

General Capital Limited

Independent Adviser's Report

In Respect of the Proposed Allotment of Shares to Borneo Capital Limited and API No 1 Limited Partnership

Appraisal Report

In Respect of the Proposed Allotment of Shares to Borneo Capital Limited

December 2022

Statement of Independence

Simmons Corporate Finance Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transactions considered in the report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Simmons Corporate Finance Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Takeovers Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

Index

Section	Page
1. Introduction	1
2. Evaluation of the Merits of the Allotments	6
3. Evaluation of the Fairness of the Borneo Allotment.....	16
4. Profile of General Capital Limited	18
5. Reasonableness of the Allotments Price	24
6. Sources of Information, Reliance on Information, Disclaimer and Indemnity	26
7. Qualifications and Expertise, Independence, Declarations and Consents	28

1. Introduction

1.1 Background

General Capital Limited (**General Capital** or the **Company**) is a financial services group consisting of:

- General Finance Limited (**GFL**) – a non bank deposit taker (**NBDT**) that accepts deposits from the public and lends funds to borrowers secured over property
- Investment Research Group Limited (**IRG**) – a research house and investment banking firm.

The Company acquired the 98.46% of the shares in Corporate Holdings Limited (**CHL**) that it did not own on 3 August 2018 (the **CHL Acquisition**). The CHL Acquisition was a backdoor listing of CHL into the Company.

General Capital's shares are listed on the main equities securities market (the **NZX Main Board**) operated by NZX Limited (**NZX**) with a market capitalisation of approximately \$13.8 million as at 16 December 2022. Its unaudited total equity as at 30 September 2022 was approximately \$14.5 million.

A profile of General Capital is set out in section 4.

1.2 Proposed Share Allotments

General Capital and API No 1 Limited Partnership (**API**) entered into a subscription agreement dated 2 November 2022 (the **API Subscription Agreement**) whereby General Capital will issue 86,956,522 new ordinary shares to API at \$0.0575 per share (subject to shareholder approval), raising \$5.0 million (the **API Allotment**).

General Capital and Borneo Capital Limited (**Borneo**) entered into a subscription agreement dated 9 November 2022 (the **Borneo Subscription Agreement**) whereby General Capital will issue 63,960,957 new ordinary shares to Borneo at an issue price of \$0.0575 per share (subject to shareholder approval), raising \$3,677,755 (the **Borneo Allotment**).

We refer to the API Allotment and the Borneo Allotment collectively as the **Allotments** and the issue price of \$0.0575 per share as the **Allotments Price**.

API No 1 Limited Partnership

API is a limited partnership that was registered under the Limited Partnerships Act 2008 on 11 October 2022.

API is managed and controlled by its general partner, API No1 GP Limited (**APIGP**).

APIGP was incorporated on 11 October 2022. APIGP is controlled by Simon Giufre, Michael Johns and Grant O'Neil of Ascentro Capital Partners Limited (**Ascentro**), who are directors of APIGP and each have (or will prior to the API Allotment have) interests, via trusts, as limited partners of API.

Ascentro is a specialist New Zealand based private investment company based in Auckland which provides growth capital to businesses and advisory services.

Borneo Capital Limited

Borneo is the Company’s largest shareholder. It currently holds 62,960,957 ordinary shares, representing 29.61% of the Company’s shares on issue.

Borneo is wholly owned by Rewi Bugo. Mr Bugo is the non-executive chair of General Capital and a director of Borneo.

1.3 Shareholding Levels Post the Allotments

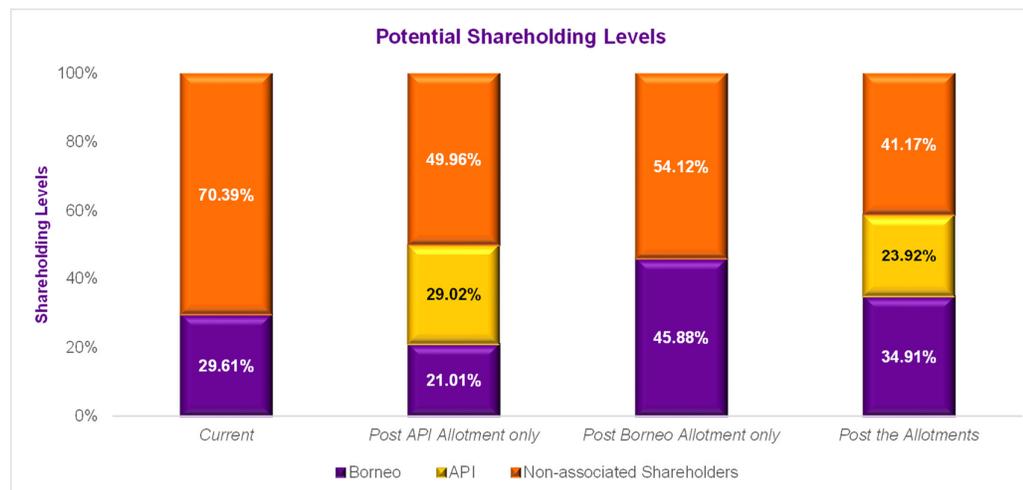
The table below shows the number of shares that will be held by Borneo, API and the current General Capital shareholders not associated with Borneo or API (the **Non-associated Shareholders**) immediately following the Allotments.

General Capital Shareholding Levels Post the Allotments				
	Borneo	API	Non-associated Shareholders	Total
Current	62,960,957	-	149,696,539	212,657,496
-%	29.61%	-	70.39%	100.00%
API Allotment	-	86,956,522	-	86,956,522
Post API Allotment	62,960,957	86,956,522	149,696,539	299,614,018
-%	21.01%	29.02%	49.96%	100.00%
Borneo Allotment	63,960,957	-	-	63,960,957
Post the Allotments	126,921,914	86,956,522	149,696,539	363,574,975
-%	34.91%	23.92%	41.17%	100.00%

Following the Allotments:

- Borneo will hold 34.91% of the Company’s shares
- API will hold 23.92% of the Company’s shares
- the Non-associated Shareholders will collectively hold 41.17% of the Company’s shares.

In the event that only one of the API Allotment or the Borneo Allotment is approved, the shareholding levels of Borneo, API and the Non-associated Shareholders will be as set out in the graph below.



Depending on the outcome of shareholder voting:

- Borneo will hold between 21.01% and 45.88% of the Company's shares
- API will hold between nil and 29.02% of the Company's shares
- the Non-associated Shareholders will collectively hold between 41.17% and 70.39% of the Company's shares.

1.4 Summary of Opinions

Takeovers Code

Our evaluation of the merits of the API Allotment and the Borneo Allotment as required under the Takeovers Code (the **Code**) is set out in section 2.

In our opinion, after having regard to all relevant factors, the positive aspects of the API Allotment and the Borneo Allotment outweigh the negative aspects from the perspective of the Non-associated Shareholders.

