

**(c) Terms and conditions**

The Board may set the terms and conditions (including conditions in relation to vesting) on which it will offer Shares under the ELP. The Board will determine the procedure for offering Shares (including the form, terms and content of any offer or acceptance procedure) in accordance with the rules of the ELP.

**(d) Ranking of Shares**

Unless otherwise determined by the Board at the time of an offer, all Shares issued under the ELP will rank equally in all respects with the other issued Shares.

**(e) Plan limit**

Subject to the rules of the ELP, the Company will not provide Shares on acceptance of an offer to an employee if the total number of Shares that would be held under the acceptance of the offer would exceed 5% of the total number of Shares at that time (when aggregated with the number of Shares which are held by all participants under the ELP).

**(f) Loan terms**

Unless otherwise specified in the offer, the loan term is 10 years and no interest will be charged on the loan amount.

**(g) Security**

Subject to the rules of the ELP, the Company may take security over the Shares.

**(h) Distributions**

Any distributions (including any after tax amount of any dividend component and any capital component of a distribution) which an employee is entitled to in respect of the Shares must be applied to the repayment or reduction of the loan amount while any part of the loan amount is outstanding.

**(i) Repayment on cessation of employment and limited recourse**

The loan plan includes provisions which require repayment of the loan amount, such as at the end of the loan period or on cessation of employment with the Group prior to the end of the loan period. In certain circumstances, the employee may be required to repay the lesser of:

- the outstanding balance of the loan amount; and
- the market value of the Shares acquired with the loan facility.

**(j) Repayments and prepayments**

Subject to the rules of the ELP, the loan amount may be repaid or prepaid in whole or in part at any time.

**(k) Other terms of the ELP**

The ELP also contains customary and usual terms having regard to Australian law for dealing with administration, variation and termination of the ELP.

### 6.7.3 Board discretion executive bonus pool

The Board has also established a discretionary executive bonus pool (**Discretionary Pool**) to enable it to issue shares, options or rights in the Company to executive employees (including Executive Directors) of the Group for up to three years from the Listing Date under the EEIP. Currently the executives who may be able to participate in the Discretionary Pool are Scott Didier, Lindsay Barber, Matthew Lunn, Adrian Gleeson, Curt Mudd, Michael Harford, Nick Carnell, John McPhee, Philippa (Pip) Brown, Mark Baratta, Kelly Mitchell, Paul Folkard and Adam Wright. The maximum aggregate amount that has been allocated to the Discretionary Pool is up to 5% of the unissued Share capital of the Company at Listing. Details of securities issued under this Discretionary Pool will be disclosed in the relevant annual report of the Company in which securities have been issued.

No Shares from the Discretionary Pool will be issued at Listing and the Board has no plans to issue Shares from the Discretionary Pool in FY18.

### 6.7.4 Employee Offer

As referred to in Section 7.15, the Company is making an Employee Offer under which Eligible Employees will be offered the opportunity to apply for Shares to the value of $10,000 each at the Offer Price.

## 6.8 CORPORATE GOVERNANCE

This Section explains how the Board will oversee the management of the Group's business.

The Board is responsible for the overall corporate governance of the Group. The Board monitors the operational and financial position and performance of the Group and oversees its business strategy, including approving the strategic goals of the Group and considering and approving its annual business plan and the associated budget.

The Board is committed to maximising performance, generating appropriate level of Shareholder value and financial return and sustaining the growth and success of the Group. In conducting the Group's business with these objectives, the Board seeks to ensure that the Group is properly managed to protect and enhance Shareholder interests and that the Group, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board have developed and adopted a framework of corporate governance policies and practices, risk management practices and internal controls that it believes appropriate for the Group's businesses.

The main policies and practices adopted by the Group, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Constitution. Details of the Group's key policies and the charters for the Board and each of its committees will be available from Listing at the Company's website.

### ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

In order to promote investor confidence and to assist companies to meet stakeholder expectations, the ASX Corporate Governance Council has developed and released Corporate Governance Principles and Recommendations, now in its third edition (**ASX Recommendations**) for Australian listed entities. The ASX Recommendations are not mandatory or prescriptive and the Board is entitled not to adopt a particular recommendation if it considers it inappropriate in the context of the business. However, under the ASX Listing Rules, JLG will be required to provide a corporate governance statement in its annual report (or by reference in its annual report to the URL of the page on its website where the statement can be viewed), disclosing the extent to which it has followed the ASX Recommendations within the reporting period. Where JLG does not follow a recommendation for any part of a reporting period, it must identify the recommendation and provide its reasons for not doing so and what (if any) alternative governance practices it adopted in lieu of the recommendation.

Except as set out below, the Board does not anticipate that it will depart from the recommendations of the ASX Corporate Governance Council. However it may do so in the future if it considers such a departure would be reasonable.

## 6.9 BOARD APPOINTMENT AND COMPOSITION

The Board comprises Peter Nash (Non-Executive Chairman), Scott Didier (Managing Director and Chief Executive Officer), Lindsay Barber (Executive Director and Chief Operating Officer), Matthew Lunn (Executive Director and Chief Financial Officer), Adrian Gleeson (Executive Director and Executive General Manager, Business Development and Client Relations), Curt Mudd (Executive Director and Executive General Manager, Strategic Initiatives) and Paul Dwyer (Non-Executive Director).

Detailed biographies of the Board members are provided in Section 6.1.

The ASX Recommendations state that there should ideally be a majority of independent Non-Executive Directors and that the Chairperson position be held by an independent Non-Executive Director. Although currently the Board is not comprised of a majority of independent Non-Executive Directors, it is the Company's intent to have a majority of independent Non-Executive Directors appointed to the Board as soon as reasonably practicable after Listing. The Directors have reserved absolute discretion to determine the appropriate composition of the Board from time-to-time and not to follow the ASX Recommendations in this context at this time.

The Board Charter sets out guidelines for the purpose of determining independence of Directors and has adopted a definition of independence that is based on that set out in the ASX Recommendations. The Board considers an independent Non-Executive Director to be one who is independent of the Company's management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their unfettered and independent judgment. The Board reviews the independence of each Director in light of interests disclosed to the Board from time-to-time.

The Board considers that Peter Nash and Paul Dwyer are independent directors for the purpose of the ASX Recommendations as each is free from any interest, position, association or relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgement.

Messrs Scott Didier, Lindsay Barber, Matthew Lunn, Adrian Gleeson and Curt Mudd are currently not considered by the Board to be independent as they are Executive Directors of the Company.

Accordingly, the Board will consist of two independent Directors. The Board considers that each of the Non-Executive Directors brings an objective and independent judgment to the Board's deliberations and that each of the Non-Executive Directors makes a valuable contribution to the Company through the skills they bring to the Board and their understanding of the Company's business.

## 6.10 BOARD CHARTER

The Board has adopted a written charter to clarify the roles and responsibilities of the Board members which will take effect from Listing. The charter sets out:

- the Board composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and Management; and
- the authority delegated by the Board to Management and Board committees.

The Board must have a minimum of three and a maximum of 12 Directors. At the end of every annual general meeting, at least one of the Directors must retire and a Director must retire at the end of the third annual general meeting after the Director's appointment, even if it means that more than one-third of Directors retire at an annual general meeting. Any new Directors appointed by the Board must also retire at the next annual general meeting after their appointment, but is eligible for election.

The composition of the Board is to be determined in accordance with the following principles:

- the Board should comprise directors with an appropriate range of skills, experience and expertise and who can understand and competently deal with current and emerging business issues; and
- the Board should comprise directors who can effectively review and challenge the performance of management and exercise independent judgment.

The role of the Board is to act in the best interests of the Company as a whole and is accountable to Shareholders for the overall direction, management and corporate governance of the Company and the Group.

The Board seeks to discharge its responsibilities in a variety of ways, including by:

- overseeing the Group, including providing leadership and setting its strategic objectives, control and accountability systems;
- appointing the Chairperson of the Board;
- appointing and removing the Chief Executive Officer;
- monitoring the performance of the Chief Executive Officer;
- where appropriate, ratifying the appointment and removal of senior executives;
- ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices;
- approving succession plans for Management;
- monitoring senior executives' performance and implementation of strategy, and ensuring appropriate resources are available;
- reporting to shareholders;
- providing strategic advice to management;
- approving Management's corporate strategy and performance objectives;
- determining and financing of dividend payments;
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- approving and monitoring corporate, financial and other reporting systems, including external audit, and overseeing their integrity;
- reviewing and ratifying systems of risk management, accountability, internal compliance and control, and legal compliance to ensure appropriate compliance frameworks and controls are in place;

- reviewing and overseeing the implementation of the code of conduct for directors, senior executives and all other employees;
- approving the charters of the various Board committees;
- monitoring and ensuring compliance with all legal and regulatory requirements and ethical standards and policies; and
- monitoring and ensuring compliance with best practice corporate governance requirements.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a director or other person, subject to ultimate responsibility residing with the Directors. The Board has established Nomination and Remuneration, Compliance and Audit and Risk committees, each of which has a separate charter outlining its terms of reference. The Board has also adopted a number of policies including in relation to fraud and corruption, market disclosure and Shareholder communication.

The Board has procedures to allow Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

Responsibility for the day-to-day management and administration of the Group is delegated by the Board to the Chief Executive Officer and the executive team. The Board ensures that the Chief Executive Officer and executive team are appropriately qualified and experienced to discharge their responsibilities. The Board has in place procedures to assess the performance of the Chief Executive Officer and executive team against measurable and qualitative indicators as decided by the Board. The performance of the Board will also be annually reviewed by the Nomination Committee.

## 6.11 BOARD COMMITTEES

The Board may from time-to-time establish committees to assist in the discharge if its responsibilities. The Board has established an Audit and Risk Committee, Nomination and Remuneration Committee and Compliance Committee.

### 6.11.1 Audit and Risk Committee

Under its charter the Audit and Risk Committee should comprise at least three Directors, all being Non-Executive Directors who are financially literate (and at least one of whom is a financial expert) and a majority of independent Directors. All members of this committee must be financially literate and able to read and understand financial statements and at least one member must be a qualified accountant or other financial professional with experience of financial and accounting matters.

At present Peter Nash, Adrian Gleeson and Paul Dwyer are members of the Audit and Risk Committee. Peter Nash acts as chair of the committee. The terms of their appointment are at the discretion of the Board and vacancies may be filled as they arise.

Although the charter for the Audit and Risk Committee requires that the chairperson be an independent Director and may not be the Chairperson of the Board, it is not currently practicable for the Company to comply with this requirement given the size and composition of the Board. It is the Company's intent to find a suitably experienced candidate to assume the position of chair of the Audit and Risk Committee as soon as reasonably practicable after Listing.

All Directors or other persons the Audit and Risk Committee regards as appropriate may attend meetings of the Audit and Risk Committee.

The Audit and Risk Committee was established by the Board to:

- help the Board achieve its objective in relation to:
  - financial reporting;
  - the application of accounting policies;
  - business policies and practices;
  - legal and regulatory compliance; and
  - internal control and risk management systems;
- maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
- promote a culture of compliance;

- ensure effective communication between the Board and the senior compliance manager and provide a forum for communication between the Board and senior financial and compliance management;
- ensure effective internal and external audit functions and communication between the Board and the external and internal auditors; and
- ensure compliance strategies and the compliance function are effective.

The Audit and Risk Committee is directly responsible for a number of functions, including:

- assessing the appropriateness and application of the Group's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework;
- obtaining an independent judgment from the external auditor about:
  - the acceptability and appropriateness of accounting policies and principles put forward by management; and
  - the clarity of current or proposed financial disclosure practices as put forward by management;
- overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing the efficiency and effectiveness of those systems;
- approving and recommending to the Board for adoption policies and procedures on risk oversight and management to establish an effective and efficient system for:
  - identifying, assessing, monitoring and managing risk; and
  - disclosing any material change to the risk profile;
- approving and recommending to the Board for acceptance, the terms of engagement with the external auditor at the beginning of each year;
- regularly reviewing with the external auditor:
  - the scope of the external audit;
  - identified risk areas; and
  - any other agreed procedures;
- ratifying the engagement and dismissal by management of any chief internal audit executive;
- ensuring any chief internal audit executive is independent of the external auditor;
- reviewing and approving the charter of any committee dealing with audit, risk management and compliance within the Group;
- receiving and reviewing reports from any such committee;
- overseeing the implementation of the Group's corporate code of conduct and assessing compliance with it; and
- overseeing the implementation of the Group's code of conduct for directors and senior executives of and assessing compliance with it.

The charter for the Audit and Risk Committee also sets out the Company's commitment to designing and implementing systems and practices appropriate to minimise and control its risks. Under the charter, management of the Company is required to report to the Board and Audit and Risk Committee as to its adherence to policies and guidelines approved by the Board for the management of risks. The Company will regularly undertake reviews of its risk management procedures to ensure that it complies with its legal obligations, including assisting the Chief Executive Officer or the Chief Financial Officer to provide the required declaration under section 295A of the Corporations Act.

Under its charter the Audit and Risk Committee is responsible for the appointment, remuneration, monitoring and independence of external auditors. The committee must approve all audit and non-audit services provided by external auditors and must not engage an external auditor to perform any non-audit services that may impair or appear to impair the external auditor's judgement or independence in relation to the Group.

