

# Blackwell Global Holdings Limited



## Independent Appraisal Report

In respect of:

- The proposed extension and capitalisation of secured bonds held by Blackwell Global Group Limited

31 August 2022

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### Statement of Independence

Armillary Limited, trading as Armillary Private Capital, 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 transaction considered in this Report, including any success or contingency fee or remuneration, other than to receive a fixed fee for providing this Report.
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# 1. Glossary of Defined Terms

In this Report the following terms have the following meanings unless otherwise specified:

Armillary Private Capital	Armillary Limited
BGGL	Blackwell Global Group Limited
BGGL Associates	Blackwell Global Group Limited and Kaw Sing (Michael) Chai
BGI	Blackwell Global Holdings Limited
Board	The Board of Directors of Blackwell Global Holdings Limited
Bonds	The secured bonds issued by Blackwell Global Holdings Limited, which are held by Blackwell Global Group Limited
Bond Capitalisation	The capitalisation of \$450,000 principal amount of the Bonds for an issue of 100,000,000 fully paid ordinary shares in BGI to be completed on 17 October 2022
Bond Extension	The extension of the Bonds maturity date to 31 December 2023
Bond Resolution	A resolution to approve the Bond Capitalisation and the Bond Extension
Bond Transaction	The Bond Capitalisation and the Bond Extension collectively
Company	Blackwell Global Holdings Limited
DOCA	Deed of Company Arrangement
Issue Price	The issue price of \$0.0045 per ordinary share
Mr. Chai	Kaw Sing (Michael) Chai, a director and substantial product holder of ordinary shares in Blackwell Global Holdings Limited
Non-Associated Directors	The Company's directors not associated with Blackwell Global Group Limited and Kaw Sing (Michael) Chai

Non-Associated Shareholders	The Company's shareholders not associated with Blackwell Global Group Limited and Kaw Sing (Michael) Chai
NTA	Net Tangible Assets
NZX	NZX Main Board financial product market operated by NZX Limited
Share	Fully paid ordinary share in Blackwell Global Holdings Limited
Report	This Independent Appraisal Report
RTO	A reverse takeover transaction
Takeovers Code	New Zealand's takeovers legislation
VWAP	Volume weighted average price

Except where indicated otherwise all \$ references are to New Zealand dollars.

## 2. Introduction

### 2.1. Background

Blackwell Global Holdings Limited ("**BGI**" or the "**Company**") is a New Zealand incorporated holding company.

On 18 January 2021 BGI announced that it had decided to wind down its finance company operation and explore alternative business opportunities via a potential reverse takeover transaction ("**RTO**"). As at March 2022 the final outstanding loan in BGI's loan book was repaid which effectively completed the wind down of its finance company operation.

BGI's fully paid ordinary shares ("**Shares**") are listed on the NZX Main Board financial product market operated by NZX Limited ("**NZX**") with a market capitalisation of approximately \$2.3 million as at 1 August 2022. With audited Shareholders' Funds as at 31 March 2022 of approximately \$0.2 million, BGI is now essentially a shell company that is actively looking to identify a suitable business to invest in and/or acquire through an RTO.

Further information on the Company is set out in section 4.

### 2.2. Bond Capitalisation and Bond Extension

BGI is 66.7% owned by Blackwell Global Group Limited ("**BGGL**"). BGGL currently holds \$1,000,000 of secured bonds issued by BGI (the "**Bonds**"). Further details on the Bonds are discussed in section 4.3.

On 25 July 2022 BGI announced that its directors not associated with BGGL ("**Non-Associated Directors**") had agreed with BGGL, subject to shareholder approval, that:

- BGGL shall extend the maturity date of the Bonds to 31 December 2023 ("**Bond Extension**") and will not call for repayment of the Bonds prior to that date except in the event that BGI was placed in liquidation or through the capitalisation referred to below; and
- BGGL will capitalise \$450,000 principal amount of the Bonds at an issue price of \$0.0045 per new Share (for an issue of 100,000,000 new Shares) ("**Issue Price**") on 17 October 2022 ("**Bond Capitalisation**").

We refer to the Bond Extension and the Bond Capitalisation collectively as the "**Bond Transaction**".

Assuming shareholder approval is granted, and the Bond Transaction is

implemented, BGI would retain \$550,000 principal amount of the Bonds on issue with a maturity date of 31 December 2023.