NZX Listing Rules

Our evaluation of the fairness of the Borneo Allotment as required under the NZX Listing Rules (the **Listing Rules**) is set out in section 3.

In our opinion, after having regard to all relevant factors, the terms and conditions of the Borneo Allotment are fair and reasonable to the Non-associated Shareholders.

1.5 Extraordinary meeting

The Non-associated Shareholders will vote on ordinary resolutions in respect of the API Allotment (resolution 1 - the **API Allotment Resolution**) and the Borneo Allotment (resolution 2 - the **Borneo Allotment Resolution**) at the Company's extraordinary meeting of shareholders on 19 January 2023.

An ordinary resolution is passed by a simple majority of the votes cast.

API and its associates are not permitted to vote on the API Allotment Resolution if they hold any shares in the Company.

Borneo and its associates are not permitted to vote on the Borneo Allotment Resolution.

If the API Allotment Resolution is approved, the Company's shareholders will also vote on an ordinary resolution in respect of the election of Megan Glen as a director to the board of General Capital (the **Board**) (resolution 3). Ms Glen is associated with API.

1.6 Regulatory Requirements

Takeovers Code

General Capital is a code company as defined by the Code and is subject to the provisions of the Code.

Rule 6 of the Code prohibits:

- a person and that person's associates who hold or control no voting rights or less than 20% of the voting rights in a code company from increasing their holding or control of voting rights beyond 20%
- a person and that person's associates holding or controlling 20% or more of the voting rights in a code company from increasing their holding or control of voting rights

unless the person and that person's associates comply with exceptions to this fundamental rule.

One of the exceptions, set out in Rule 7(d) of the Code, enables a person and its associates to increase their holding or control of voting rights by an allotment of shares if the allotment is approved by an ordinary resolution of the code company.

API and its associates currently do not hold or control any of the voting rights in the Company.

The API Allotment will result in API controlling:

- 29.02% of the voting rights in General Capital after the API Allotment and if the Borneo Allotment does not proceed
- 23.92% of the voting rights in General Capital following the Allotments.

Accordingly, the Non-associated Shareholders and Borneo will vote at the Company's extraordinary meeting on the API Allotment Resolution in accordance with the Code. In the event that they hold any shares in the Company, API and its associates are not permitted to vote on the API Allotment Resolution.

Borneo currently holds 62,960,957 shares in General Capital, representing 29.61% of the voting rights in the Company.

The Borneo Allotment will result in Borneo controlling:

- 45.88% of the voting rights in General Capital after the Borneo Allotment and if the API Allotment does not proceed
- 34.91% of the voting rights in General Capital following the Allotments.

Accordingly, the Non-associated Shareholders will vote at the Company's extraordinary meeting on the Borneo Allotment Resolution in accordance with the Code. Borneo and its associates are not permitted to vote on the Borneo Allotment Resolution.

Rule 18 of the Code requires the directors of a code company to obtain an Independent Adviser's Report on the merits of an allotment under Rule 7(d).

This Independent Adviser's Report is to be included in, or accompany, the notice of meeting pursuant to Rule 16(h).

Listing Rules

Listing Rule 4.1.1 stipulates that an Issuer must only issue Equity Securities with approval by ordinary resolution in accordance with Listing Rule 4.2.1.

Borneo is wholly owned by Rewi Bugo. Mr Bugo is the non-executive chair of General Capital and a director of Borneo.

Listing Rule 7.8.5 (b) requires an Appraisal Report to be prepared where a meeting will consider a resolution in respect of the issue of Financial Products (ie the Borneo Allotment) as required by Listing Rule 7.8.4 and more than 50% of the Financial Products to be issued are intended or likely to be acquired by Directors or Associated Persons of Directors (ie Mr Bugo).

Listing Rule 5.2.1 stipulates that an Issuer must not enter into a Material Transaction if a Related Party is a party to the Material Transaction or to one of a related series of transactions of which the Material Transaction forms part unless the Material Transaction is approved by way of an ordinary resolution from shareholders not associated with the Related Party.

The Borneo Allotment is likely to be a Material Transaction as it will likely have an Aggregate Net Value in excess of 10% of General Capital's Average Market Capitalisation.

Borneo is a Related Party of the Company as it holds 29.61% of the Company's shares.

Listing Rule 7.8.8 (b) requires an Appraisal Report to be prepared where a meeting will consider a resolution required by Listing Rule 5.2.1.

1.7 Purpose of the Report

The directors of General Capital not associated with Borneo or API, being Gregory James, Brent King, Huei Min (Lyn) Lim, Simon McArley and Paul Zingel (the **Non-associated Directors**) have engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report on the merits of the API Allotment and the Borneo Allotment in accordance with Rule 18 of the Code.

Simmons Corporate Finance was approved by the Takeovers Panel on 1 November 2022 to prepare the Independent Adviser's Report.

The Non-associated Directors have also engaged Simmons Corporate Finance to prepare an Appraisal Report on the fairness of the Borneo Allotment in accordance with the Listing Rules.

Simmons Corporate Finance was approved by NZ RegCo on 14 November 2022 to prepare the Appraisal Report.

Simmons Corporate Finance issues this Independent Adviser's Report and Appraisal Report to the Non-associated Directors for the benefit of the Non-associated Shareholders to assist them in forming their own opinion on whether to vote for or against the API Allotment Resolution and the Borneo Allotment Resolution.

We note that each shareholder's circumstances and objectives are unique. Accordingly, it is not possible to report on the merits of the API Allotment and the Borneo Allotment in relation to each shareholder. This report on the merits of the API Allotment and the Borneo Allotment is therefore necessarily general in nature.

This Independent Adviser's Report and Appraisal Report is not to be used for any other purpose without our prior written consent.

2. Evaluation of the Merits of the Allotments

2.1 Basis of Evaluation

Rule 18 of the Code requires an evaluation of the merits of the API Allotment and the Borneo Allotment having regard to the interests of the Non-associated Shareholders.

There is no legal definition of the term *merits* in either the Code or in any statute dealing with securities or commercial law in New Zealand.

In the absence of an explicit definition of *merits*, guidance can be taken from:

- the Takeovers Panel Guidance Note on Independent Advisers dated 11 March 2021
- definitions designed to address similar issues within New Zealand regulations which are relevant to the proposed transaction
- overseas precedents
- the ordinary meaning of the term *merits*.

We are of the view that an assessment of the merits of the Allotments should focus on:

- the rationale for the Allotments
- the fairness of the terms of the Allotments
- the impact of the Allotments on the financial position of General Capital
- the impact of the Allotments on the control of General Capital
- the dilutionary impact of the Allotments
- the impact of the Allotments on General Capital's share price
- the benefits and disadvantages to the Non-associated Shareholders of the Allotments
- the benefits and disadvantages to API and Borneo of the Allotments
- the implications if the API Allotment Resolution and / or the Borneo Allotment Resolution are not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

2.2 Summary of the Evaluation of the Merits of the Allotments

In our opinion, after having regard to all relevant factors, the positive aspects of the API Allotment and the Borneo Allotment outweigh the negative aspects from the perspective of the Non-associated Shareholders.