The Board authorises the Audit and Risk Committee to seek any information it considers necessary to fulfil its responsibilities. The Audit and Risk Committee has access to:

- management to seek explanations and information from management; and
- internal and external auditors to seek explanations and information from them, without management being present.

The Audit and Risk Committee may seek professional advice from employees of the Group and from appropriate external advisers, at the Company's cost.

### 6.11.2 Nomination and Remuneration Committee

Under its charter, the Nomination and Remuneration Committee should comprise of at least three Directors, all being Non-Executive Directors and a majority of whom must be independent Directors. The chairperson of this committee must be an independent Director.

Currently, Paul Dwyer, Peter Nash and Curt Mudd are members of the Nomination and Remuneration Committee. Paul Dwyer will act as chair of this committee.

While the Company will aim to have a Nomination and Remuneration Committee with members all being Non-Executive Directors, this is not currently practicable given the size of the Board and the circumstances of the Group. It is the Company's intent for the Nomination and Remuneration Committee to be made up of all Non-Executive Directors as soon as reasonably practicable after Listing.

The objective of the committee is to help the Board fulfil its statutory, fiduciary and regulatory responsibilities and achieve its objectives to ensure that the Company:

- has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- has coherent remuneration policies and practices to attract and retain executives and directors who can reasonably be expected to create value for Shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards executives having regard to the performance of the Group, the performance of the executives and the general external pay environment.

The Nomination and Remuneration Committee is also responsible for:

- identifying and recommending to the Board, nominees for membership of the Board including the Chief Executive Officer;
- annually evaluating the performance of the Board, both collectively and individually;
- reviewing, approving and recommending to the Board for adoption executive remuneration and incentive policies and practices;
- reviewing the remuneration of Non-Executive Directors for serving on the Board and any committee (both individually and in total); and
- reviewing any insurance premiums or indemnities for the benefit of directors and officers.

The Nomination and Remuneration Committee will regularly report to the Board about committee activities, issues and related recommendations that require Board attention or approval.

The Nomination and Remuneration Committee may seek professional advice from employees of the Group and from appropriate external advisers, at the Company's cost.

### 6.11.3 Compliance Committee

Under its charter, the Compliance Committee should comprise of at least two Directors, all being Non-Executive Directors and a majority of whom must be independent Directors. The chairperson of this committee must be an independent Director.

Currently, Paul Dwyer, Peter Nash and Adrian Gleeson are members of the Compliance Committee. Paul Dwyer will act as chair of this committee.

While the Company will aim to have a Compliance Committee with members all being Non-Executive Directors, this is not currently practicable given the size of the Board and the circumstances of the Group. It is the Company's intent for the Compliance Committee to be made up of all Non-Executive Directors as soon as reasonably practicable after Listing.

The objectives and purpose of the committee are:

- to monitor the Company's adherence to the Code of Conduct (**Code**) adopted by the Board as amended from time-to-time; and
- to assist the Company in fulfilling its responsibilities relating to compliance.

Compliance means adhering to the spirit and letter of the Code as applicable to the Group's business activities.

The Compliance Committee is responsible for:

- monitoring, reviewing and assessing the Company's compliance, including the effectiveness of its compliance program;
- assisting in ensuring appropriate compliance information is provided to the Board; and
- maintaining open communication channels among the Committee, the Compliance Working Group, management and internal and external advisers in order to review and discuss specific issues, exchange views and information and confirm respective duties and responsibilities as appropriate.

The Chief Executive Officer and Chief Financial Officer of the Company will be standing invitees of each meeting of the Compliance Committee. The Compliance Committee must regularly report to the Board about committee activities, issues and related recommendations that require Board attention or approval.

## 6.12 COMPANY POLICIES

### 6.12.1 Diversity policy

The Company values a strong and diverse workforce and is committed to developing measurable objectives of diversity and inclusion in its workplace. The Company has implemented a diversity policy, with meritocracy the guiding principle, which is overseen by the Board and which aligns the Company's management systems with the commitment to develop a culture that values and achieves diversity in its workforce and on the Board. While the Company will aim to improve diversity on the Board, this is not currently practicable given the size of the Board and the circumstances of the Group, including the nature of the Group's businesses.

In its annual report, the Company will disclose the measurable objectives for achieving diversity and progress towards the policy's goals and will also disclose the proportion of women in the whole organisation, women in senior positions and women on the Board.

### 6.12.2 Market disclosure policy

Once listed on the ASX, the Company will be required to comply with the continuous disclosure obligations of the Listing Rules and the Corporations Act. Subject to the exceptions in the Listing Rules, the Company will be required to disclose any information to the ASX that is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is committed to observing its continuous disclosure obligations under the Listing Rules and the Corporations Act. The Company has adopted a Market disclosure policy to take effect from Listing which establishes procedures that are aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price sensitive information. The Chief Executive Officer, in consultation with the Board, will review the market disclosure policy as often as it considers necessary.

Under the policy, the Disclosure Committee will be responsible for managing the Company's compliance with its continuous disclosure obligations. The disclosure officer will be responsible for the disclosure of material information to the ASX and ASIC and must maintain a procedural methodology for disclosure and record keeping. Any items of materiality that require disclosure require the approval of the Chairperson of the Board prior to release.

In addition to being provided to the ASX, continuous disclosure announcements will also be available on the Company's website at www.johnslyng.com.au.

### 6.12.3 Shareholder communications policy

The Board's aim is to provide Shareholders with sufficient information to assess the performance of the Company and to inform them of major developments affecting the affairs of the Company relevant to Shareholders in accordance with all applicable laws. The Company has adopted a Shareholders communications policy to take effect from Listing which aims to promote effective communication with its Shareholders and encourage effective participation at general meetings of the Company.

Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX and publishing information on the Company's website.

In particular, the Company's website will contain information about it, including media releases, key policies and the terms of reference of its Board committees. All relevant announcements made to the market and any other relevant information will be posted on the Company's website as soon as they have been released to ASX.

### 6.12.4 Securities trading policy

The Company has adopted a securities trading policy which will apply to the Company and its Directors, officers, employees, Management and Business Partners, including those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly.

The policy is intended to explain the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act and establish procedures in relation to Directors, Management, employees or Business Partners dealing in Shares.

The securities trading policy defines certain 'trading windows' during which trading in Shares by Directors, officers and certain key management personnel is permitted. Those trading windows are currently defined as during the one month period beginning at the close of trading on the day after the dates on which:

- the Company announces its half-yearly results to the ASX;
- the Company announces its full year results to the ASX;
- the Company holds its annual general meeting (assuming an update of the full year's results is given at the meeting); and
- any additional periods determined by the Board from time-to-time.

In all instances, buying or selling of Shares is not permitted at any time by any person who possesses price-sensitive information. A copy of this securities trading policy will be available on the Company's website.

### 6.12.5 Code of conduct for Directors and senior executives

The Company has been committed to maintaining the highest ethical standards in the conduct of its business activities. The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal code of conduct, to take effect from Listing, to be followed by Directors, management and senior executives.

The key aspects of this Code are to:

- articulate the high standards of honesty, integrity and ethical and law-abiding behaviour expected of Directors and senior executives;
- encourage the observance of those standards to protect and promote the interests of Shareholders and other stakeholders (including employees, customers, suppliers and creditors);
- guide Directors and senior executives as to the practices thought necessary to maintain confidence in the Company's integrity; and
- set out the responsibility and accountability of Directors and senior executives to report and investigate any reported violations of this code or unethical or unlawful behaviour.

### 6.12.6 Fraud and corruption policy

Any fraud or corruption committed against the Company is a major concern to the Company. The Company requires all officers and employees at all times to act honestly and with integrity and to safeguard the Company resources for which they are responsible. The Company is also committed to protecting all revenue, expenditure and assets from any attempt to gain illegal financial or other benefits. Accordingly, the Board has adopted a fraud and corruption policy.

The fraud and corruption policy applies to all officers and employees (including Directors, executives and managers) of the Company and its subsidiary companies.

The purpose of the policy is to protect the assets and reputation the Company by:

- reinforcing the commitment and responsibility of the Board and the senior management to identify fraudulent and corrupt activities and for establishing policies, controls and procedures for prevention and detection of these activities;
- reinforcing the requirement for all employees and others to refrain from corrupt and fraudulent conduct and encourage the reporting of any instance of fraud or corrupt conduct;
- providing a framework for conduct of investigations to ensure that all suspected fraudulent and corrupt activity is dealt with appropriately; and
- assigning responsibility for the development of controls to prevent and detect fraud.

# 07.

# DETAILS OF THE OFFER

# 07. DETAILS OF THE OFFER



## 7.1 THE OFFER

This Prospectus relates to an initial public offering of Shares at an offer price of $1.00 per Share (**Offer Price**). The Offer contained in this Prospectus is an invitation to apply for:

- 46,902,236 New Shares offered by the Company; and
- 48,863,362 Sale Shares offered by SaleCo,

(collectively, **Offer**). The Offer is conditional on, among other things, the Restructure completing.

The total number of Shares on issue at Completion of the Offer will be 220,000,000 and all Shares will rank equally in all respects with the Shares currently on issue. A summary of the rights attaching to the Shares is set out in Section 9.13.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus and is fully underwritten by the Underwriter.

## 7.2 SALECO STRUCTURE

Certain Existing Owners have irrevocably offered to sell a portion of their Shares resulting from the Restructure (i.e. in aggregate the Sale Shares) to SaleCo free from encumbrances and third party rights and undertaken to deliver those Sale Shares to or as directed by SaleCo on Completion of the Offer subject only to:

- payment of the consideration due to them; and
- the receipt by SaleCo of proper instruments of transfer of and any documents of title to, the Sale Shares.

The gross proceeds of the sale of Sale Shares by SaleCo is expected to be $48,863,362.

## 7.3 STRUCTURE OF THE OFFER

The Offer comprises:

- **the Broker Firm Offer** – which is open to Australian resident retail clients of Brokers who have received a firm allocation from their Broker;
- **the Institutional Offer** – which consists of an invitation to bid for Shares made to Institutional Investors in Australia and in certain foreign jurisdictions; and
- **the Chairman's List Offer** – which is open to selected investors in Australia who have received an invitation under the Chairman's List Offer; and
- **the Employee Offer** – only open to Eligible Employees.

Details of the Broker Firm Offer and the allocation policy under it are described in Section 7.12.4.

Details of the Institutional Offer and the allocation policy under it are described in Section 7.13.2.

Details of the Chairman's List Offer and the allocation policy under it are described in Section 7.14.

Details of the Employee Offer and the allocation policy under it are described in Section 7.15.

The allocation of Shares between the Broker Firm Offer, the Institutional Offer, the Chairman's List Offer and the Employee Offer will be determined by the Joint Lead Managers with the agreement of the Company having regard to the allocation policies described in Sections 7.12.4, 7.13.2, 7.14, and 7.15. The Company, after consultation with the Joint Lead Managers, will determine the allocation of Shares to participants under the Chairman's List Offer. A maximum of 10,000 Shares will be issued to any Eligible Employee under the Employee Offer.

The Offer is fully underwritten by the Underwriter. A summary of the Underwriting Agreement, including the events which would entitle the Underwriter to terminate the Underwriting Agreement, is set out in Section 9.5.1.

# 07. DETAILS OF THE OFFER

## 7.4 IMPORTANT DATES

| | |
|---|---|
| Prospectus Date | 2 October 2017 |
| Opening Date of Offer | 10 October 2017 |
| Closing Date of Offer | 16 October 2017 |
| Settlement, allotment and transfer of Shares (Completion of the Offer) | 20 October 2017 |
| Expected dispatch of holding statements | 24 October 2017 |
| Shares expected to begin trading on ASX (on a normal settlement basis) | 25 October 2017 |

The above dates are subject to change and are indicative only. The Company (in consultation with the Joint Lead Managers) reserves the right to vary the dates and times of the Offer, including to close the Offer early, extend the Offer or accept late Applications, without notifying any recipient of this Prospectus or any Applicants. Applicants are encouraged to submit their Applications as early as possible.

## 7.5 PURPOSE OF THE OFFER AND USE OF FUNDS

The purpose of the Offer is to:

- provide the Company with:
  - the ability to fund JLG's growth strategy by:
    - using the proceeds of the Offer to fund organic growth and acquisition opportunities;
    - the ability to use scrip consideration as a component of the purchase price for future acquisitions; and
    - providing access to capital markets in the future;
  - a means to align important stakeholders of the business, its employees and Existing Owners with JLG; and
  - a liquid market for its Shares and an opportunity for others to invest in Shares; and
- provide an opportunity for certain Existing Owners to realise part of their equity in the Group through the offer of their Sale Shares by SaleCo.

The proceeds of the Offer will:

- fund Existing Owners' sale of their Sale Shares through SaleCo;
- repay existing finance facilities;
- repay certain Existing Owners' loans;
- increase working capital; and
- pay the costs of the Offer.