### 2.3. Blackwell Global Group Limited

BGGL is BGI's largest shareholder holding 382,929,770 Shares, or 66.7% of the Shares on issue as at 1 August 2022.

BGGL is a company incorporated and registered in the Cayman Islands. We understand BGGL has several subsidiaries, all of which provide financial services such as the issuing and trading of derivatives. BGGL has operations in Cambodia, China, Cyprus, Hong Kong and the UK.

BGGL is 100% owned by Kaw Sing (Michael) Chai ("**Mr. Chai**"), who is also BGI's second largest shareholder and a non-executive director of the Company. As at 1 August 2022, Mr. Chai held 55,871,667 Shares, representing 9.7% of Shares on issue.

Mr. Chai is the founder and CEO of BGGL and with over a decade of experience in forex and derivatives trading has overseen the inception of Blackwell in New Zealand and its other global operations.

We refer to BGGL and Mr. Chai as the "**BGGL Associates**". Combined, the BGGL Associates held 438,801,437 Shares, representing 76.5% of the Shares on issue as at 1 August 2022.

### 2.4. Impact on Ownership

BGI shareholders not associated with the BGGL Associates ("**Non-Associated Shareholders**") collectively held 134,957,622 Shares, representing 23.5% of the Shares on issue as at 1 August 2022.

If the Bond Capitalisation is approved by the Non-Associated Shareholders and implemented by the Company, BGI would have 673,759,059 Shares on issue:

- 134,957,622 held by the Non-Associated Shareholders, representing 20.0% of the Shares on issue; and
- 538,801,437 held by the BGGL Associates, representing 80.0%. This would be split into 482,929,770 Shares held by BGGL (71.7% of the Shares on issue) and 55,871,667 (8.3% of the Shares on issue) held directly by Mr. Chai.

Summary of Pro-Forma Share Ownership Impact of the Bond Transaction					
Holder	Pre Bond Transaction		New Shares Issued	Post Bond Transaction	
	No. of shares	%		No. of shares	%
BGGL	382,929,770	66.7%	100,000,000	482,929,770	71.7%
Mr. Chai	55,871,667	9.7%	–	55,871,667	8.3%
<b>BGGL Associates</b>	<b>438,801,437</b>	<b>76.5%</b>	<b>100,000,000</b>	<b>538,801,437</b>	<b>80.0%</b>
Non-Associated shareholders	134,957,622	23.5%	–	134,957,622	20.0%
<b>Total</b>	<b>573,759,059</b>	<b>100.0%</b>	<b>100,000,000</b>	<b>673,759,059</b>	<b>100.0%</b>

Source: BGI Share Register

We note that the Bond Extension will not have any impact on the ownership of BGI.

## 2.5. Regulatory Requirements

### 2.5.1. NZX Listing Rules

NZX Listing Rule 5.2.1 stipulates that an Issuer must not enter into a Material Transaction (as defined in the NZX Listing Rules) if a Related Party (as defined in the NZX Listing Rules) is, or is likely to become a direct party to the Material Transaction, unless that Material Transaction is approved by an ordinary resolution (such resolution being subject to the voting restrictions in NZX Listing Rule 6.3) or conditional on such approval.

The Bond Transaction is a Material Transaction as it has an aggregate value above 10% of BGI's Average Market Capitalisation (as that term is defined in the NZX Listing Rules).

BGGL is a Related Party of the Company as it has a relevant interest in more than 10% of the Shares on issue.

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

Listing Rule 4.1.1 stipulates that except as provided for in Listing Rule 4.1.2 (none of which apply in the case of the Bond Transaction) an Issuer must only issue Equity Securities (as that term is defined in the NZX Listing Rules) with approval by an ordinary resolution in accordance with Listing Rule 4.2.1.

Where a meeting will consider a resolution of the nature referred to in Listing Rule 7.8.4 (i.e. in respect of the issue of Financial Products (as that term is defined in the NZX Listing Rules)) Listing Rule 7.8.5 (b) requires an Appraisal Report to be prepared if more than 50% of the Financial Products to be issued are intended or

likely to be acquired by Directors or Associated Persons of Directors.

BGGL is an Associated Person of Mr. Chai, a director of the Company, and so an Appraisal Report is required as BGGL will be acquiring 100% of the Shares to be issued pursuant to the Bond Capitalisation.