Our evaluation of the merits of the Allotments is set out in detail in sections 2.3 to 2.17.

In summary, the key factors leading to our opinion are:

- the rationale for the Allotments is sound. The Allotments will raise approximately \$8.7 million of fresh equity to enable the Company to grow its borrowing and lending business while maintaining a prudent capital ratio
- the terms of the Allotments are fair. The Allotments Price of \$0.0575 per share is fair to the Non-associated Shareholders as it is marginally higher than General Capital's recent volume weighted average share price (VWAP) measured between one month and 12 months and is equivalent to the issue price of the last capital raise undertaken by the Company in February 2022. Given that the Allotments will be at a price in line with the current market value of the Company's shares, the Allotments will not be value-dilutionary to the Non-associated Shareholders
- the Allotments will have a significant positive impact on the Company's financial position, increasing total equity by approximately \$8.7 million, thus enabling General Capital to issue additional deposits and grow GFL's loan book
- the API Allotment will provide API with a degree of control over the Company:
 - its shareholding of 23.92% (assuming the Allotments are approved) or 29.02% (if only the API Allotment is approved) will enable API to exert a degree of influence over shareholder voting
 - it will have one representative on the Board and one representative on GFL's board of directors
- on the basis that the API Allotment proceeds, the Borneo Allotment will not increase Borneo's level of control over the Company to any significant degree. However, if the API Allotment does not proceed, the Borneo Allotment will result in Borneo increasing its control of voting rights from 29.61% to 45.88%, thereby significantly increasing its ability to control the outcome of shareholder voting
- the Borneo Allotment will not change Borneo's level of control over the Board or the Company's operations
- the dilutionary impact of the Allotments on the Non-associated Shareholders is significant. The Allotments will result in their proportionate shareholdings in the Company reducing by 41.5%
- the Allotments are unlikely to have any significant impact on General Capital's share price as the Allotments Price is in line with the Company's current share price
- the Allotments will have no impact on the liquidity of General Capital's shares as the number of shares held by the Non-associated Shareholders will not change
- the Allotments will not change the overall business risk profile of General Capital

- the attraction of General Capital as a takeover target is unlikely to change significantly
- the implication of the API Allotment Resolution not being approved by the Non-associated Shareholders and Borneo is that the API Allotment will not proceed and therefore the Company will not raise \$5.0 million of fresh equity from API. This may restrict the Company's ability to continue its growth. If the API Allotment Resolution is not approved and the Borneo Allotment Resolution is approved, then Borneo's shareholding will increase to 45.88% (as opposed to 34.91% if both Allotments are approved)
- the implication of the Borneo Allotment Resolution not being approved by the Non-associated Shareholders is that the Borneo Allotment will not proceed and therefore the Company will not raise approximately \$3.7 million of fresh equity from Borneo. This may restrict the Company's ability to continue its growth.

2.3 Rationale for the Allotments

Since the CHL Acquisition in August 2018, General Capital's finance business (operated through GFL) has grown significantly. The Company had over \$101 million of loan receivables and over \$110 million of term deposits as at 30 September 2022.

The Board is of the view that for GFL to reach critical or optimal scale, the business needs to achieve total assets of between \$190 million and \$250 million.

As additional assets are acquired by GFL through additional deposit funding, the Company is required to contribute additional capital to GFL in order to satisfy the prudent capital ratio determined by GFL's independent board of directors or otherwise required under the Non-bank Deposit Takers Act 2013 (the **N-bDT Act**). The independent board of GFL currently maintains a capital ratio (as defined by the N-bDT Act) of 15%.

The Allotments will raise approximately \$8.7 million of fresh equity. The Board anticipates investing \$5.0 million in GFL through the issue of new shares in that business and holding the balance of funds in General Capital while it considers other investment opportunities and the Company's capital requirements.

We consider the rationale for the Allotments to be sound:

- the Allotments will raise approximately \$8.7 million of fresh equity to enable the Company to grow its borrowing and lending business while maintaining a prudent capital ratio
- the API Allotment will establish Ascentro as an important cornerstone strategic shareholder in General Capital.

2.4 Terms of the Allotments

Under the Allotments:

- API will be issued 86,956,522 new ordinary shares at \$0.0575 per share to raise \$5.0 million of fresh equity
- Borneo will be issued 63,960,957 new ordinary shares at \$0.0575 per share to raise approximately \$3.7 million of fresh equity.

Accordingly, the Allotments involve the issue of 150,917,479 new ordinary shares at the Allotments Price of \$0.0575 per share to raise approximately \$8.7 million of fresh equity.

Our analysis of the reasonableness of the Allotments Price is set out in section 5.

The Allotments Price is marginally higher than General Capital's VWAP measured between one month and 12 months and equivalent to the issue price of the last capital raise undertaken by the Company in February 2022. Accordingly, we consider the Allotments Price to be fair to the Non-associated Shareholders as it is in line with the current market value of the Company's shares and therefore will not be value-dilutionary to the Non-associated Shareholders.

Additional terms of the API Subscription Agreement are that:

- Megan Glen be elected to the Board (resolution 3 seeks the election of Ms Glen to the Board)
- Anton Douglas be elected to the GFL board of directors.

The Allotments are conditional on shareholder approval.

2.5 Impact on Financial Position

A summary of General Capital's recent financial position is set out in section 4.6.

For illustrative purposes, the table below shows General Capital's financial position assuming the Allotments occurred on 30 September 2022.

Illustrative Impact of the Allotments				
	As at 30 Sep 2022 \$000	Borneo Allotment \$000	API Allotment \$000	Post Allotments \$000
Total assets	126,336	3,678	5,000	135,014
Total liabilities	(111,810)	-	-	(111,810)
Total equity	<u>14,526</u>	<u>3,678</u>	<u>5,000</u>	<u>23,204</u>
No. of shares (000)	212,657	63,961	86,957	363,575
Net assets per share	\$0.0683	\$0.0575	\$0.0575	\$0.0638
Net tangible assets (NTA) per share	\$0.0559	\$0.0575	\$0.0575	\$0.0565

Source: General Finance interim condensed consolidated financial statements for the 6 months ended 30 September 2022 (the 2023 Interim Financial Statements)

The illustrative position shows that following the Allotments, General Capital's total equity would increase by approximately \$8.7 million from approximately \$14.5 million to approximately \$23.2 million.

Net assets per share would decrease marginally to \$0.0638 per share and NTA per share would increase by 1% from \$0.0559 to \$0.0565.

2.6 Impact on Control

Share Capital and Shareholders

General Capital currently has 212,657,496 fully paid ordinary shares on issue held by 744 shareholders. The names, number of shares and percentage holding of the Company's 10 largest shareholders as at 9 December 2022 are set out in section 4.4.