### FIGURE 7.1: SOURCES AND USES OF FUNDS

| Sources of funds | $m | % | Uses of funds | $m | % |
|---|---|---|---|---|---|
| Gross cash proceeds received from issue of New Shares by the Company | $46.9 | 49% | Repay existing finance facilities and repay Existing Owners' loans | $35.4 | 37% |
| Gross cash proceeds received from the sale of Sale Shares by SaleCo (to be provided to certain Existing Owners) | $48.9 | 51% | Working capital | $5 | 5% |
| | | | Payment of costs of the Offer | $6.5 | 7% |
| | | | Pay sell-down proceeds to Existing Owners | $48.9 | 51% |
| **Total sources** | **$95.8** | **100.00%** | **Total uses** | **$95.8** | **100.00%** |

## 7.6 PRO FORMA HISTORICAL CONSOLIDATED BALANCE SHEET

JLG's pro forma balance sheet following Completion of the Offer, including details of the pro forma adjustments, is set out in Section 4.5 and in Figure 7.2.

### FIGURE 7.2: PRO FORMA HISTORICAL CONSOLIDATED BALANCE SHEET

| $ millions, 30 June 2017 | Statutory Balance Sheet | Change in Capital Structure[1] | Impact of the Offer and Bank Facilities[2] | Pro forma Balance Sheet |
|---|---|---|---|---|
| **Current assets** | | | | |
| Cash and cash equivalents | 6.8 | – | 5.5 | 12.3 |
| Trade and other receivables | 44.4 | – | – | 44.4 |
| Other current assets | 12.4 | – | – | 12.4 |
| **Total current assets** | **63.6** | **–** | **5.5** | **69.1** |
| **Non-current assets** | | | | |
| Property, plant and equipment | 7.5 | – | – | 7.5 |
| Intangibles | 3.4 | – | – | 3.4 |
| Deferred tax assets | – | – | 2.4 | 2.4 |
| Other non-current assets | (0.3) | | – | (0.3) |
| **Total non-current assets** | **10.6** | **–** | **2.4** | **13.0** |
| **Total assets** | **74.3** | **–** | **7.9** | **82.1** |
| **Current liabilities** | | | | |
| Trade and other payables | 42.8 | – | – | 42.8 |
| Borrowings | 18.6 | – | (18.2) | 0.5 |
| Provisions | 2.2 | – | – | 2.2 |
| Other current liabilities | 22.5 | – | (14.6) | 8.0 |
| **Total current liabilities** | **86.1** | **–** | **(32.7)** | **53.4** |
| **Non-current liabilities** | | | | |
| Borrowings | 2.2 | – | (2.2) | – |
| Provisions | 0.2 | – | – | 0.2 |
| **Total non-current liabilities** | **2.4** | **–** | **(2.2)** | **0.2** |
| **Total liabilities** | **88.6** | **–** | **(34.9)** | **53.7** |
| **Net assets** | **(14.3)** | **–** | **42.8** | **28.4** |
| **Equity** | | | | |
| Issued capital | 2.0 | 21.1 | 45.2 | 68.3 |
| Reserves | (1.3) | (21.3) | – | (22.5) |
| Retained earnings | (14.8) | – | (2.4) | (17.2) |
| Non-controlling interests | (0.3) | 0.1 | – | (0.1) |
| **Total equity** | **(14.3)** | **–** | **42.8** | **28.4** |

## 7.7 SHAREHOLDING STRUCTURE

Details of the ownership of Shares on Completion of the Offer are set out below in Figure 7.3.

### FIGURE 7.3: DETAILS OF OWNERSHIP OF SHARES ON COMPLETION OF THE OFFER

| | Immediately after the Restructure | | On Completion of the Offer | |
|---|---|---|---|---|
| Security holder | Number of Shares | Percentage of Shares | Number of Shares | Percentage of Shares |
| Existing Owners[1] | 173,097,764 | 100% | 124,234,402 | 56.5% |
| Public Offer Shareholders | – | 0% | 95,765,598 | 43.5% |
| **Total Securities on issue** | **173,097,764** | **100%** | **220,000,000** | **100%** |

(1) Includes 300,000 Loan Shares issued to Peter Nash and Matthew Lunn prior to Listing.

Details of the Shares that will be subject to escrow arrangements are set out in Section 7.8.

## 7.8 ESCROW ARRANGEMENTS

Each of the Existing Owners have agreed to continue to hold their remaining Shares after Listing under voluntary escrow agreements (**Escrow Arrangements**). Under the Escrow Arrangements the Existing Owners have undertaken not to dispose of any interest in or to grant any security over any of the Shares held by them during the Escrow Period.

The purpose of the Escrow Arrangements is to align the interests of the Existing Owners with those of new Shareholders and to promote an orderly market for the Shares by preventing any further sell-down of Shares by the Existing Owners during the Escrow Period.

Escrowed Shareholders will have their Shares subject to escrow under certain arrangements. In total, 119,184,584 Shares held by Escrowed Shareholders will be subject to the following escrow periods:

- 2,137,418 Shares until JLG's FY18 half-year financial statements are released to the ASX;
- 53,083,731 Shares until JLG's FY18 full year financial statements are released to the ASX; and
- 63,963,435 Shares until JLG's FY19 full year financial statements are released to the ASX.

During the Escrow Period, the Escrowed Shareholders may 'deal' with their existing Shares if the dealing arises in connection with, among other things:

- acceptance of a bona fide takeover offer for all of the Shares on issue made under Chapter 6 of the Corporations Act, provided the holders of at least half of the non-escrowed Shares have accepted the takeover offer and the restricted Shares continue to be restricted if the relevant bid does not become unconditional or does not otherwise proceed;
- the transfer or cancellation of Shares as part of a scheme of arrangement relating to the Company under section 411 of the Corporations Act, provided the restricted Shares continue to be restricted if the relevant scheme does not take effect;
- a transfer of Shares to an immediate family member, a company wholly owned by the Existing Owner or an immediate family member or a trust of which the Existing Owner or an immediate family member is the beneficiary subject to the continuation of the escrow arrangements for the Escrow Period;
- an equal access buy back or capital return or reduction in accordance with the Corporations Act;
- the death or incapacity of the relevant Existing Owner; or
- a dealing required by applicable law (including an order of a Court of competent jurisdiction).

For the purposes of the voluntary escrow arrangements, 'dealing' is broadly defined and means to directly or indirectly:

- dispose of, or agree or offer to dispose of, a restricted security or any legal, beneficial or economic interest in a restricted security;
- create, or agree to create, any security interest in a restricted security or any legal, beneficial or economic interest in that restricted security; or
- do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of that restricted security or any legal, beneficial or economic interest in that restricted security,

but does not include or restrict the exercise of any voting rights for the restricted securities.

## 7.9 CONTROL IMPLICATIONS OF THE OFFER

The Directors do not expect any Shareholder to control (as that term is defined in Section 50AA of the Corporations Act) JLG on Completion of the Offer.

Refer to the table in Section 1.7 for expected shareholdings on Completion of the Offer.

## 7.10 POTENTIAL EFFECT OF THE OFFER ON THE FUTURE OF THE COMPANY

The Directors believe that, on Completion of the Offer, the Company will have sufficient funds available from the cash proceeds of the Offer to fulfil the purposes of the Offer and meet the Company's stated business objectives.

## 7.11 KEY TERMS AND CONDITIONS OF THE OFFER

The key terms and conditions of the Offer are summarised below:

| | |
|---|---|
| **What is the type of security being offered?** | Shares, being fully paid ordinary shares in the capital of the Company. |
| **What are the rights and liabilities attached to the security being offered?** | A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 9.13. |
| **What is the consideration payable for each security being offered?** | The Offer Price is $1.00 per Share. |
| **What are some key conditions of the Offer?** | The Offer is conditional on the Restructure being completed and Listing. |
| **What is the Offer Period?** | The key dates, including details of the Offer Period, are set out in Section 7.4 and on page 4 in the Key Offer Information Section. |
| **What are the cash proceeds to be raised?** | Approximately $95,765,598 will be raised under the Offer. |
| **Is the Offer underwritten?** | Yes. The Underwriter has fully underwritten the Offer in accordance with the Underwriting Agreement. Details are provided in Section 9.5.1. |
| **What is the minimum and maximum Application size under the Broker Firm Offer, Chairman's List Offer and Employee Offer?** | The minimum Application under the Broker Firm Offer, Chairman's List Offer and Employee Offer is 2,000 Shares and in multiples of 1,000 Shares thereafter, as directed by the Applicant's Broker.<br>The Joint Lead Managers, in consultation with the Company, reserve the right to reject any Application or to allocate a lesser number of Shares than applied.<br>There is no maximum number or value of Shares that may be applied for under the Broker Firm Offer or Chairman's List Offer. There is a maximum of 10,000 Shares per applicant under the Employee Offer. |
| **What is the allocation policy?** | The allocation of Shares between the Broker Firm Offer, Institutional Offer and the Chairman's List Offer will be determined by the Joint Lead Managers and the Company having regard to the allocation policies outlined in Sections 7.12.4, 7.13.2 and 7.14. With respect to the Broker Firm Offer, it is a matter for the Broker how they allocate firm Shares among their eligible retail clients.<br>With respect to the Employee Offer, all Eligible Employees will be offered the opportunity to apply for up to 10,000 Shares each at the Offer Price. For further information on the Employee Offer, refer to Section 7.15.<br>For further information on the Broker Firm Offer see Section 7.12. For further information on the Institutional Offer see Section 7.13. For further information on the Chairman's List Offer see Section 7.14. |

| | |
|---|---|
| **Will the Shares be listed?** | The Company will apply to the ASX for admission to the Official List and quotation of its Shares on the ASX under the code JLG.<br>Completion of the Offer is conditional on, among other things, the ASX approving the application. If approval is not given within three months after the application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. |
| **When are the Shares expected to commence trading?** | Details are provided in Section 7.4. |
| **When will I receive confirmation that my Application has been successful?** | It is expected that initial holding statements will be dispatched by standard post on 24 October 2017. |
| **Are there any escrow arrangements** | Yes. Details are provided in Section 7.8. |
| **Is there brokerage, commission or stamp duty considerations?** | No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. |
| **Are there any tax considerations?** | Yes. Please refer to Section 9.10 and note that it is recommended that all potential investors consult their own independent tax advisers regarding the income tax, capital gains tax, stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances. |
| **What should you do with any enquiries?** | All enquiries in relation to this Prospectus should be directed to the Johns Lyng Group Information Line on 1800 426 150 (toll free within Australia) or +61 1800 426 150 (from outside Australia) between 8.30am and 5.30pm (Melbourne time) Monday to Friday.<br>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.<br>If you require assistance to complete the Application Form, require additional copies of this Prospectus, have any questions in relation to the Offer or you are uncertain as to whether obtaining Shares is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant, tax adviser financial adviser or other independent professional adviser before deciding whether to invest. |

## 7.12 BROKER FIRM OFFER

### 7.12.1 Who may apply

The Broker Firm Offer is open to persons who have received a firm allocation of Shares from their Broker and who have a registered address in Australia. If you have received a firm allocation of Shares from your Broker, you will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your Broker to determine whether you can receive an allocation of Shares from them under the Broker Firm Offer. The Broker Firm Offer is not open to persons in the United States.

### 7.12.2 How to apply

If you have received an allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions.

Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry. Applicants under the Broker Firm Offer should contact their Broker to request a copy of this Prospectus and Application Form. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (Melbourne time) on the Closing Date or any earlier closing date as determined by your Broker.

Applications for Shares must be for a minimum of 2,000 Shares and thereafter in multiples of 1,000 Shares and payment for the Shares must be made in full at the issue price of $1.00 per Share.

There is no maximum number or value of Shares that may be applied for under the Offer. However, the Company and the Joint Lead Managers reserve the right to reject or scale back any Applications. The Company may determine a person to be eligible to participate in the Offer and may amend or waive the Application procedures or requirements, in its discretion in compliance with applicable laws.

The Offer opens at 9.00am (Melbourne time) on 10 October 2017 and is expected to close at 4.00pm (Melbourne time) on 16 October 2017. The Company and the Joint Lead Managers may elect to close the Offer or extend the Offer, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

### 7.12.3 Payment methods

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided to you by that Broker.

### 7.12.4 Allocation policy under the Broker Firm Offer

The allocation of Shares among Applicants in the Broker Firm Offer will be determined by the Joint Lead Managers with the agreement of the Company. Shares that have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the Applicants nominated by those Brokers. It will be a matter for each Broker as to how they allocate firm Shares among their retail clients and they (and not the Company or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant Shares.

### 7.12.5 Acceptance of Applications

An Application in the Broker Firm Offer is an offer by the Applicant to apply for the amount of Shares specified in the Application Form, at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the Application Form. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to successful Applicants.

The Joint Lead Managers, in agreement with the Company, reserve the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an Applicant in completing their Application.

### 7.12.6 Application Monies

Application Monies received under the Broker Firm Offer will be held in a special purpose bank account until Shares are issued or transferred to successful Applicants. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied, will be mailed a refund (without interest) for all or part of their Application Monies, as applicable. No refunds due solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

To participate in the Offer, the Application Form must be completed and received, together with the Application Monies, in accordance with the instructions on the Application Form.

## 7.13 INSTITUTIONAL OFFER

### 7.13.1 Invitations to bid

The Institutional Offer consisted of an invitation to certain Institutional Investors in Australia and certain foreign jurisdictions to apply for Shares. The Joint Lead Managers separately advised Institutional Investors of the application procedures for the Institutional Offer.