### 2.5.2. Takeovers Code

Under New Zealand's takeovers legislation (the "**Takeovers Code**") shareholders holding 20% or more of the voting rights in a code company (as that term is defined in the Takeovers Code) are restricted from increasing their shareholding without either making a full, or partial, acquisition offer or with shareholder approval (via an ordinary resolution of the code company).

The Takeovers Code also provides for a holder of more than 50%, but less than 90%, of the voting rights in a code company to increase their holding by no more than 5% within a 12-month period under Rule 7(e) of the Takeovers Code.

Under the proposed Bond Capitalisation BGGL would increase its shareholding from 66.74% to 71.68%, representing a 4.94% increase. Therefore, there are no regulatory requirements arising from the Takeovers Code in respect of the Bond Transaction.

### 2.6. Annual Meeting

BGI's Annual Meeting of shareholders is expected to be held in late September. In addition to resolutions in respect of re-election of Mr. Chai and remuneration of the auditors, shareholders will be asked to vote on a single resolution that seeks approval to:

- extend the maturity date of the Bonds to 31 December 2023; and
- issue 100,000,000 new Shares to BGGL at the Issue Price, to be satisfied by capitalising \$450,000 of the Bonds.

We refer to this resolution as the "**Bond Resolution**". The Bond Resolution is an ordinary resolution which can be passed by a simple majority of votes of those shareholders entitled to vote and who vote on the resolution (i.e. the Non-Associated Shareholders).

In accordance with NZX Listing Rule 6.3.1 the BGGL Associates and any other Associated Party (as defined in the NZX Listing Rules), are not entitled to vote on the Bond Resolution. We understand that other than BGGL and Mr. Chai there are no other Associated Parties not entitled to vote on the Bond Resolution.



## 2.7. Purpose of the Appraisal Report

NZX Listing Rule 7.10.2 requires an Appraisal Report to consider whether or not, in the opinion of the appraiser, the terms and conditions of the Bond Transaction are fair to the holders of equity securities other than the BGGL Associates, and the supporting reasons for that opinion.

The Non-Associated Directors engaged Armillary Limited ("**Armillary Private Capital**") to prepare this Appraisal Report ("**Report**") on the fairness of the Bond Transaction.

Armillary Private Capital was approved by NZ RegCo on 27 July 2022 to prepare this Report.

Armillary Private Capital has addressed this Report to the Non-Associated Directors, for the benefit of the Non-Associated Shareholders of BGI to assist them in forming their own opinion on whether to vote for or against the Bond Resolution.

This Report is not to be used for any other purpose without our prior written consent.

We note that each shareholder's circumstances and objectives are unique. Accordingly, it is not possible to report on the fairness of the Bond Transaction in relation to each individual shareholder. This Report on the fairness of the Bond Transaction is therefore necessarily general in nature.

### **3. Evaluation of the Fairness of the Bond Transaction for the Purposes of the NZX Listing Rules**

#### **3.1. Basis of Evaluation**

NZX Listing Rule 7.10.2 requires an Appraisal Report to consider whether the terms and conditions of the Bond Transaction are fair to the Non-Associated Shareholders.

There is no legal definition of the term “fair” in New Zealand in either the NZX Listing Rules or in any legislation dealing with securities or commercial law. It is generally considered that an assessment of the fairness of a transaction, as required under NZX Listing Rules, is a narrower test than an assessment of the “merits” of a transaction as required under the Takeovers Code. Notwithstanding this we have evaluated the fairness of the Bond Transaction on essentially the same terms as we would evaluate the merits of the Bond Transaction and so gave due regard to:

- the rationale for the Bond Transaction;
- the terms and conditions of the Bond Transaction;
- the impact of the Bond Transaction on BGI’s financial position;
- the potential impact on the ownership and control of BGI;
- potential alternatives to the Bond Transaction;
- the impact on Share price and liquidity;
- the benefits and disadvantages of the Bond Transaction for the BGGL Associates;
- the benefits and disadvantages for BGI and the Non-Associated Shareholders;
- the likelihood of the Bond Resolution being approved; and
- the implications of the Bond Resolution not being approved.