General Capital currently has 4 shareholders who each hold more than 5% of the Company's shares and collectively hold 63.36% of the Company's shares.

The 10 largest shareholders collectively hold 80.66% of the Company's shares.

Shareholding Voting

The Allotments will result in API holding 23.92% of the shares in the Company and Borneo holding 34.91%.

If only the API Allotment Resolution is approved, then API will hold 29.02% and Borneo will hold 21.0% of the Company's shares.

If only the Borneo Allotment Resolution is approved, then Borneo will hold 45.88% of the Company's shares and API will hold no shares.

API's 23.92% shareholding will not enable it to singlehandedly determine the outcome of ordinary resolutions (which require the approval of more than 50% of the votes cast by shareholders) or special resolutions (which require the approval of 75% of the votes cast by shareholders). However, in reality, API's 23.92% shareholding probably will be able to singlehandedly block special resolutions as a number of shareholders in widely-held companies (such as General Capital) tend not to vote on resolutions and hence the relative weight of the 23.92% interest increases.

Borneo currently has the ability to influence the outcome of shareholder voting to some degree. Borneo's control of 29.61% of the Company's voting rights enables it to block special resolutions. However, Borneo cannot singlehandedly block or pass ordinary resolutions.

If the API Allotment is approved, then the Borneo Allotment will not increase Borneo's ability to influence the outcome of shareholder voting to any significant degree. Following the Allotments, Borneo's control of the Company's voting rights will increase by 5.30% to 34.91%. Borneo will still not be able to singlehandedly block or pass ordinary resolutions or pass special resolutions.

However, if the API Allotment is not approved, the Borneo Allotment will result in Borneo controlling 45.88% of the Company's voting rights. In such circumstances, Borneo will most likely be able to singlehandedly block or pass ordinary resolutions.

The ability for any shareholder to influence the outcome of voting on the Company's ordinary resolutions or special resolutions may be reduced by external factors such as the Company's constitution, the Code, the Listing Rules and the Companies Act 1993 (the **Companies Act**).

Board Control

As set out in section 4.3, the Company currently has 6 directors, none of whom are deemed to be an associate of API and one of whom is deemed to be an associate of Borneo (being Rewi Bugo).

A term of the API Subscription Agreement is that Megan Glen be elected to the Board. Resolution 3 seeks the election of Ms Glen to the Board. If elected, API will have one representative out of 7 directors on the Board.

A further term of the API Subscription Agreement is that Anton Douglas be elected to the GFL board of directors. This appointment does not require the approval of General Capital's shareholders. The GFL board of directors currently consists of 4 directors, including Brent King.

We are advised by the Non-associated Directors that the Borneo Allotment is not expected to have any impact on Borneo's representation on the Board in the near term. Mr Bugo will remain as Borneo's sole representative on the Board.

Operations

We are advised by the Non-associated Directors that neither the API Allotment nor the Borneo Allotment will increase API or Borneo's respective level of influence over the Company's operations. Both API's and Borneo's influence over General Capital's operations will predominantly be through Ms Glen's and Mr Bugo's board representation.

Protection for Minority Shareholders

While API and Borneo will have a degree of control over General Capital, they cannot act in an oppressive manner against minority shareholders. The Companies Act provides a level of protection to minority shareholders. Furthermore, (among other related party restrictions), any transactions between General Capital and any shareholder holding 10% or more of the Company's shares will need to satisfy the requirements of the Listing Rules with respect to transactions with related parties.

2.7 Dilutionary Impact

The Allotments may result in the Non-associated Shareholders' shareholdings in the Company being significantly diluted:

- the API Allotment will dilute each Non-associated Shareholder's interest in the Company by 29.0% (prior to the Borneo Allotment)
- the Borneo Allotment will dilute each Non-associated Shareholder's interest in the Company by 23.1% (prior to the API Allotment)
- collectively, the Allotments will result in each Non-associated Shareholder's interest in the Company being diluted by 41.5%.

While the potential dilutionary impact is significant, we are of the view that the Non-associated Shareholders' main focus should be on whether there is any dilutionary impact on the value of their respective shareholdings rather than on their level of voting rights. As stated in section 2.4, we are of the view that the Allotments are fair to the Non-associated Shareholders from a financial point of view and therefore do not dilute the value of their respective shareholdings.

2.8 Impact on Share Price and Liquidity

Share Price

A summary of General Capital's closing share price since 3 January 2020 is set out in section 4.8.

The Allotments Price is \$0.0575 per share. This price represents:

- a 12% discount to the Company's share price on 16 December 2022 of \$0.065
- a 6% discount to the one month VWAP of \$0.061
- a 5% premium to the 3 months VWAP of \$0.055
- a 5% premium to the 6 months VWAP of \$0.055
- a 8% premium to the 12 months VWAP of \$0.053.

In our view, the Allotments are unlikely to have any significant impact on the Company's share price as the Allotments Price is marginally above the prevailing market price at the time the Allotments Price was agreed.

Liquidity

The analysis in section 4.8 shows that General Capital's shares are thinly traded on the NZX Main Board, with only 5.3% of the shares being traded in the past year.

The Allotments will not improve the liquidity of the Company's shares as the number of shares held by the Non-associated Shareholders will not change.

However, should Borneo or API seek to dispose of some of their General Capital shares, this may result in increased trading in the Company's shares, thereby improving liquidity.

2.9 Main Advantage to the Non-associated Shareholders of the Allotments

The Allotments will raise approximately \$8.7 million of fresh equity for the Company, enabling the Company to continue to grow its borrowing and lending business while maintaining a prudent capital ratio.

2.10 Main Disadvantage to the Non-associated Shareholders of the Allotments

The main disadvantage to the Non-associated Shareholders of the Allotments is that the issue of shares under the Allotments will significantly dilute their interests in the Company by 41.5%.

In our view, the positive aspects of raising additional capital to fund the Company's growth significantly outweighs the dilutionary impact of the Allotments.

2.11 Other Issues for the Non-associated Shareholders to Consider

Benefits to General Capital of API and Borneo as Cornerstone Shareholders

The API Allotment will position API / Ascentro as an important cornerstone strategic investor in the Company and the Borneo Allotment will reinforce Borneo's position as an important cornerstone strategic investor in the Company, signalling their respective confidence in the future prospects of General Capital.

Non-associated Shareholders Approval is Required

Pursuant to Rule 7(d) of the Code, the Non-associated Shareholders must approve by ordinary resolutions the API Allotment and the Borneo Allotment respectively.

Neither the API Allotment nor the Borneo Allotment will proceed unless the Non-associated Shareholders approve the API Allotment Resolution and the Borneo Allotment Resolution respectively.

No Change in Business Risk

The Allotments represent capital raising transactions that will enable the Company to grow its business. They will have no impact on the key business risks faced by General Capital.