### 7.13.2 Allocation policy under the Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer will be determined by the Joint Lead Managers with the agreement of the Company. The Joint Lead Managers and the Company have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Joint Lead Managers. The allocation policy was influenced, but not constrained, by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- the Company's desire for an informed and active trading market following Listing;
- the Company's desire to establish a wide spread of institutional Shareholders;
- overall level of demand under the Broker Firm Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long term Shareholders; and
- any other factors that the Company and the Joint Lead Managers considered appropriate.

## 7.14 CHAIRMAN'S LIST OFFER

Up to 2,500,000 are to be offered under the Chairman's List Offer which will be allocated at the discretion of the Chairman and the Company.

The Chairman's List Offer is open to selected investors in Australia who have been made a personal offer by the Chairman or the Company.

The Company reserves the right in its absolute discretion not to issue any Shares under the Chairman's List Offer or allocate a lesser number of Shares.

## 7.15 EMPLOYEE OFFER

All Eligible Employees are entitled to participate in the Employee Offer. Eligible Employees are:

- permanent full time and permanent part-time employees of the Group; and
- employees who have not received or given notice of termination of their employment on or before the date of issue and allotment of the Shares under the Offer.

Eligible Employees will be offered the opportunity to apply for up to 10,000 Shares each at the Offer Price, subject to a total allocation to Eligible Employees of 500,000 Shares.

A separate application form, together with access to this Prospectus, will be provided to Eligible Employees. The timetable for the Employee Offer is the timetable applicable to the Broker Firm Offer. Eligible Employees should read this Prospectus carefully and in its entirety, before deciding whether to apply for Shares under the Employee Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, tax adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

# 07. DETAILS OF THE OFFER



## 7.16 DISCRETION REGARDING THE OFFER

The Company may withdraw the Offer at any time before settlement and the issue or transfer of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Company and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid.

## 7.17 RESTRICTIONS ON DISTRIBUTION

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation for issue or sale of Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States or elsewhere outside Australia, unless it has attached to it the selling restrictions applicable in the jurisdictions outside Australia and may only be distributed to persons to whom the Institutional Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States.

Each Applicant under the Offer will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States;
- it is not in the United States;
- it has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia or New Zealand.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

## 7.18 ASX LISTING, REGISTERS AND HOLDING STATEMENTS

### 7.18.1 Application to the ASX for Listing and Quotation of Shares

The Company will apply within seven days of the Prospectus Date for admission to the Official List of the ASX and quotation of the Shares on the ASX. The Group's ASX code will be 'JLG'.

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered.

If the Company does not make such an application within seven days after the date of this Prospectus, or if permission is not granted for the Official Quotation of Shares on the ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Monies received by the Company will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to certain conditions (including any waivers obtained by the Company from time-to-time).

### 7.18.2 CHESS and issuer-sponsored holdings

The Company will apply to participate in the ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with ASX Listing Rules and ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer-sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer-sponsored sub-register.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Security Holder Reference Number (SRN) of issuer-sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements at the end of each month or if there has been a change to their holding on the register and as otherwise required under ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring Broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer-sponsored sub-register. The Share Registry may charge a fee for these additional statements.

# 08.

# INVESTIGATING ACCOUNTANTS REPORT

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CORPORATE PTY LTD

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Ref: BJB:ap

28 September 2017

The Directors
Johns Lyng Group Limited
1 Williamsons Road
DONCASTER VIC 3108

Dear Directors

**INDEPENDENT LIMITED ASSURANCE REPORT ON JOHNS LYNG GROUP LIMITED'S HISTORICAL FINANCIAL INFORMATION, PRO FORMA HISTORICAL FINANCIAL INFORMATION AND FORECAST FINANCIAL INFORMATION**

We have been engaged to report on the Historical Financial Information and Pro Forma Historical Financial Information for the three years ended 30 June 2017 and the Forecast Financial Information for the year ending 30 June 2018 of the Group (together the Financial Information). The Financial Information has been prepared for inclusion in Section 4 of the Prospectus dated on or about 2 October 2017 in connection with the proposed offer of 95,765,598 shares in Johns Lyng Group Limited to the value of $95,765,598 (the offer).

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Service License (AFSL) under the Corporations Act 2001. Pitcher Partners Corporate Pty Ltd (Pitcher Partners Corporate) holds the appropriate AFSL under the *Corporations Act 2001*.

**Background**

The Group is an integrated Buildings Services Group delivering building and restoration services across Australia. Its core offerings are as follows:

- Rebuild and remediate a variety of property and contents after damage, mainly weather and fire events; and
- Building and restoration services for property and contents damage, driven by the requirements of Insurers who are seeking quality outcomes for policyholders and efficiencies in regards to claims cost management.

C.3245175.1

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The offer is seeking to raise $95,765,598 through the initial public offer of shares and associated listing of Johns Lyng Group Limited on the Australian Securities Exchange. The funds raised will be used to acquire a portion of existing equity holders' shares, repay related party and third party debt and for working capital purposes as it seeks to deliver on its future strategy of growth, both organically and through acquisition.

**Scope**

***Historical Financial Information***

You have requested Pitcher Partners Corporate review the following financial information included in the prospectus:

- the Statement of Financial Performance for the years ended 30 June 2015, 30 June 2016 and 30 June 2017;
- the Statement of Financial Position as at 30 June 2017; and
- the Statement of Cash Flows for the years ended 30 June 2015, 30 June 2016 and 30 June 2017

(collectively, the "Historical Financial Information").

The Historical Financial Information has been extracted from the special purpose financial report of the Group for the years ended 30 June 2015 30 June 2016 and 30 June 2017, which was audited by Pitcher Partners in accordance with the Australian Auditing Standards. Pitcher Partners issued unmodified audit opinions on all the financial reports. These financial reports do not comply with all the applicable recognition and measurement requirements of Australian Accounting Standards due to various restructure initiatives that were implemented by the Group during FY17 in order to exclude non-core businesses from the Group prior to listing on the ASX. For the purposes of the financial reports referred to above, upon which the Pro Forma Historical Financial Information is based, these restructure transactions have been recognized prior to the legal effect of the restructure transactions so that the financial reports are representative only of the Group to be listed. The Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

***Pro Forma Historical Financial Information***

You have requested Pitcher Partners Corporate to review the pro forma historical financial information included in the Prospectus, comprising:

- the Pro Forma Statements of Financial Performance for ended 30 June 2015, 30 June 2016 and 30 June 2017;
- the Pro Forma Statement of Financial Position as at 30 June 2017; and
- the Pro Forma Statements of Cash Flows for the ended 30 June 2015, 30 June 2016 and 30 June 2017.

(collectively, the "Pro Forma Historical Financial Information").

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The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of tfhe Group, after adjusting for the effects of pro forma adjustments described in Section 4 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards (notwithstanding the exceptions noted above) applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Section 4 of the Prospectus, as if those event(s) or transaction(s) had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance, or cash flows.

***Forecast Financial Information***

You have requested Pitcher Partners Corporate to review the following financial information of the Group included in the Prospectus:

- the Forecast Statement of Financial Performance and Forecast Statement of Cash Flows of the Group, as described in Section 4 of the Prospectus (collectively, the Forecast). The directors' assumptions underlying the Forecast are set out in Section 4 of the Prospectus. The stated basis of preparation used in the preparation of the Forecast is the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies; and
- the Pro Forma Forecast Statement of Financial Performance and Pro Forma Forecast Statement of Cash Flows, as described in Section 4 of the Prospectus (collectively, the Pro Forma Forecast). The Pro Forma Forecast has been derived from the Group's Forecast, after adjusting for the effects of the pro forma adjustments described in Section 4 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Forecast and the events or transactions to which the pro forma adjustments relate, as described in Section 4 of the Prospectus, as if those events or transactions had occurred as at the date of the Forecast. Due to its nature, the Pro Forma Forecast does not represent the Group's actual or prospective financial performance or cash flows for the period ending 30 June 2018.

(collectively, the "Forecast Financial Information").

**Directors' Responsibility**

The directors of the Group are responsible for the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. Similarly, the directors of the Group are responsible for the preparation of the Forecast Financial Information for the year ending at 30 June 2018, including the assumptions underlying the Forecast and determination of the pro forma adjustments made to the Forecast and included in the Pro Forma Forecast. This includes responsibility for such internal control as the directors determine are necessary to enable the preparation of the Historical Financial Information, Pro Forma Historical Financial Information and Forecast Financial Information to be free from material misstatement, whether due to fraud or error.

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**Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Our review procedures of the Historical Financial Information was primarily limited to:

- analytical procedures on the audited financial performance of the Group for the years ended 30 June 2015, 30 June 2016 and 30 June 2017;
- a comparison of consistency in application of recognition and measurement principles in Australian Accounting Standards, and the accounting policies adopted by the Group and disclosed in the proposed prospectus;
- a review of the Group work papers, accounting records and other documents; and
- enquiry of directors, management and others in relation to the Historical Financial Information.

Our review procedures of the Pro Forma Historical Financial Information were primarily limited to:

- a review of the extraction of the Group's Historical Financial Information from financial statements for the years ended 30 June 2015, 30 June 2016 and 30 June 2017;
- analytical procedures on the Pro Forma Historical Financial Information of the Group;
- a review of the Group work papers, accounting records and other documents of the Group and its auditors or advisors;
- a review of the pro forma transactions and/or adjustments made to the Historical Financial Information;
- a review of accounting policies for consistency of application and identification of any adjustments to align the accounting policies to those of the Group; and
- enquiry of directors, management, personnel and advisors.

The above review procedures did not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We did not perform an audit and, accordingly, do not express an audit opinion.

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Our review of the Forecast Financial Information was primarily limited to:

- comparison and analytical review procedures;
- discussions with management and Directors of the Group of the factors considered in determining their assumptions; and
- examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Forecast Financial Information and the evaluation of Accounting Policies used in the Forecast Financial Information.

**Conclusions**

***Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in Section 4 of the Prospectus, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards (notwithstanding the exceptions noted above) and the Company's adopted accounting policies.

***Pro Forma Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in Section 4 of the Prospectus, is not presented fairly in all material respects, in accordance with the stated basis of preparation being the recognition and measurement principles contained in Australian Accounting Standards (notwithstanding the exceptions noted above) and the company's adopted accounting policies.

***Forecast***

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' assumptions do not provide reasonable grounds for the Forecast; and
- in all material respects, the Forecast:
  - is not prepared on the basis of the directors' assumptions as described in Section 4 of the prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards (notwithstanding the exceptions noted above) and the entity's adopted accounting policies; and
- the Forecast itself is unreasonable.

***Pro Forma Forecast***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' assumptions used in the preparation of the Pro Forma Forecast does not provide reasonable grounds for the Pro Forma Forecast; and

- in all material respects, the Pro Forma Forecast:
  - is not prepared on the basis of the directors' assumptions, as described in Section 4 of the prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards (notwithstanding the exceptions noted above), applied to the Forecast and the Group's adopted accounting policies, and the pro forma adjustments as if those adjustments had occurred as at the date of the Forecast; and
- the Pro Forma Forecast itself is unreasonable.

***Forecast and Pro Forma Forecast***

The Forecast and Pro Forma Forecast has been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Group for the year ending 30 June 2018. There is a considerable degree of subjective judgement involved in preparing forecasts since it relates to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast and Pro Forma Forecast since anticipated events or transactions frequently do not occur as expected and the variation may be material. The directors' assumptions on which the Forecast and Pro Forma Forecast are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Group. Evidence may be available to support the directors' assumptions on which the Forecast is based however such evidence is generally future oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Group, which are detailed in the prospectus, and the inherent uncertainty relating to the Forecast. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Sections 5 and 4 of the prospectus respectively. The sensitivity analysis described in Section 4 of the prospectus demonstrates the impact on the Forecast and Pro Forma Forecast of changes in key assumptions. We express no opinion as to whether the Forecast or Pro Forma Forecast will be achieved.

The Forecast and Pro Forma Forecast have been prepared by the directors for the purpose of the initial public offer of shares in Johns Lyng Group Limited and associated listing on the Australian Securities Exchange. We disclaim any assumption of responsibility for any reliance on this report, or on the Forecast or Pro Forma Forecast, to any person other than to the directors, or for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Group that all material information concerning the Prospectus and proposed operations of the Group has been disclosed to us and that the information provided to use for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

PITCHER PARTNERS

**Restriction on Use**

Without modifying our conclusions, we draw attention to Section 4 of the Prospectus, which describes the purpose of the financial information prepared, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for another purpose.

**Consent**

Pitcher Partners Corporate has consented to the inclusion of this report in the Prospectus in the form and context in which it is included.

**Liability**

The liability of Pitcher Partners Corporate is limited to the inclusion of this report in the Prospectus. Pitcher Partners Corporate makes no representation regarding, and has no liability for, any other statement or other material in, or any omissions from, the prospectus.

**Declaration of Interest**

Pitcher Partners Corporate does not have any interest in the outcome of this Offer other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully
PITCHER PARTNERS CORPORATE PTY LTD

Brendan Britten
Executive Director and Representative

PITCHER PARTNERS
CORPORATE PTY LTD

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15 William Street
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## Financial Services Guide

**Version dated: 2 October 2017**

**What is a Financial Services Guide?**

This Financial Services Guide ("FSG") is an important document that is designed to assist you in deciding whether to use any of the general financial product advice provided by Pitcher Partners Corporate Pty Ltd. The use of "we", "us" or "our" is a reference to Pitcher Partners Corporate Pty Ltd as the holder of Australian Financial Services Licence ("AFSL") No. 229841. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide.
- details of any potential conflicts of interest
- details of our internal and external dispute resolution procedures and how you can access them.