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

### 3.2. Summary of the Evaluation of the Fairness of the Bond Transaction

**In our opinion, after having regard to all of the relevant factors, the overall terms and conditions of the Bond Transaction are fair to the Non-Associated Shareholders.**

The analysis leading to our opinion is detailed in sections 3.3.1 to 3.3.11. In summary, the key factors underpinning our opinion are:

- the rationale for the Bond Transaction is sound as it preserves the Company's cash and strengthens its overall financial position while it seeks a suitable RTO opportunity.
- The Terms and Conditions of the Bond Transaction are reasonable:
  - the new Shares being issued as part of the Bond Capitalisation are being issued at a premium to the price that Shares have recently traded at on the NZX and at a substantial premium to BGI's Net Tangible Assets ("**NTA**") per share; and
  - the Bond Extension provides additional certainty to BGI with no additional interest or any other costs or fees to pay.
- The Bond Transaction should have a positive impact on BGI's financial position.
- While the Non-Associated Shareholders' shareholding percentage will fall as a result of the Bond Transaction we consider this dilution of ownership to be less important than our assessment that there is no material value transfer to the BGGL Associates from the Non-Associated Shareholders as the Bond Transaction is swapping one claim (Bonds) for another (Shares).
- The Bond Transaction is not expected to be associated with any change in the control of the Board or the Company as the BGGL Associates already hold in excess of the 75% threshold needed to pass a special resolution.
- We do not consider that the Bond Transaction will have any material impact on Share price or the liquidity of Shares.
- We do not consider that the Board had many, if any, viable alternatives to the Bond Transaction which would both strengthen BGI's financial position and providing greater certainty while the Company seeks a suitable RTO opportunity.

- We do not consider that there any direct material benefits to the BGGL Associates as a result of the Bond Transaction, however, as the largest shareholders in the Company they also benefit from the improved financial position and the extension of the time to find a suitable RTO opportunity.
- We consider that there are direct benefits to the Non-Associated Shareholders from the Bond Transaction as the conversion of secured debt to equity, at a premium to the recent price of Shares on the NZX, not only strengthens the financial position but also provides for greater certainty and financial flexibility as the maturity date for the Bonds is extended until the end of 2023.
- If the Bond Transaction is not approved there would be no immediate impact on the Company however an increased amount of its cash reserves would need to be reserved for the repayment of the Bonds. This would be likely to restrict the level of financial flexibility within the Company as it seeks an RTO opportunity.

### **3.3. Factors Evaluated in Considering the Fairness**

As outlined in section 3.1 we have considered a range of factors in our evaluation of the fairness of the Bond Transaction which were summarised in section 3.2. The following sections detail the elements we considered in reaching our conclusion.

#### **3.3.1. The Rationale for the Bond Transaction**

On 18 January 2021 BGI announced that its Board had decided to wind down its finance company operation as it was unable to raise sufficient funding to grow and develop a meaningful finance company operation.

To reduce the outgoings of the Company the Board also disestablished the roles of CEO and COO. Both executives left the Company in February 2021.

BGI's Board has stated that it is actively looking to identify a suitable business opportunity to invest in and/or acquire via an RTO. We have been advised that the Board has held discussions with several potential acquisition targets, but to date none of those discussions have developed into a tangible transaction. The Board is focusing on business opportunities that satisfy one or more of the following criteria:

- excellent personnel and management;
- operating in an attractive and positive business sector with a robust business model;

- solid historic earnings or alternatively has a solid platform from which to implement a business plan for growth;
- ownership of proprietary intellectual property;
- has the potential to grow organically via acquisition or through further capital investment into the business;
- the potential to scale internationally;
- the potential to benefit from being able to raise additional capital; and
- likely to generate superior returns for the Company and its existing shareholders.

If the Company undertook an RTO it is likely that at that time it would also seek to raise additional capital to assist in implementing the RTO and/or funding the future growth of the acquired business. In any event, and in advance of an RTO, BGI's Board wishes to strengthen the Company's financial position and capital structure via the Bond Transaction.

We consider the rationale for the Bond Transaction to be sound. It will result in the conversion of \$450,000 of debt into equity, at a price in excess of the Company's NTA and recent traded price on the NZX. Furthermore, it includes a delay in the repayment of the \$550,000 of remaining Bonds thus preserving BGI's cash reserves and strengthening its overall financial position.