Likelihood of a Takeover Offer Unlikely to Change Significantly

In our view, irrespective of whether API holds 23.92% or 29.02% of the Company's shares and Borneo holds between 21.01% and 45.88% of the Company's shares, it is unlikely to significantly change the attraction of General Capital as a takeover target to API or Borneo or to other parties:

- as stated in section 2.6, the Allotments will not change Borneo's level of control over the Company to any significant degree and therefore Borneo's inclination to make a takeover offer (or not) is unlikely to change
- any bidder looking to fully or partially take over the Company would need to ensure that API and Borneo would accept its offer, irrespective of the shareholding levels of API and Borneo.

Following the Allotments, neither API nor Borneo will be able to increase the level of their respective shareholding unless they comply with the provisions of the Code. They will generally only be able to acquire more shares in the Company if:

- they make a full or partial takeover offer
- the acquisition is approved by way of an ordinary resolution of the Company's shareholders excluding API or Borneo respectively
- the Company makes an allotment of shares which is approved by way of an ordinary resolution of the Company's shareholders excluding API or Borneo
- the Company undertakes a share buyback that is approved by the Company's shareholders and API and / or Borneo do not accept the offer of the buyback.

Neither API or Borneo will be able to utilise the *creep provisions* under Rule 7(e) of the Code. The *creep provisions* enable an entity that holds more than 50% and less than 90% of the voting securities in a code company to buy up to a further 5% of the code company's shares in any 12 month period without the need for shareholder approval.

2.12 Likelihood of the API Allotment Resolution Being Approved

The API Allotment Resolution is an ordinary resolution, which is passed by a simple majority of votes cast.

If API or its associates hold any shares in the Company, they will not be permitted to vote on the API Allotment Resolution. Therefore the Non-associated Shareholders and Borneo, who currently collectively hold 100% of the Company's shares, will determine the outcome of the API Allotment Resolution.

The Board has stated in the notice of extraordinary meeting that it unanimously recommends voting in favour of the API Allotment Resolution. The Board controls 63.48% of the voting rights.

2.13 Implications of the API Allotment Resolution not Being Approved

If the API Allotment Resolution is not approved, then the API Allotment will not proceed and the Company will not raise the additional capital of \$5.0 million from API.

The Company will need to seek this capital from alternate sources. However:

- the capital may not be available at the Allotments Price, therefore increasing the relative cost to the Company, or
- the capital may not be available at all, thus restricting the Company's ability to continue to grow its business.

If the API Allotment Resolution is not approved and the Borneo Allotment Resolution is approved, then:

- Borneo will hold 45.88% of the Company's shares
- the Non-associated Shareholders will collectively hold 54.12% of the Company's shares.

2.14 Voting For or Against the API Allotment Resolution

Voting for or against the API Allotment Resolution is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Non associated Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

2.15 Likelihood of the Borneo Allotment Resolution Being Approved

The Borneo Allotment Resolution is an ordinary resolution.

Borneo and its associates are not permitted to vote its 29.61% shareholding on the Borneo Allotment Resolution. Therefore shareholders holding 70.39% of the shares will determine the outcome of the Borneo Allotment Resolution (assuming they all vote).

The Non-associated Directors have stated in the notice of extraordinary meeting that they unanimously recommend voting in favour of the Borneo Allotment Resolution. Therefore we would expect their shareholdings to be voted in favour of the Borneo Allotment Resolution. This represents 33.87% of the total voting rights in the Company and 48.11% of the voting rights that are able to be voted on the Borneo Allotment Resolution.

2.16 Implications of the Borneo Allotment Resolution not Being Approved

If the Borneo Allotment Resolution is not approved, then the Borneo Allotment will not proceed and the Company will not raise the additional capital of approximately \$3.7 million from Borneo.

The Company will need to seek this capital from alternate sources. However:

- the capital may not be available at the Allotments Price, therefore increasing the relative cost to the Company, or
- the capital may not be available at all, thus restricting the Company's ability to continue to grow its business.

If the Borneo Allotment Resolution is not approved and the API Allotment Resolution is approved, then:

- Borneo will hold 21.01% of the Company's shares
- API will hold 29.02% of the Company's shares
- the Non-associated Shareholders will collectively hold 49.96% of the Company's shares.

2.17 Voting For or Against the Borneo Allotment Resolution

Voting for or against the Borneo Allotment Resolution is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Non-associated Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

3. Evaluation of the Fairness of the Borneo Allotment

3.1 Basis of Evaluation

Listing Rule 7.10.2 requires an Appraisal Report to consider whether terms and conditions of the Borneo Allotment are *fair* to the Non-associated Shareholders.

There is no legal definition of the term *fair* in either the Listing Rules or in any statute dealing with securities or commercial law in New Zealand.

In our opinion, the Borneo Allotment will be fair to the Non-associated Shareholders if:

- they are likely to be at least no worse off if the Borneo Allotment proceeds than if it does not. In other words, we consider that the Borneo Allotment will be fair if there is no value transfer from the Non-associated Shareholders to Borneo and
- the other terms and conditions of the Borneo Allotment are in line with market terms and conditions.

We have evaluated the fairness of the Borneo Allotment by reference to:

- the rationale for the Borneo Allotment
- the fairness of the terms of the Borneo Allotment
- the impact of the Borneo Allotment on the financial position of General Capital
- the impact of the Borneo Allotment on the control of General Capital
- the dilutionary impact of the Borneo Allotment
- the impact of the Borneo Allotment on General Capital's share price
- the benefits and disadvantages to the Non-associated Shareholders of the Borneo Allotment
- the benefits and disadvantages to Borneo of the Borneo Allotment
- the implications if the Borneo Allotment Resolution is not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

3.2 Evaluation of the Fairness of the Borneo Allotment

In our opinion, after having regard to all relevant factors, the terms and conditions of the Borneo Allotment are fair to the Non-associated Shareholders.

The basis for our opinion is set out in detail in sections 2.3 to 2.17. In summary, the key factors leading to our opinion are:

- the rationale for the Borneo Allotment is sound
- the terms of the Borneo Allotment are fair
- the Borneo Allotment will have a significant positive impact on the Company's financial position
- on the basis that the API Allotment proceeds, the Borneo Allotment will not increase Borneo's level of control over the Company to any significant degree. However, if the API Allotment does not proceed, the Borneo Allotment will result in Borneo increasing its control of voting rights from 29.61% to 45.88%, thereby significantly increasing its ability to control the outcome of shareholding voting
- the Borneo Allotment will not change Borneo's level of control over the Board or the Company's operations
- the dilutionary impact of the Borneo Allotment on the Non-associated Shareholders will result in their proportionate shareholdings in the Company reducing by 23.1%
- the Borneo Allotment is unlikely to have any significant impact on General Capital's share price
- the Borneo Allotment will have no impact on the liquidity of General Capital's shares
- the Borneo Allotment will not change the overall business risk profile of General Capital
- the attraction of General Capital as a takeover target is unlikely to change significantly.