**Information about us**

Pitcher Partners Corporate Pty Ltd has been engaged by Johns Lyng Group Limited to provide general financial product advice in the form of a report to be given to you in connection with a financial product to be issued by another party. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are only responsible for the financial product advice provided in our report and for the contents of this FSG.

You may contact us by writing to GPO Box 5193, MELBOURNE VIC 3001, or by telephone on +613 8610 5000.

Pitcher Partners Corporate Pty Ltd is ultimately owned by the Victorian partnership of Pitcher Partners, a provider of audit and assurance, accounting, tax, corporate advisory, insolvency, superannuation, investment advisory and consulting services. Directors of Pitcher Partners Corporate Pty Ltd are partners of Pitcher Partners.

The Victorian partnership of Pitcher Partners is an independent partnership of Pitcher Partners. As such, neither it nor any of the other independent partnerships has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the name "Pitcher Partners", or other related names.

The financial product advice in our report is provided by Pitcher Partners Corporate Pty Ltd and not by the Victorian partnership of Pitcher Partners or its related entities.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, we and the Victorian partnership of Pitcher Partners (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

We hold professional indemnity insurance as required by the Corporations Act 2001 (Cth).

**What financial services are we licensed to provide?**

Our AFSL authorises us to provide general financial product advice and deal in the following classes of financial products to both retail and wholesale clients:

- Deposit products (including basic deposit products and deposit products other than basic deposit products)
- Derivatives
- Government debentures, stocks or bonds
- Interests in managed investment schemes including investor directed portfolio services
- Securities

**Information about the general financial product advice we provide**

The financial product advice provided in our report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant Product Disclosure Statement ("PDS") or offer document provided by the issuer of the financial product. The purpose of the PDS or offer document is to help you make an informed decision about the acquisition of a financial product. The contents of the PDS or offer document will include details such as the risks, benefits and costs of acquiring the particular financial product.

**How are we and our employees remunerated?**

The fees we charge for preparing reports are usually determined on an hourly basis; however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of pocket expenses incurred in providing the services.

Fee arrangements are agreed and confirmed in a letter of engagement with the party or parties who engage us.

Neither Pitcher Partners Corporate Pty Ltd nor its directors and officers, nor any related bodies corporate or associates and their directors and officers, receives any other fees, commissions or other benefits in connection with preparing and providing this report.

All of our employees receive a salary with partners also having an equity interest in the partnership. We do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance.
We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

**What should you do if you have a complaint?**

If you have any concerns regarding our report, you may wish to advise us. We are committed to responding to any complaints promptly, fairly and effectively. We have developed an internal complaint resolution policy and complaint handling procedures that are designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

Partner in Charge – Corporate Finance
Pitcher Partners
GPO Box 5193
MELBOURNE VIC 3001

If we are not able to resolve your complaint to your satisfaction within 45 days of the first notification of your complaint to us, you may contact the Financial Ombudsman Service ("FOS"). FOS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FOS at:

Financial Ombudsman Service Limited
GPO Box 3
MELBOURNE VIC 3001
Telephone: 1300 780 808
Fax: +61 3 9613 6399
Internet: http://www.fos.org.au

The Australian Securities and Investments Commission ("ASIC") website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1 300 300 630
Email: info@asic.gov.au
Internet: http://www.asic.gov.au/asic/asic.nsf

If your complaint relates to a breach of our Privacy Policy or the Australian Privacy Principles, the matter should be referred to The Privacy Officer, GPO Box 5193, Melbourne VIC 3001.

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# 09.

# ADDITIONAL INFORMATION

# 09. ADDITIONAL INFORMATION

## 9.1 REGISTRATION

The Company was incorporated in Victoria, Australia on 14 July 2017 as a public company limited by shares.

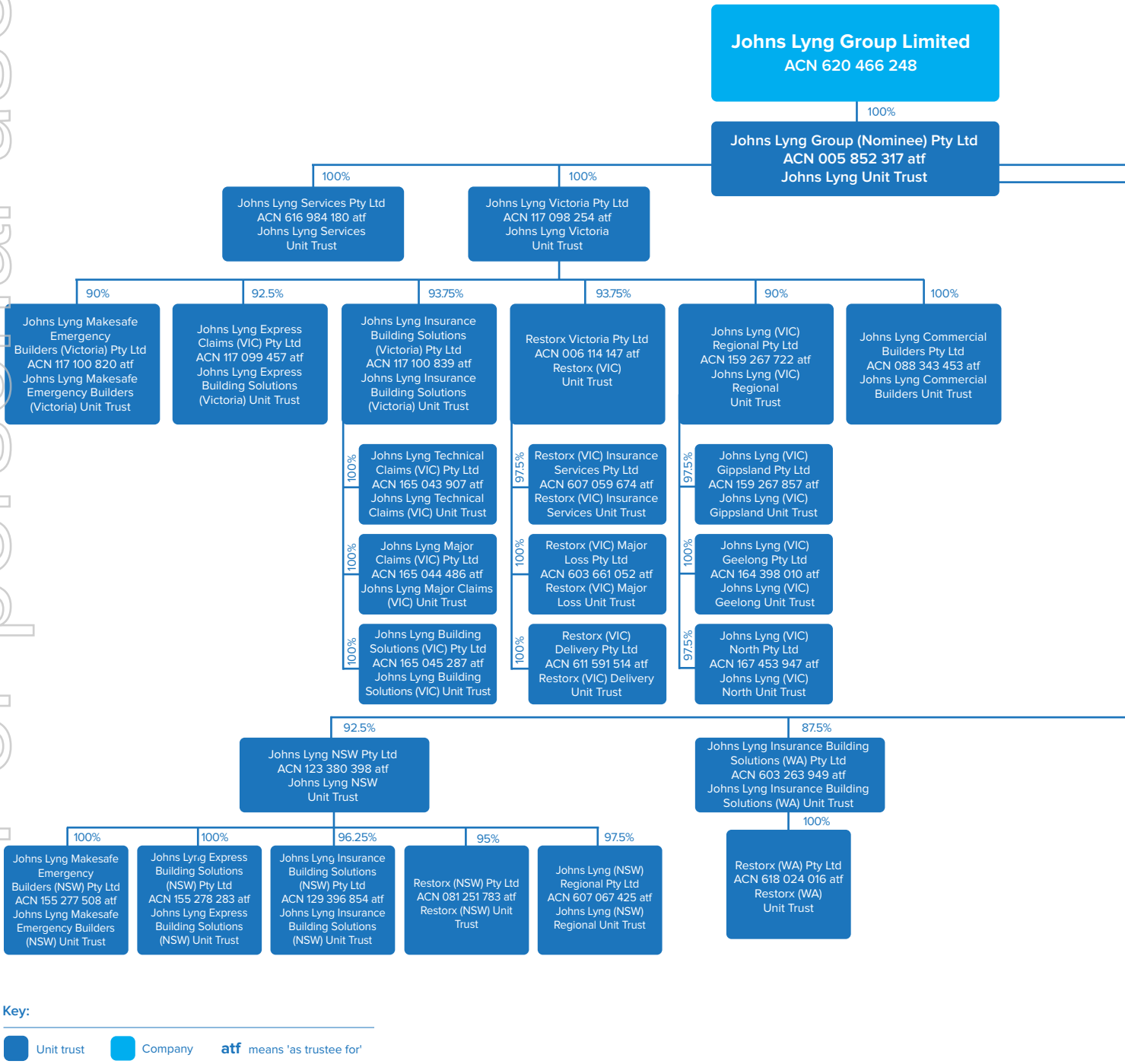
## 9.2 TAX STATUS AND FINANCIAL YEAR

The Company expects to be taxed in Australia as a public company. The financial year of the Company will end on 30 June annually.

## 9.3 CORPORATE STRUCTURE

The following diagram shows the corporate structure of the Group on Completion of the Offer. Refer to Section 3.10 for an explanation of the Roll-Up which will occur prior to the Listing Date (the effect of which is reflected in Figure 9.1).

### FIGURE 9.1: GROUP STRUCTURE

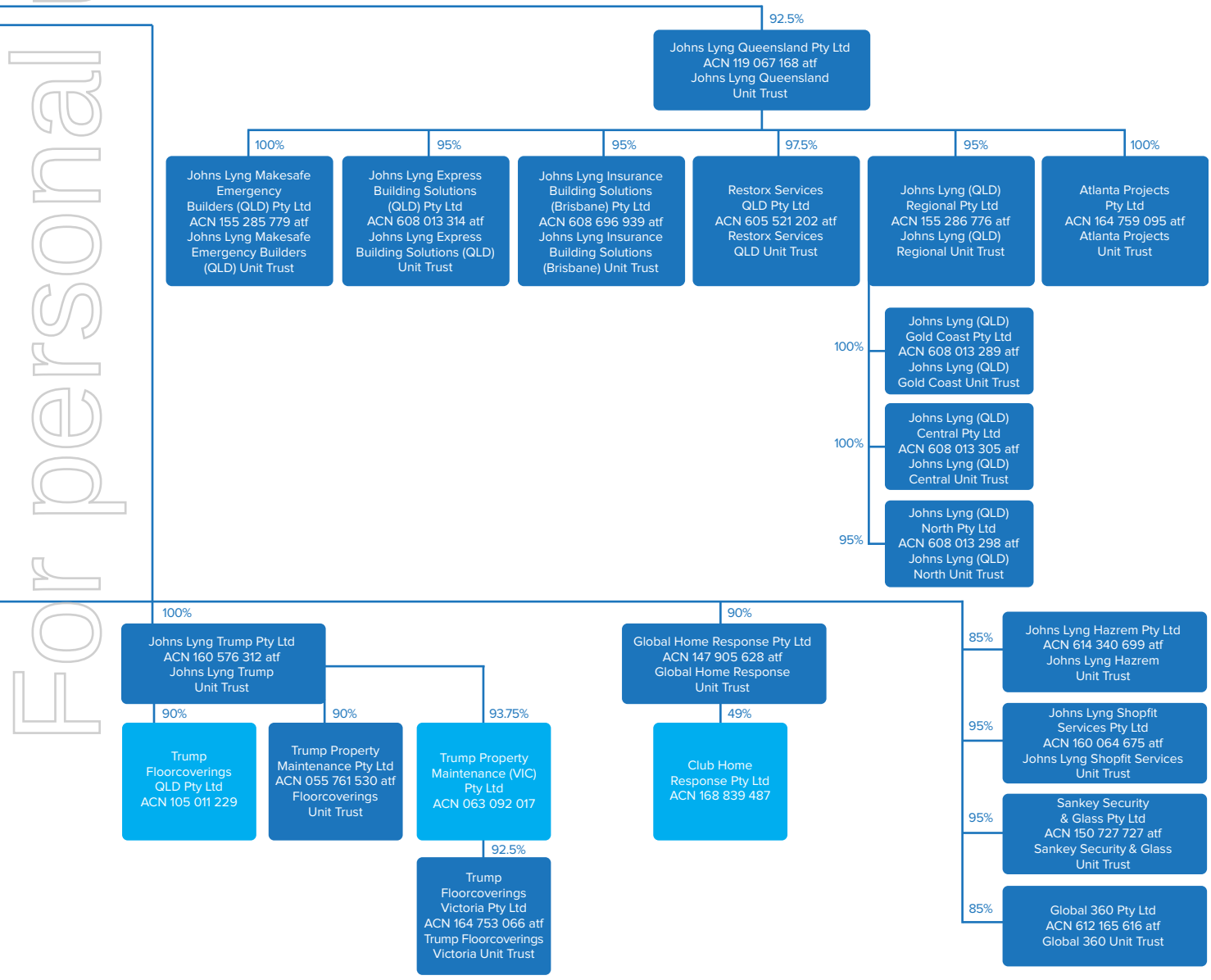



Key:

Unit trust  Company  **atf** means 'as trustee for'

# 09. ADDITIONAL INFORMATION





## 9.4 SALECO AND SALE SHARES

SaleCo has been established so that the Existing Owners can sell a portion of the Shares they receive under the Restructure (including the Roll-Up) (i.e. Sale Shares) and realise that part of their investment in the Company. Each Existing Owner has entered into an irrevocable offer deed (**Irrevocable Offer Deed**) in favour of SaleCo under which they irrevocably offer until 10 business days after completion of the Restructure to sell their respective Sale Shares received or to be received under the Restructure to SaleCo (or as it directs) free from encumbrances and third party rights and to deliver the Sale Shares to (or as directed by) SaleCo. The total number of Sale Shares is 48,863,362.

The Sale Shares which SaleCo agrees to acquire from the Existing Owners on its acceptance of each Irrevocable Offer Deed will be transferred to successful Applicants allocated Sale Shares under the Offer. The price payable for the Sale Shares will be the Offer Price.

SaleCo has no material assets, liabilities or operations other than its interest under the Irrevocable Offer Deed and the SaleCo Indemnity Deed (under which the Company indemnifies SaleCo and its directors against any loss or liability that they may suffer or incur as a result of the Offer). The directors of SaleCo are Scott Didier, Lindsay Barber and Matthew Lunn. The sole shareholder of SaleCo is Lindsay Barber. The Company has agreed to provide such resources and support as are necessary to enable SaleCo to discharge its functions in relation to the Offer and under the SaleCo Indemnity Deed has agreed to pay SaleCo's costs in respect of the Offer.

## 9.5 MATERIAL CONTRACTS

Other than the Underwriting Agreement and the Bank Facilities summarised below, the Directors do not consider that there are any other contracts which are significant or material to the Company.

Summaries of material contracts set out in this Prospectus, do not purport to be complete and are qualified by the text of the contracts themselves.

### 9.5.1 Underwriting Agreement

The Offer is being underwritten by the Underwriter pursuant to an underwriting agreement dated 2 October 2017 between the Company, SaleCo, the Joint Lead Managers and JLG Nominee (**Underwriting Agreement**). Under the Underwriting Agreement, the Underwriter has agreed to jointly arrange and manage the Offer with Evans and Partners and the Underwriter has agreed to act as underwriter for the Offer.

For the purpose of this Section 9.5.1, 'Offer Documents' means the documents issued or published by or on behalf of the Company and SaleCo and with their prior approval in respect of the Offer including:

- this Prospectus, any application form and any supplementary prospectus;
- the pathfinder version of this Prospectus that was distributed prior to the date of this Prospectus and any document which supplements or replaces the pathfinder version of this Prospectus (including any addendum to the pathfinder);
- any cover email sent by or on behalf of the Company or SaleCo to eligible Institutional Investors outside of Australia in connection with the Institutional Offer and bookbuild; and
- any investor presentation, marketing roadshow presentation and / or public announcements used by the Company or SaleCo in connection with the Offer.

**Commissions, fees and expenses**

On the settlement date (as defined in the Underwriting Agreement) (**Settlement Date**), the Company and SaleCo must pay the Underwriter an underwriting fee equal to 2% and a selling and management fee equal to 1% less $10,000, of the total funds raised under the Offer (**Offer Proceeds**). In addition, the Company and SaleCo may also pay an incentive fee of up to 0.50% of the total Offer Proceeds on the Settlement Date. These fees are exclusive of GST.

The Underwriter must pay a management fee of 1.05% of the Offer Proceeds and any other fees due to Evans and Partners on behalf of the Company by paying those fees out of the fees payable to the Underwriter.

In addition to the fees described above, the Company and SaleCo have agreed to reimburse the Underwriter for certain agreed costs and expenses incurred by the Underwriter in relation to the Offer.

### Termination events

Any Joint Lead Manager may terminate the Underwriting Agreement without cost or liability by notice to the Company, SaleCo, JLG Nominee and the other Joint Lead Manager at any time from the date of the Underwriting Agreement until 11.00am on the Settlement Date or at any other earlier time as specified below, if any of the following events occur:

- a statement in the Offer Documents is misleading or deceptive (including by omission) or likely to mislead or deceive, or becomes misleading or deceptive, or a material matter is omitted from the Offer Documents;
- there occurs a new circumstance that arises after the Prospectus is lodged, that would have been required to be included in the Prospectus if it had arisen before lodgement (as applicable), that is materially adverse from the point of view of an investor;
- the Company and SaleCo:
  - issue or, in the reasonable opinion of the Joint Lead Managers is required to issue, a supplementary prospectus because of the operation of section 719(1) of the Corporations Act; or
  - lodge a supplementary prospectus with ASIC in a form and substance that has not been approved by the Joint Lead Managers in circumstances required under the Underwriting Agreement;
- at any time the S&P / ASX All Ordinaries Index falls to a level that is 90% or less of the level as at the close of trading on the day immediately prior to the date of the Underwriting Agreement and closes at or below that 90% level on two consecutive business days prior to the Settlement Date, or on the business day prior to the Settlement Date;
- any of the Share Sale Deeds (as defined in the Underwriting Agreement) are varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- any of the Restriction Agreements (as defined in the Underwriting Agreement) are varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- any of the Restructure Agreements (as defined in the Underwriting Agreement) are varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
  - the Company's admission to the Official List on or before the Shortfall Notification Date (as defined in the Underwriting Agreement); or
  - the quotation of the Shares on ASX or for the Shares to be traded through CHESS on or before the quotation date,

  or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- any of the following notifications are made in respect of the Offer:
  - ASIC issues an order (including an interim order) under section 739 of the Corporations Act and any such inquiry or hearing is not withdrawn within two business days or if it is made within three business days of the Settlement Date it has not been withdrawn by the day before the Settlement Date;
  - ASIC holds a hearing under section 739(2) of the Corporations Act;
  - an application is made by ASIC for an order under Part 9.5 in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an Offer Document, and any such application inquiry or hearing is not withdrawn within two business days or if it is made within two business days of the Settlement Date it has not been withdrawn by the day before the Settlement Date;
  - any person who has previously consented to the inclusion of its name in the Prospectus (other than the terminating Joint Lead Manager) withdraws that consent; or
  - any person gives a notice under section 730 of the Corporation Act in relation to the Prospectus (other than the terminating Joint Lead Manager);
- the Company or SaleCo withdraws the Prospectus or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- an event specified in the timetable up to and including the Settlement Date is delayed by more than two business days (other than any delay caused solely by the terminating Joint Lead Manager or any delay agreed between the Company, JLG Nominee, SaleCo and the Joint Lead Managers or a delay as a result of an extension of the exposure period by ASIC);

- the Company is prevented from allotting and issuing the New Shares, or SaleCo is prevented from transferring or causing the transfer of the Sale Shares, within the time required by the timetable, the Offer Documents or the Listing Rules, by applicable laws, an order of a court of competent jurisdiction or a governmental authority;
- there are not, or there ceases to be, reasonable grounds for any statement or estimate in the Offer Documents which relate to a future matter or any statement or estimate in the Offer Documents which relate to a future matter is, unlikely to be met in the projected timeframe (including in each case financial forecasts);
- if a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company or SaleCo to perform its obligations under the Underwriting Agreement, such that the Company or SaleCo is rendered unable to perform its obligations under the Underwriting Agreement;
- a statement in any of the Public Information (as defined in the Underwriting Agreement) is or becomes materially misleading or deceptive or is likely to mislead or deceive;
- except as disclosed in the Offer Documents or as provided in any of the Restructure Agreements, the Company or JLG Nominee:
  - alters the issued capital of the Company, JLG Nominee or other member of the Group; or
  - disposes or attempts to dispose of a substantial part of the business or property of the Company, JLG Nominee or other member of the Group,

  without the prior written consent of the Joint Lead Managers;
- any of the following occurs:
  - a director of the Company, JLG Nominee or SaleCo is charged with an indictable offence;
  - any director of the Company, JLG Nominee or SaleCo is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
  - the commencement of material legal proceedings against the Company, JLG Nominee or SaleCo or any of their directors in their capacity as a director; or
  - any regulatory body commences any inquiry against the Company, JLG Nominee, SaleCo or any other member of the Group;
- any member of the Group becomes insolvent, or there is an act or omission which is likely to result in a member of the Group becoming insolvent;
- the Company varies any term of its Constitution without the prior written consent of the Joint Lead Managers;
- the Restructure does not complete by 10.00am on the Settlement Date in accordance with the terms of the Restructure Agreements and as described in this Prospectus; or
- a change to the positions held by Scott Didier, Lindsay Barber or Matthew Lunn, or there is a change in the board of directors of the Company or SaleCo.

**Termination subject to materiality**

Any Joint Lead Manager may terminate the Underwriting Agreement without cost or liability by notice to the Company, SaleCo, JLG Nominee and the other Joint Lead Manager at any time from the date of the Underwriting Agreement until 11.00am on the Settlement Date or at any other earlier time as specified below, if any of the following events occur, provided that it believes acting reasonably the event: (a) has, or is likely to have, a materially adverse effect on the success or outcome of the Offer, or the ability of the Joint Lead Managers to settle the Offer; or (b) will, or is likely to, give rise to a liability of the Joint Lead Manager under, or a contravention by the Joint Lead Manager of, any applicable law:

- the Due Diligence Report (as defined in the Underwriting Agreement) is, or becomes, false, misleading or deceptive, including by way of omission;
- an event occurs which is, or is likely to give rise to:
  - an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group from those disclosed in this Prospectus lodged with ASIC; or
  - an adverse change in the nature of the business conducted by the Group as disclosed in this Prospectus lodged with ASIC;

- the Company, JLG Nominee or SaleCo does not provide a Closing Certificate (as defined in the Underwriting Agreement) as and when required by the Underwriting Agreement or a statement in any Closing Certificate is false, misleading, inaccurate or untrue or incorrect;
- in respect of any one or more of Australia, New Zealand, the United States, the United Kingdom, Hong Kong, Singapore, Germany, France, Italy or Spain:
  - hostilities not presently existing commence;
  - a major escalation in existing hostilities occurs (whether war is declared or not);
  - a declaration is made of a national emergency or war; or
  - a major terrorist act is perpetrated;
- if any of the obligations of the relevant parties under any of the Material Contracts (as defined in the Underwriting Agreement) (other than the Share Sale Deeds, Restriction Agreements and Restructure Agreements) are not capable of being performed in accordance with their terms (in the reasonable opinion of the terminating Joint Lead Manager) or if all or any part of any Material Contract:
  - is terminated, withdrawn, rescinded, avoided or repudiated;
  - is altered, amended or varied without the consent of the Joint Lead Managers (acting reasonably);
  - is breached, or there is a failure by a party to comply;
  - ceases to have effect, otherwise than in accordance with its terms; or
  - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and effect, or its performance is or becomes illegal;
- there is introduced, or there is a public announcement of a proposal to introduce, a new law or regulation or government policy in Australia (excluding a policy of the Reserve Bank of Australia), other than a law or policy which has been announced before the date of the Underwriting Agreement;
- there is a contravention by the Company, JLG Nominee or SaleCo or any other member of the Group of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), the *Australian Securities and Investments Commission Act 2001* (Cth), its Constitution, the Listing Rules or any other applicable law or regulation;
- a representation or warranty contained in this agreement on the part of the Company, JLG Nominee or SaleCo is breached, becomes not true or correct or is not performed;
- the Company, JLG Nominee or SaleCo defaults on one or more of its undertakings or obligations under the Underwriting Agreement;
- any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, New Zealand, Singapore, Hong Kong, the United Kingdom, the United States, Germany, France, Italy or Spain is declared by the relevant central banking authority in those countries, or there is a disruption for longer than one business day in commercial banking or security settlement or clearance services in any of those countries;
  - any adverse effect on the financial markets in Australia, New Zealand, Singapore, Hong Kong, the United Kingdom, Germany, France, Italy, Spain or the United States, or in foreign exchange rates or any development involving a prospective change or break up in political, financial or economic conditions in any of those countries; or
  - trading in all securities quoted or listed on ASX, the London Stock Exchange, Hong Kong Stock Exchange or the New York Stock Exchange is suspended for at least one day (or a substantial part of one day) on which that exchange is open for trading; or
- any of the Company, JLG Nominee or SaleCo or any of their directors or officers (as those terms are defined in the Corporations Act) engage, or have been alleged by a governmental authority to have engaged since the date of this agreement, in any fraudulent conduct or activity whether or not in connection with the Offer; or
- any of the Offer Documents or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules, or any other applicable law or regulation.

**Representations, warranties, undertakings and other terms**

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company, JLG Nominee and SaleCo to the Joint Lead Managers (as well as common conditions precedent, including due diligence, lodgement of the Prospectus and the entry into a voluntary escrow agreement by each of the Existing Owners).

The representations and warranties given by the Company, JLG Nominee and SaleCo include matters such as conduct of the Company, JLG Nominee and SaleCo, power and authorisations, information provided by the Company including disclosures and financial information, information in this Prospectus and other public information, no encumbrances over the New Shares and Sale Shares, the conduct of the Offer, no breach and compliance with laws, litigation, the ASX Listing Rules and other legally binding requirements. The Company and JLG Nominee also provide additional representations and warranties including in relation to its internal controls, accounts, taxation, occupational health and safety, title to property, licences, insurance and eligibility for Listing.

The Company's, JLG Nominee's and SaleCo's undertakings include that it must each, after becoming aware, notify the Joint Lead Managers of any breach of any obligation, representation, warranty or undertaking given by it under the Underwriting Agreement and keep the Joint Lead Managers fully informed of any material adverse changes to the financial position or prospects of the Group.

The Company's and JLG Nominee's undertakings also include that they must:

- carry on its business, and procure that each member of the Group carries on its business in the ordinary course and not dispose (or permit any other member of the Group to dispose) of any material part of its (or their) business or property except in the ordinary course;
- not, from the date of the Underwriting Agreement until 120 days after Completion (as defined in the Underwriting Agreement):
  - alter the capital structure of the Company;
  - amend the Constitution; or
  - dispose of the Company's business or property in whole or substantial part,

except in accordance with the Restructure Agreements as disclosed in the Offer Documents or with the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed).

**Indemnity**

Subject to certain exclusions relating to, among other things, fraud, wilful misconduct, recklessness or gross negligence by the Joint Lead Managers and their respective Representatives (as defined in the Underwriting Agreement) (**Indemnified Party**), the Company, JLG Nominee and SaleCo on a joint and several basis unconditionally and irrevocably agree to indemnify and hold harmless each of the Indemnified Parties from and against all Losses (as defined in the Underwriting Agreement) directly or indirectly suffered by, or claims made against, an Indemnified Party arising out of or in connection with the Offer, the appointment of the Joint Lead Managers or the Underwriting Agreement (whether the claim or Loss arises or is suffered before or after the date of the Underwriting Agreement).