3.3 Implications of the Borneo Allotment Resolution not being Approved

In the event that the Borneo Allotment Resolution is not approved, the Borneo Allotment will not proceed. The implications of this are set out in section 2.16.

3.4 Voting For or Against the Borneo Allotment Resolution

Voting for or against the Borneo Allotment Resolution is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Non-associated Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

4. Profile of General Capital Limited

4.1 Background

General Capital was incorporated on 30 September 2011 as Mykris Limited.

The Company was established via an in-specie distribution of shares to the then shareholders of Investment Research Group Limited (**Old IRG**) for the purposes of acquiring 2 companies – MyKRIS Asia Sdn. Bhd (**MIB**) and MyKRIS Net (MSC) Sdn. Bhd (the **2 Mykris Companies**).

Old IRG was incorporated on 10 April 2006 as Viking Capital Limited. The company has since changed its name 6 times, most recently to AFC Group Holding Limited (**AFC**) on 26 September 2016. AFC's shares are listed on the NZAX.

General Capital listed its shares on the NZX Alternative Market (**NZAX**) operated by NZX on 10 January 2012 by way of a compliance listing.

The Company sold the 2 Mykris Companies to MIB for \$12.9 million on 3 November 2015 following shareholder approval of the sale on 29 September 2015.

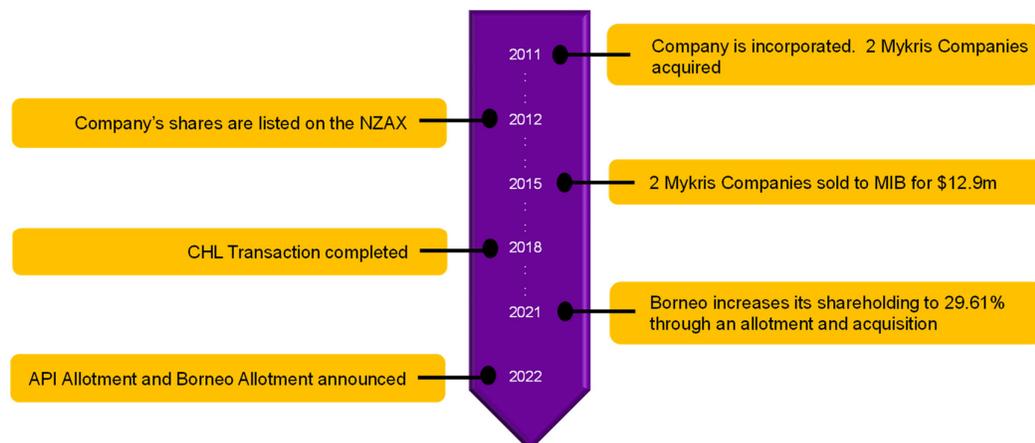
The Company changed its name to Mykco Limited on 11 November 2015.

The Company acquired the remaining 98.46% of the shares in CHL in exchange for the issue of 104,323,240 new fully paid shares in the Company issued at \$0.0588 per share on 3 August 2018, following shareholder approval on 31 July 2018.

The CHL Acquisition was a backdoor listing of CHL into the Company. CHL owned GFL and IRG.

The Company changed its name to General Capital Limited on 3 August 2018.

Key events in the Company's history are set out below.



4.2 Nature of Operations

General Finance Limited

GFL is a finance company based in Auckland. It is a NBDT registered under the NBDT Act and a mortgage lending company. Its main activity is providing property mortgage loans to borrowers, generally enabling borrowers to complete a short term transaction, such as preparing a property for sale, bridging a property acquisition, enhancing, developing, subdividing, building, constructing on and improving a property or funding a business purchase or expansion.

Borrowers are generally higher risk borrowers who may have some credit issues and have not been able to borrow from trading bank sources.

GFL's loans are written over 3 to 36 month periods. A first or second ranking real estate mortgage security or a right to such a mortgage security is taken as security to support the lending.

The loans are funded from both GFL's equity and from deposit investors by way of term deposits.

Investment Research Group Limited

IRG is a corporate advisory and financial research company that provides a range of corporate advisory services including:

- mergers and acquisitions
- listing companies on the NZX markets
- share placements.

IRG publishes the *Investment Yearbook*. The publication provides summary historical financial information for 141 New Zealand listed companies, 100 Australian listed companies and 25 global listed companies. The 2020-2021 Investment Yearbook was the 46th edition of the publication.

4.3 Directors and Senior Management

The directors of General Capital are:

- Rewi Bugo, non-executive chair (associated with Borneo)
- Gregory James, independent non-executive director
- Brent King, managing director
- Huei Min (Lyn) Lim, independent non-executive director
- Simon McArley, independent non-executive director
- Paul Zingel, independent non-executive director.

The senior management team of General Capital consists of:

- Brent King, managing director
- Victor Pliev, chief financial officer.

4.4 Capital Structure and Shareholders

General Capital currently has 212,657,496 fully paid ordinary shares on issue held by 744 shareholders.

The names, number of shares and percentage holding of the 10 largest shareholders as at 9 December 2022 are set out below.

General Capital's 10 Largest Shareholders		
Shareholder	No. of Shares Held	%
Borneo	62,960,957	29.61%
Lynn Michel and Mat Floyd Trustee Co (No 1) Limited	34,782,609	16.36%
Brent King	22,115,317	10.40%
Snowdon Peak Investments Limited (Snowdon)	14,882,720	7.00%
Owen Daji	7,030,463	3.31%
Olivia Ling	6,667,775	3.14%
Grant Baker, Donna Baker and Lewis Grant	6,511,945	3.06%
Stephen Sinclair, Jacqueline Sinclair and Roger Wallis	6,290,524	2.96%
John Tomson	6,289,722	2.96%
Syed Alsagoff	4,000,000	1.88%
Subtotal	171,532,032	80.66%
Others (734 shareholders)	41,125,464	19.34%
Total	212,657,496	100.00%

Source: NZX Company Research

4 shareholders hold interests greater than 5%:

- Borneo is owned by Rewi Bugo, the Company's non-executive chair
- Lynn Michel and Mat Floyd Trustee Co (No 1) Limited are trustees of the Bedford Trust. Ms Michel is the mother of Company director Paul Zingel. Mr Zingel is a beneficiary of the Bedford Trust. The Bedford Trust was issued the 34,782,609 new ordinary shares at \$0.0575 per share on 23 February 2022
- Brent King is the Company's managing director. Snowdon is owned by Mr King.

4.5 Financial Performance

A summary of General Capital's recent financial performance is set out below.