### 9.5.2 Bank Facilities

For a summary of the Bank Facilities, refer to Section 4.5.2.

## 9.6 ASX AND ASIC

### ASX waivers and confirmations

The Company has applied to the ASX for an 'in-principle' confirmation that ASX considers that up to a maximum of 17,723,219 Shares that may be issued within five years of the Listing Date as part of the put and call options referred to in Section 3.10 will not be counted for the purposes of the 15% limit in Listing Rule 7.1.

The Company expects that the 'in-principle' confirmation will be formally considered and determined by the ASX (subject to customary conditions) as part of the Company's application for Listing.

### ASIC relief

ASIC has granted certain relief from, and modifications to:

- section 707 of the Corporations Act to permit the on-sale of Shares offered and transferred or issued to institutional investors other than under this Prospectus;
- avoid any breach of the short selling restrictions in section 1020B(2) of the Corporations Act as a result of an Offer of Sale Shares under this Prospectus; and
- the takeover provisions of the Corporations Act such that they will not apply to certain relevant interests that the Company would otherwise acquire in Escrowed Shares by reason of voluntary escrow arrangements in relation to those Shares described in Section 7.8.

## 9.7 LITIGATION AND CLAIMS

As at the Prospectus Date, so far as the Directors are aware, there are no claims or legal proceedings to which the Company or its subsidiaries are a party that are likely to have a material adverse impact on the business or its future financial position and the Company is not aware of any such legal proceedings that are pending or threatened.

## 9.8 CONSENTS TO BE NAMED AND DISCLAIMERS OF RESPONSIBILITY

Each of the parties referred to below (each a **Consenting Party**), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, have not been withdrawn by the following parties:

- Bell Potter has given its written consent to be named in this Prospectus as Joint Lead Manager, sole Underwriter and joint bookrunner to the Offer in the form and context in which it is named;
- MinterEllison has given its written consent to be named in this Prospectus as Australian legal adviser to the Company in relation to the Offer in the form and context in which it is named;
- Evans and Partners has given its written consent to be named in this Prospectus as Joint Lead Manager and joint bookrunner to the Offer in the form and context in which it is named;
- Pitcher Partners Corporate Pty Ltd has given its written consent to be named in this Prospectus as Investigating Accountant to the Company in relation to the Financial Information in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of its Investigating Accountant's Report and financial services guide in the form and context in which they are included;
- Pitcher Partners has given its written consent to be named in this Prospectus as the Company's Auditor;
- Pitcher Partners Corporate Pty Ltd has given its written consent to be named in this Prospectus as Tax Advisor and to the inclusion of its tax summary in Section 9.10 in the form and context in which it appears; and
- Link has given its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named.

No entity or person referred to in this Section 9.8 has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the persons and entities referred to in this Section 9.8 has not authorised or caused the issue of this Prospectus and does not make any offer of Shares.

## 9.9 DESCRIPTION OF THE SYNDICATE

A Joint Lead Manager, and the sole Underwriter and bookrunner to the Offer is Bell Potter. Evans and Partners is a Joint Lead Manager to the Offer.

## 9.10 TAXATION CONSIDERATIONS

This Section contains a general outline of the taxation implications of holding Shares in the Company for certain investors who are tax resident in Australia and hold their Shares on capital account.

The comments in this Section are based on Australian taxation laws at the date of this Prospectus.

The taxation comments in this Prospectus do not constitute tax advice. It is recommended that Shareholders consult with their own taxation advisors regarding the taxation implications associated with the Offer.

### 9.10.1 Dividends

Dividends received by Shareholders should be included in their assessable income. A Shareholder who is an individual will be taxed on the dividends at their marginal tax rate. A corporate Shareholder will be taxed at the prevailing company tax rate (currently 30%, or 27.5% for small business entities).

Generally, where a dividend is franked, an amount equal to the franking credits attached to that dividend will be included in a Shareholder's assessable income. A Shareholder will generally be entitled to a tax offset equal to the amount of franking credits attached to the dividend.

Certain Shareholders, including individuals and complying superannuation funds, may be entitled to a refund of excess franking credits where their tax offset in respect of the franked dividends exceeds their tax liability.

### 9.10.2 Capital Gains Tax (CGT) implications

**Issue of Shares**

The issue of Shares involves the acquisition by a Shareholder of a CGT asset. No taxing event should occur at the time of issue of the Shares.

The cost base of the Shares will be the amount paid by a Shareholder to acquire the Shares under the Offer. Fees incurred by Shareholders on brokerage services and other incidental costs of acquisition should also be included in the cost base of the relevant Shares.

**Disposal of Shares**

A disposal of shares will constitute a CGT event. A Shareholder should derive a capital gain where the capital proceeds received on disposal of the Shares exceed the cost base of the Shares. A Shareholder should make a capital loss where the reduced cost base of the Shares exceeds the capital proceeds received on disposal of the Shares.

Generally, the capital proceeds received as a result of a disposal of Shares should equal the consideration received on disposal. The cost base of the shares will generally comprise the cost of acquisition of the Shares plus incidental costs of acquisition or disposal such as brokerage fees.

If a non-corporate Shareholder has held their Shares for at least 12 months prior to disposal, the CGT discount concession may be available to reduce the amount of a capital gain arising from the disposal (after applying any capital losses). The CGT discount concession for an individual or trust is 50% and for a complying superannuation fund is 33⅓%.

### 9.10.3 Stamp duty

Shareholders should not be liable to stamp duty in Australia in respect of the acquisition of Shares under the Offer.

### 9.10.4 Goods and Services Tax (GST)

Shareholders should not be liable to GST in Australia in respect of the acquisition of Shares under the Offer.

## 9.11 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the law applicable in Victoria and each Applicant under this Prospectus submits to the exclusive jurisdiction of the Courts of Victoria.

## 9.12 FOREIGN SELLING RESTRICTIONS

This document does not constitute an offer of New Shares and / or Sale Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares and / or Sale Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

### Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the Laws of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares and Sale Shares have not been and will not be offered or sold in Hong Kong other than to 'professional investors' (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares and / or Sale Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares and / or Sale Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares and / or Sale Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

### New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**). The New Shares and / or Sale Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

If you receive a copy of this document and are not a person to whom the above categories apply, return this document to reception@johnslyng.com.au immediately. You may not forward or circulate this document to any other person in New Zealand. No application form from you for New Shares and / or Sale Shares will be accepted by the Company or otherwise processed.

## 9.13 SUMMARY OF RIGHTS AND LIABILITIES ATTACHING TO THE SHARES AND OTHER MATERIAL PROVISIONS OF THE CONSTITUTION

### 9.13.1 Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of ASX.

### 9.13.2 Voting at a general meeting

At a general meeting of the Company, subject to any rights or restrictions attaching to any class of Shares, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid Share held.

### 9.13.3 Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

### 9.13.4 Dividends

The Board may resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment. For further information in respect of the Company's proposed dividend policy, see Section 4.12.

### 9.13.5 Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

The Board may refuse to register a transfer of Shares where permitted to do so under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required to by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

### 9.13.6 Issue of further shares

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, the Company may issue, or grant options in respect of, or otherwise dispose of further shares on such terms and conditions as the Directors resolve.

### 9.13.7 Winding up

Without prejudice to the rights of the holders of Shares issued on special terms and conditions, if the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind all or any of the Company's assets and for that purpose, determine how it will carry out the division between the different classes of Shareholders, but the liquidator may not require a Shareholder to accept any Shares or other securities in respect of which there is any liability.

### 9.13.8 Non-marketable parcels

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares (unless the Shareholder has notified the Company in writing before a specified date that they wish to retain their Shares).

### 9.13.9 Share buy-backs

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company may buy back Shares on terms and at times determined by the Board.

### 9.13.10 Variation of class rights

Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares in the Company may be varied or cancelled:

- with the consent in writing of the holders of three-quarters of the issued shares included in that class; or
- by a special resolution passed at a separate meeting of the holders of those shares.

In either case, in accordance with the Corporations Act, the holders of not less than 25% of the votes in the class of shares, the rights of which have been varied or cancelled, may apply to a Court of competent jurisdiction to exercise its discretion to set aside such variation or cancellation.

### 9.13.11 Dividend reinvestment plan

The Directors may, on any terms and at their discretion, establish a dividend reinvestment plan (under which any member may elect that the dividends payable by the Company be reinvested by acquiring by way of issue or transfer Shares or other securities).

### 9.13.12 Directors – appointment and rotation

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum is 12. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that no Director (excluding the Managing Director) holds office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

### 9.13.13 Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter.

### 9.13.14 Directors – remuneration

The Directors, other than an Executive Director, will be paid by way of fees for services up to the maximum aggregate sum of $1,000,000 per annum or such other amount as may be approved by the Company in general meeting. The initial remuneration of the Directors is set out in Sections 6.5.1 and 6.5.2. Shares, options, rights and other share-based payments may be provided to Non-Executive Directors and the value of any such Shares, options, rights and other share-based payments will not be included in the aggregate maximum. The Constitution also makes provision for the Company to pay all reasonable expenses of Directors in attending meetings and carrying on their duties.

### 9.13.15 Indemnities

The Company, to the extent permitted by law, indemnifies each Director against any liability incurred by that person as a director or officer of the Company or its subsidiaries, and reasonable legal costs incurred by that person in defending an action for a liability of that person. The Company, to the extent permitted by law, may make a payment (whether by way of an advance, loan or otherwise) to a Director in respect of legal costs incurred by that person in defending an action for a liability of that person.

The Company, to the extent permitted by law, may pay, or agree to pay, a premium for a contract insuring any Director or officer against any liability incurred by that person as an officer of the Company or its subsidiaries and legal costs incurred by that person in defending an action for a liability of that person.

### 9.13.16 Inspection of records

Except as otherwise required by the Corporations Act, the Directors may determine whether and to what extent, and at what times and places and under what conditions, the financial records and other documents of the Company or any of them will be open for inspection by Shareholders other than Directors.

A Shareholder other than a Director does not have the right to inspect any financial records or other documents of the Company unless the Shareholder is authorised to do so by a Court order or a resolution of the Directors.

### 9.13.17 Amendment

The Constitution may be amended only by special resolution passed by at least three-quarters of the votes cast by Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company. The Company must give at least 28 days written notice of a general meeting of the Company.

## 9.14 EXPENSES OF THE OFFER

The table below sets out the estimated total expenses of the Offer (excluding GST).

| Item of expenditure | Amount ($) |
|---|---|
| ASX fees | $215,000 |
| Joint Lead Manager and Underwriter fees* | $3,203,000 |
| Professional advisers' fees | $1,202,000 |
| Stamp duty | $1,552,000 |
| Miscellaneous | $328,000 |
| **TOTAL** | **$6,500,000** |

* Broker commissions will only be paid on applications made through a licensed securities dealers or Australian financial services licensee and accepted by the Company. The amount calculated is based on 100% of applications being made in this manner. For those applications made directly to and accepted by the Company no broker commissions will be payable and the expenses of the Offer will be reduced and the additional funds will be put towards working capital.

## 9.15 CONTINUOUS DISCLOSURE OBLIGATIONS

Following admission of the Company to the Official List, the Company will be a “disclosing entity” (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities, unless an exception applies.