Summary of General Capital Financial Performance				
	Year to 31 Mar 20 (Audited) \$000	Year to 31 Mar 21 (Audited) \$000	Year to 31 Mar 22 (Audited) \$000	6 Mths to 30 Sep 22 (Unaudited) \$000
Interest income	2,846	3,533	5,574	4,604
Interest expense	(1,441)	(2,246)	(2,976)	(2,235)
Net interest income	1,405	1,287	2,598	2,369
Other income	633	1,062	1,886	1,082
Net revenue	2,038	2,349	4,484	3,451
Operating expenses	(1,847)	(2,228)	(2,595)	(1,911)
Profit / (loss) before income tax	191	121	1,889	1,540
Income tax expense	(61)	(39)	(548)	(501)
Net profit / (loss) after income tax	130	82	1,341	1,039
EPS (\$)	\$0.0008	\$0.0005	\$0.0078	\$0.0049

EPS: Earnings (loss) per share

Source: General Capital annual reports and 2023 Interim Financial Statements

The Company's net revenue and profitability has steadily increased over the past 3 and a half years as GFL's finance business has grown.

The Company's main source of revenue is interest income on its loan receivables.

Its main expense is interest payable on the term deposits it sources from deposit investors.

Other income consists mainly of fee income on finance receivables and IRG advisory fee revenue.

Operating expenses consist mainly of personnel expenses and administration costs.

4.6 Financial Position

A summary of General Capital's recent financial position is set out below.

Summary of General Capital Financial Position				
	As at 31 Mar 20 (Audited) \$000	As at 31 Mar 21 (Audited) \$000	As at 31 Mar 22 (Audited) \$000	As at 30 Sep 22 (Unaudited) \$000
Cash and cash equivalents	12,562	7,292	16,662	17,240
Loan receivables	34,856	53,711	80,028	101,157
Intangible assets	3,047	2,926	2,919	2,647
Other assets	699	4,235	3,296	5,292
Total assets	<u>51,164</u>	<u>68,164</u>	<u>102,905</u>	<u>126,336</u>
Term deposits	(41,450)	(57,863)	(88,047)	(110,471)
Other liabilities	(332)	(776)	(1,325)	(1,339)
Total liabilities	<u>(41,782)</u>	<u>(58,639)</u>	<u>(89,372)</u>	<u>(111,810)</u>
Net assets	<u>9,382</u>	<u>9,525</u>	<u>13,533</u>	<u>14,526</u>
NTA per share	\$0.0389	\$0.0405	\$0.0499	\$0.0559

Source: General Capital annual reports and 2023 Interim Financial Statements

The Company's assets as at 30 September 2022 consisted mainly of loan receivables, cash and cash equivalents and intangible assets.

Loan receivables have increased by 485% from \$17.3 million as at 31 March 2019 to \$101.2 million as at 30 September 2022.

Intangible assets consist mainly of \$2.1 million of goodwill arising from the CHL Acquisition.

Other assets as at 30 September 2022 consisted mainly of \$4.4 million of longer term bank term deposits.

The Company's main liabilities are term deposits received from deposit investors, which have increased by 642% from \$14.9 million as at 31 March 2019 to \$110.5 million as at 30 September 2022.

Shareholders' equity of \$14.5 million as at 30 September 2022 consisted of:

- \$13.0 million of issued share capital
- \$1.8 million of accumulated profits
- negative \$0.3 million of revaluation reserves.

4.7 Cash Flows

A summary of General Capital's recent cash flows is set out below.

Summary of General Capital Cash Flows				
	Year to 31 Mar 20 (Audited) \$000	Year to 31 Mar 21 (Audited) \$000	Year to 31 Mar 22 (Audited) \$000	6 Mths to 30 Sep 22 (Unaudited) \$000
Net cash inflow / (outflow) from operating activities	(17,372)	(1,920)	5,995	2,561
Net cash inflow / (outflow) from investing activities	(11)	(3,423)	745	(1,905)
Net cash inflow from financing activities	26,996	73	2,630	(78)
Net increase / (decrease) in cash held	9,613	(5,270)	9,370	578
Opening cash balance	2,949	12,562	7,292	16,662
Closing cash balance	<u>12,562</u>	<u>7,292</u>	<u>16,662</u>	<u>17,240</u>

Source: General Capital annual reports and 2023 Interim Financial Statements

Operating cash flows include net advances on finance receivables.

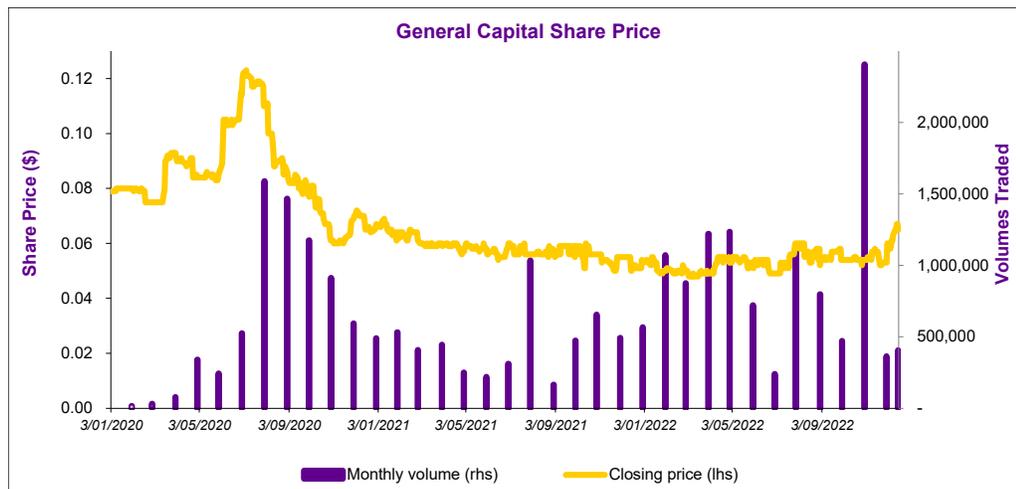
Investing cash flows in the 2021 financial year mainly represented investments in bank deposits and bonds.

Financing cash flows mainly represent capital raised from the issue of shares.

Term deposits received from the public were classified as financing cash flows in the 2020 financial year but have since been classified as operating cash flows.

4.8 Share Price History

Set out below is a summary of General Capital's daily closing share price and monthly volumes of shares traded from 3 January 2020 to 16 December 2022.



Source: NZX Company Research

During the period, General Capital's shares have traded between \$0.048 and \$0.123 at a VWAP of \$0.066.

An analysis of VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of shares outstanding) up to 16 December 2022 is set out below.

General Capital Share Trading up to 16 December 2022					
Period	Low \$	High \$	VWAP \$	Volume Traded (000)	Liquidity
1 month	\$0.052	\$0.067	\$0.061	506	0.2%
3 months	\$0.052	\$0.067	\$0.055	3,366	1.6%
6 months	\$0.049	\$0.067	\$0.055	5,590	2.6%
12 months	\$0.048	\$0.067	\$0.053	11,229	5.3%

Source: NZX Company Research

Trading in the Company's shares is very thin, with only 5.3% of the shares trading in the past year.