Price sensitive information will be publicly released on the ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

# 09. ADDITIONAL INFORMATION

## 9.16 ELECTRONIC PROSPECTUS

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the Offer website at https://events.miraqle.com/JohnsLyngGroup-ipo.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## 9.17 PRIVACY STATEMENT

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

# 10. DIRECTORS' AUTHORISATION

# 10. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by each Director and each director of SaleCo.

Each Director and each director of SaleCo has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Scott Didier
**Managing Director and Chief Executive Officer**

For and on behalf of
Johns Lyng Group Limited

# 11. GLOSSARY

# 11. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

| | |
|---|---|
| **$ or A$ or AUD** | means Australian dollars. |
| **AASB** | means Australian Accounting Standards Board. |
| **ABN** | means Australian Business Number. |
| **ANZ** | means Australia and New Zealand Banking Group Limited ABN 11 005 357 522. |
| **API** | means Application Program Interface, a technology tool to pass data from one program to another. |
| **Applicant(s)** | means a person who submits an Application. |
| **Application(s)** | means an application made to acquire Shares offered under this Prospectus. |
| **Application Form** | means the application form included in or accompanying this Prospectus (including the electronic form) relating to the Offer. |
| **ASIC** | means Australian Securities and Investments Commission. |
| **ASX** | means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires. |
| **ASX Listing Rules** | means the listing rules of ASX. |
| **ASX Recommendations** | means the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. |
| **ASX Settlement Operating Rules** | means the rules of ASX Settlement Pty Ltd ACN 008 504 532. |
| **Australian Accounting Standards** | means Australian Accounting Standards and other authoritative pronouncements issued by the AASB. |
| **Banking Facilities** | has the meaning given in Section 4.5.2. |
| **Bell Potter** | means Bell Potter Securities Limited ABN 25 006 390 772. |
| **Board or Board of Directors** | means the board of Directors of the Company. |
| **Broker** | means any ASX participating organisation selected by the Joint Lead Managers and the Company to act as Broker to the Offer. |
| **Broker Firm Offer** | means the Offer of Shares under this Prospectus to Australian resident investors who are not Institutional Investors and have received a firm allocation from their Broker, as described in Section 7.12. |
| **Business Partner** | means a minority equity owner in a Group Member or joint venture entity. |
| **CAGR** | means compound annual growth rate. |
| **CAT** | means a catastrophe event such as a cyclone or a major bushfire or flood. |
| **Chairman** | means the Chairman of the Board of Directors. |
| **Chairman's List Offer** | means the offer described in Section 7.14. |
| **CHESS** | means Clearing House Electronic Sub-register System, operated in accordance with the Corporations Act. |
| **Closing Date** | means the date by which Applications must be lodged for the Offer, being 16 October 2017. This date may be varied by JLG and the Underwriter without prior notice. |
| **Club Home Response** | means Club Home Response Pty Ltd ACN 168 839 487. |

# 11. GLOSSARY

| | |
|---|---|
| **Company or JLG** | means Johns Lyng Group Limited ACN 620 466 248. |
| **Completion of the Offer or Completion** | means the completion of the Offer, being the date on which Shares are issued or transferred to successful Applicants in accordance with the terms of the Offer. |
| **Constitution** | means the constitution of the Company. |
| **Control** | has the meaning given in section 50AA of the Corporations Act. |
| **Corporations Act** | means the *Corporations Act 2001* (Cth). |
| **Corporate Directory** | means the Corporate Directory at the back of this Prospectus. |
| **Director** | means a director of Company. |
| **EBIT** | means earnings before interest and tax. |
| **EBITDA** | means earnings before interest, tax, depreciation and amortisation. |
| **EEIP** | means the Johns Lyng Group Limited Employee and Executive Incentive Plan. |
| **Eligible Employees** | has the meaning given in Section 7.15 |
| **ELP** | means the Company's employee loan plan, a summary of which is contained in Section 6.7.2. |
| **Employee Offer** | means the invitation to Eligible Employees to apply for Shares to the value of $10,000 each at the Offer Price, as described in Section 7.15. |
| **Evans and Partners** | means Evans and Partners Pty Ltd ABN 85 125 338 785. |
| **Escrow Period** | means the applicable period for which Escrowed Shares are subject to the escrow restrictions as summarised in Section 7.8. |
| **Escrowed Shares** | means the Shares subject to escrow restrictions which are summarised in Section 7.8. |
| **Escrowed Shareholder(s)** | means a Shareholder whose Shares are subject to the escrow restrictions which are summarised in Section 7.8. |
| **Executive Director** | means an executive Director. |
| **Existing Owners** | means the holders of equity interests in the Group prior to the Restructure. |
| **Existing Shares** | means the 172,797,764 Shares issued or to be issued to the Existing Owners as part of the Restructure. |
| **Expiry Date** | means 1 November 2018. |
| **Exposure Period** | means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act. |
| **Financial Information** | has the meaning given to it in Section 4.1. |
| **Forecast Financial Information** | has the meaning given to it in Section 4.1. |
| **FY** | means financial year or year ended or ending 30 June. For example, FY17 is the financial year ended 30 June 2017 and FY18 is the financial year ending 30 June 2018. |
| **Group** | means:<br>(a) prior to the Restructure, JLUT and the companies and trusts which it Controls as at the Prospectus Date; and<br>(b) after the Restructure, the Company and its subsidiaries and trusts which it Controls. |
| **Group Member** | means an entity within the Group. |
| **GST** | means goods and services or similar tax imposed in Australia. |

# 11. GLOSSARY

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|---|---|
| **IFRS** | means International Financial Reporting Standards. |
| **Institutional Investor** | means an investor to whom offers or invitations in respect of securities can be made without the need for a prospectus (or other formality, other than a formality which the Company is willing to comply with), including in Australia persons to whom offers or invitations can be made without the need for a lodged prospectus under section 708 of the Corporations Act (other than section 708(1)). |
| **Institutional Offer** | means the invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 7.13. |
| **Investigating Accountant** | means Pitcher Partners Corporate Pty Ltd ACN 082 323 868. |
| **Investigating Accountant's Report** | means the report prepared by the Investigating Accountant set out in Section 8. |
| **IPO** | means initial public offering. |
| **Irrevocable Offer Deed** | means the irrevocable offer deed dated on or about the date of this Prospectus between each Existing Owner and SaleCo as described in Section 9.4. |
| **JLG Nominee** | means Johns Lyng Group (Nominee) Pty Ltd ACN 005 852 317 as trustee for JLUT. |
| **JLUT** | means the Johns Lyng Unit Trust ABN 57 246 253 025. |
| **Joint Lead Managers** | means Bell Potter and Evans and Partners. |
| **Link** | means Link Market Services Limited ABN 54 083 214 537. |
| **Listing** | means admission of JLG to the official list of ASX and quotation of the Shares on the ASX. |
| **Listing Date** | means the date on which the Company is admitted to the Official List of ASX and quotation of the Shares commences. |
| **Loan Shares** | means Shares issued under the Company's ELP which are funded by loans from the Company. |
| **m** | means million. |
| **Management** | means the Managing Director and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and senior management team of JLG. |
| **Minority Holders** | has the meaning given in Section 3.10. |
| **New Shares** | means the new Shares to be issued by JLG under the Offer. |
| **Non-Executive Director** | means a non-executive Director. |
| **NPAT** | means net profit after tax. |
| **Offer** | means the offer of Shares under this Prospectus. |
| **Offer Period** | means the period from the date on which the Broker Firm Offer opens on 10 October 2017 until the Closing Date. |
| **Offer Price** | means $1.00 per Share. |
| **Official List** | means the official list of ASX. |
| **Official Quotation** | means official quotation by ASX in accordance with the ASX Listing Rules. |
| **Option** | means an option issued to a participant under the EEIP to acquire by way of issue or transfer or both (as determined by the Board) one Share. |
| **Prospectus** | means this document (including the electronic form of this Prospectus) and any supplementary or replacement Prospectus in relation to this document. |
| **Prospectus Date** | means the date on which a copy of this Prospectus is lodged with ASIC, being 2 October 2017. |

# 11. GLOSSARY

| | |
|---|---|
| **Restructure** | has the meaning described in Section 3.10. |
| **Right** | means a right issued to a participant under the EEIP to acquire by way of issue or transfer or both (as determined by the Board) one Share with no exercise or strike price payable by the participating employee. |
| **Roll-Up** | has the meaning given in Section 3.10. |
| **Sale Shares** | means the Existing Shares offered for sale by SaleCo under this Prospectus. |
| **SaleCo** | means Johns Lyng SaleCo Limited ACN 621 108 272. |
| **SaleCo Indemnity Deed** | means the SaleCo indemnity deed dated on or about the date of this Prospectus between the Company and SaleCo as described in Section 9.4. |
| **Section** | means a section of this Prospectus. |
| **Share** | means a fully paid ordinary share in the capital of the Company. |
| **Shareholder** | means a holder of at least one Share. |
| **Share Registry** | means Link. |
| **SME** | means small and medium enterprises. |
| **Term Sheet** | has the meaning given in Section 4.5.2. |
| **Underwriter** | means Bell Potter Securities Limited ABN 25 006 390 772. |
| **Underwriting Agreement** | means the underwriting agreement between the Company, SaleCo, JLG Nominee, Evans and Partners and the Underwriter dated on or about the date of this Prospectus. |

# APPENDIX A

# SIGNIFICANT ACCOUNTING POLICIES

# SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Information included in Section 4 are set out below. These accounting policies are consistent with the last audited statutory special purpose financial statements of the Group (as defined in the Prospectus) for the year ended 30 June 2017.

Restructure transactions have been recognised prior to the legal effect of the restructure so that the financial report is representative of the group to be listed.

Profit and losses, and assets and liabilities from controlled outside of the group to be listed have not been recognised. The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

## Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

### a. Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

### b. Principles of combination

The combined financial statements are those of the Group as a combined entity ("**the group**"), comprising the financial statements of the parent entity and all of the entities the parent controls that will be included within the group listing.

The financial statements of subsidiaries included in these combined financial statements are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter company balances and transactions, including any unrealised profits or losses have been eliminated on combination. Subsidiaries are consolidated from the date on which control is transferred to the group and are de consolidated from the date that control ceases for those subsidiaries to be listed.

Equity interests in a subsidiary not attributable, directly or indirectly, to the group are presented as non controlling interests. Non-controlling interests in the results of subsidiaries are shown separately in the Income Statement and Balance Sheet.

### c. Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issues or liabilities incurred by the acquirer to former owners of the acquiree.

Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred, the identifiable net asset value of the non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed.

If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the fair value of the non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in the profit or loss.

Acquisition related costs are expensed as incurred.

### d. Investments in associates

An associate is an entity over which the group is able to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The group's interests in associates included in the financial statements are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits and losses of the associate is recognised in the group's profit or loss and the group's share of other comprehensive income items is recognised in the group's other comprehensive income.

Unrealised gains and losses on transactions between the group and an associate are eliminated to the extent of the group's share in an associate.

### e. Revenue

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is determined by a combination of surveys of work performed, completion of a physical proportion of the contract work, or by the proportion that contract costs incurred for work performed to date to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

All expected losses are recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Dividend revenue is recognised when the right to receive a dividend has been established.

Interest revenue is measured in accordance with the effective interest method.

All revenue is measured net of the amount of goods and services tax (GST).

### f. Finance costs

Finance costs include interest expense calculated using the effective interest method and finance charges in respect of finance leases.

Finance costs incurred as part of the cost of the construction of qualifying assets, including construction contracts and work in progress, are included within contract costs.

### g. Income tax

The group comprises a numbers of trusts and companies. The companies' current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in any deferred tax assets and liabilities. Trusts on the other hand are generally not liable to pay tax directly with the ultimate unit trust beneficiaries to whom the taxable profits are distributed liable to pay income tax at the applicable rate of income tax.

Income tax expense is recognised in the financial statement with appropriate adjustments recorded in relation to trust profits. Tax payable is recognised in the financial statements where the ultimate unit trust beneficiary is either the head entity or a subsidiary company within the group.

Except for business combinations, no deferred tax assets or liabilities are recognised from the initial recognition of an asset or a liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are recognised for temporary differences and are calculated at the tax rates that are expected to apply to the period when the assets are expected to be realised or the liabilities are expected to be settled. The measurement of deferred tax assets and liabilities also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses incurred by companies within the group only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Losses incurred by trusts are generally not recognised as a deferred tax asset. No deferred tax liabilities are recognised on the initial recognition of goodwill arising from a business combination.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### h. Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the combined statement of financial position.

# SIGNIFICANT ACCOUNTING POLICIES

### i. Inventories

Inventories are measured at the lower of cost and net realisable value.

### j. Construction contracts and work in progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to contract activity in general that can be allocated on a reasonable basis.

Construction profits are recognised on the percentage of completion basis measured a combination of surveys of work performed, completion of a physical proportion of the contract work, or by the proportion that contract costs incurred for work performed to date to the estimated total contract cost. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

### k. Property, plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any accumulated impairment losses.

#### Depreciation

The depreciable amount of all plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

| Class of fixed asset | Depreciation rates | Depreciation basis |
|---|---|---|
| Leasehold improvements at cost | 10-25% | Straight line |
| Plant and equipment at cost | 25-33% | Straight line |
| Motor vehicles at cost | 27% | Diminishing value |
| Office equipment at cost | 25-33% | Straight line |
| Furniture, fixtures and fittings at cost | 33% | Straight line |
| Computer equipment at cost | 25-33% | Straight line |

### l. Assets for disposal

The special purpose financial statements have been prepared to represent the proposed group to be listed.

Restructure transactions have been recognised prior to the legal effect of the restructure so that the financial report is representative of the group to be listed. Investments in subsidiaries controlled by the group prior to the restructure have been classified as Assets for Disposal at cost less accumulated impairment losses.

Profits and losses, and assets and liabilities from controlled entities outside of the proposed group have not been recognised.

### m. Financial instruments

#### Classification

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets. The classification depends on the nature of the item and the purpose for which the instruments are held.

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

### Fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable fair value performance evaluation by key management personnel. Investments in listed securities are carried at fair value through profit or loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in profit or loss of the current period. Fair value of listed investments are based on closing bid prices at the reporting date.

### Held-to-maturity investments

Held-to-maturity investments are non derivative financial assets that have fixed maturities and fixed or determinable payments, and the group intends to hold the investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

### Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

### Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter company balances and loans from or other amounts due to director-related entities.

Non derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

## n. Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less any accumulated impairment losses.

## o. Impairment of non financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard.

## p. Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

### Finance leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the group are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the fair value or, if lower, the present value of the minimum lease payments, including any guaranteed residual values.

**Operating leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

### q. Employee benefits

**(i) Short term employee benefit obligations**

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled.

**(ii) Long term employee benefit obligations**

The provision for other long term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

### r. Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the combined statement of financial position are shown inclusive of GST.

Cash flows are presented in the combined statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### s. Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

# CORPORATE DIRECTORY



## COMPANY

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## JOINT LEAD MANAGERS

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## AUDITOR

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## JOHNS LYNG GROUP INFORMATION LINE

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Monday to Friday

## COMPANY WEBSITE

www.johnslyng.com.au

**www.colliercreative.com.au** #JLG0001

JOHNS LYNG GROUP