5. Reasonableness of the Allotments Price

5.1 Reasonableness Assessment

The Allotments Price is \$0.0575 per share.

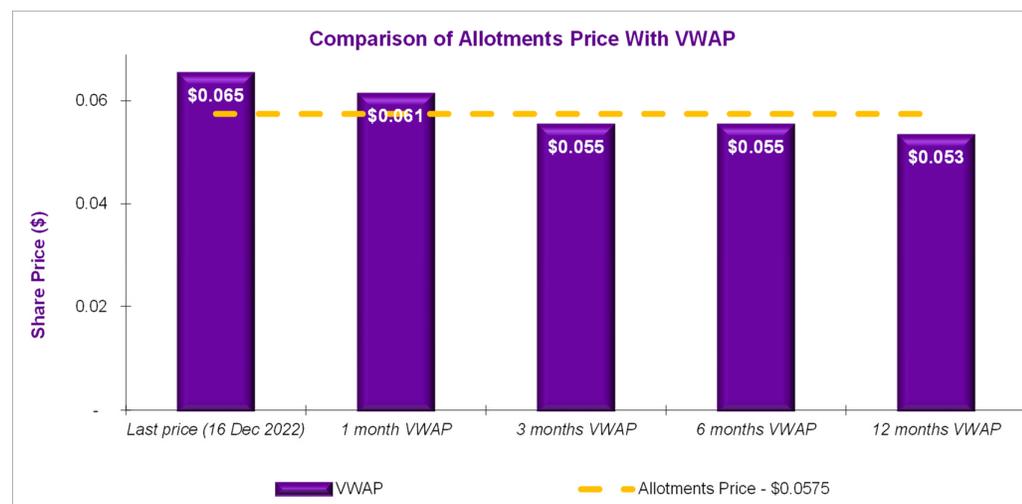
We have assessed the reasonableness of the Allotments Price by reference to:

- the prices at which the Company's shares have recently traded on the NZX Main Board
- the prices at which the Company has recently issued shares
- the asset backing of the shares.

5.2 Recent Share Trading Prices

A summary of General Capital's daily closing share price and monthly volumes of shares traded since 3 January 2020 is set out in section 4.8.

The Allotments Price of \$0.0575 per share is marginally below the most recent trading prices for General Capital's shares and higher than the trading prices over the past 3 to 12 months.



Source: NZX Company Research

The Allotments Price of \$0.0575 per share represents:

- a 12% discount to the Company's share price on 16 December 2022 of \$0.065
- a 6% discount to the one month VWAP of \$0.061
- a 5% premium to the 3 months VWAP of \$0.055
- a 5% premium to the 6 months VWAP of \$0.055
- a 8% premium to the 12 months VWAP of \$0.053.

5.3 Recent Share Issues

An analysis of General Capital's recent equity raisings is set out below.

General Capital Recent Share Issues				
Financial Year	Type of Issue	No. of Shares	Issue Price (\$)	Equity Raised (\$000)
2019	Private placements	27,502,221	\$0.057575	1,583
2019	Share placement plan	2,402,978	\$0.057575	138
2021	Private placement	1,216,136	\$0.062500	76
2022	Placement to Borneo	8,333,333	\$0.060000	500
2022	Private placement	6,667,775	\$0.060000	400
2022	Private placement	34,782,609	\$0.057500	2,000

General Capital has raised \$2.9 million in the 2022 financial year from the issue of a total of 49,783,717 ordinary shares at a weighted average issue price of \$0.058252.

The most recent capital raising was the issue of 34,782,609 ordinary shares at an issue price of \$0.0575 per share to the Bedford Trust on 23 February 2022, raising \$2.0 million. The placement represents 16.36% of the total shares on issue.

The Allotments Price equates to the issue price of the placement to the Bedford Trust.

5.4 Net Assets per Share

General Capital's total equity amounted to approximately \$14.5 million as at 30 September 2022, equating to net assets of \$0.0683 per share. NTA amounted to \$0.0559 per share as at 31 March 2022.

The nature of the Company's assets (mainly cash, deposits and loan receivables) is such that their carrying values represent reasonable proxies of their market values.

The Allotments Price of \$0.0575 is 16% lower than the Company's net assets per share as at 30 September 2022 and 3% higher than the Company's NTA per share as at 30 September 2022.

5.5 Conclusion

We consider the recent market prices and capital raise issue prices to be the best basis for assessing the reasonableness of the Allotments Price.

We are of the view that the Allotments Price of \$0.0575 per share is fair to the Non-associated Shareholders as it is marginally higher than General Capital's VWAP measured between 3 months and 12 months and is equivalent to the issue price under the last capital raising undertaken by the Company in February 2022.

6. Sources of Information, Reliance on Information, Disclaimer and Indemnity

6.1 Sources of Information

The statements and opinions expressed in this report are based on the following main sources of information:

- the draft notice of extraordinary meeting
- the Borneo Subscription Agreement
- the API Subscription Agreement
- the General Capital annual reports for the years ended 31 March, 2019 to 2022
- the General Capital 2023 Interim Financial Statements
- General Capital share price data and shareholder data from NZX Company Research.

During the course of preparing this report, we have had discussions with and / or received information from the Non-associated Directors.

The Non-associated Directors have confirmed that we have been provided for the purpose of this Independent Adviser's Report and Appraisal Report with all information relevant to the Allotments that is known to them and that all the factual information provided by Company contained in this report is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is necessary for the purpose of preparing this Independent Adviser's Report and Appraisal Report.

In our opinion, the information set out in this Independent Adviser's Report and Appraisal Report is sufficient to enable the Non-associated Directors and the Company's shareholders to understand all the relevant factors and to make an informed decision in respect of the Allotments.

6.2 Reliance on Information

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by General Capital and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of General Capital. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

6.3 Disclaimer

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of General Capital will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of General Capital and its directors and management team. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update this report.

We have had no involvement in the preparation of the notice of extraordinary meeting issued by General Capital and have not verified or approved the contents of the notice of extraordinary meeting. We do not accept any responsibility for the contents of the notice of extraordinary meeting except for this report.

6.4 Indemnity

General Capital has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of this report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. General Capital has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law, Simmons Corporate Finance shall reimburse such costs.

7. Qualifications and Expertise, Independence, Declarations and Consents

7.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFINZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

7.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with General Capital, Borneo or API or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the Allotments.

Simmons Corporate Finance has not had any part in the formulation of the Allotments or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the voting on the Borneo Allotment Resolution or the API Allotment Resolution. We will receive no other benefit from the preparation of this report.

7.3 Declarations

An advance draft of this report was provided to the Non-associated Directors for their comments as to factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

7.4 Consents

We consent to the issuing of this report in the form and context in which it is to be included in the notice of extraordinary meeting to be sent to General Capital's shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.



Peter Simmons
Director

Simmons Corporate Finance Limited
19 December 2022