### **3.3.2. Terms and Conditions of the Bond Transaction**

#### **Issue price**

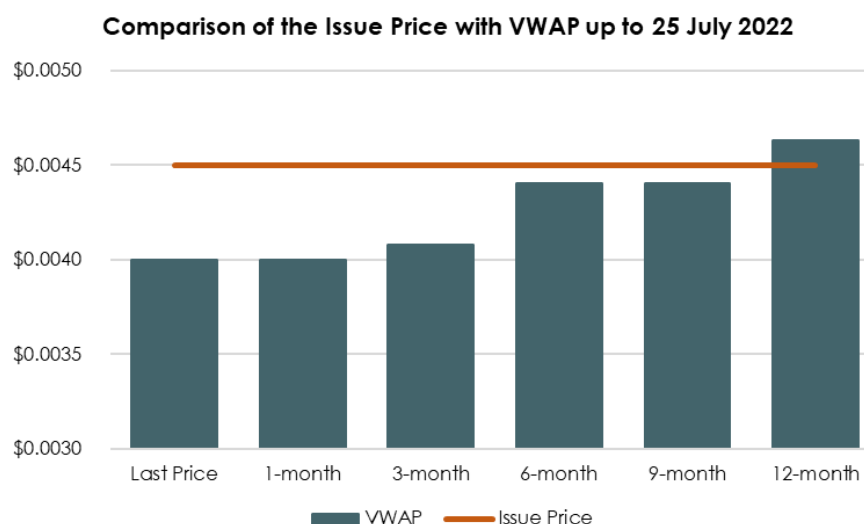
The Bond Capitalisation involves the issue of 100 million Shares to BGGL at the Issue Price. We assessed the reasonableness of the Issue Price with reference to:

- the prices at which Shares have traded on the NZX prior to announcement of the Bond Transaction;
- the prices at which BGI has previously issued Shares; and
- the per Share NTA value of the Shares.

#### **Recent Share Trading**

The following chart compares the Issue Price with the volume weighted average price ("VWAP") of the Shares trading on the NZX over various periods prior to the

announcement of the Bond Transaction on 25 July 2022. The Issue Price is broadly in line with VWAP over the past six to 12-months but represents a premium to BGI's more recent trading history.



Source: S&P Capital IQ

The table below presents the premium / discount of the Issue Price to VWAP:

<b>BGI Issue Price compared to VWAP up to 25 July 2022</b>			
<b>Date</b>	<b>VWAP</b>	<b>Issue Price</b>	<b>Premium / (discount) to share price</b>
Last Price	\$0.0040	\$0.0045	12.5%
1-month	\$0.0040	\$0.0045	12.5%
3-month	\$0.0041	\$0.0045	10.3%
6-month	\$0.0044	\$0.0045	2.2%
9-month	\$0.0044	\$0.0045	2.2%
12-month	\$0.0046	\$0.0045	(2.8%)

Source: S&P Capital IQ

BGI's daily closing Share price and monthly Share trading volume since 5 January 2021 is discussed in section 4.7.

## Recent Share Issues

The following table outlines Share issues over the last five years.

<b>BGI Share Issues (Last Five Years)</b>				
<b>Date</b>	<b>Type</b>	<b>Issue Price (NZD)</b>	<b>No. of Shares</b>	<b>Total Raised (NZD 000's)</b>
7 July 2017	Private Placement	\$0.0080	313,872,866	2,511
28 January 2020	Conversion of convertible notes	\$0.0080	62,500,000	500
18 October 2021	Capitalisation of secured bond	\$0.0070	71,428,571	500

Source: NZX, Company Information

Consistent with the Issue Price of the Bond Capitalisation, the previous Share issue prices have typically been at a premium to the prevailing Share price at the time of those transactions.

The Issue Price is lower than the previous Share issues. This largely reflects the gradual decline seen in BGI's traded Share price which we surmise is likely due to two years of trading losses, BGI's ongoing search for a suitable RTO opportunity and the associated uncertainty as to the future direction of the Company.

### **Net Tangible Assets Value**

The Issue Price represents a significant premium to BGI's reported NTA of \$230,983 or \$0.000402 per Share as at 31 March 2022.

### **Bond Extension**

The Bond Extension involves extending the maturity date of the Bonds until 31 December 2023. Subject to shareholder approval of the Bond Transaction BGGL has agreed not to call for repayment of the Bonds prior to this date except in the event of liquidation or through the Bond Capitalisation.

Following the Bond Transaction BGI will have \$550,000 principal amount of the Bonds which need to be repaid on the new maturity date of 31 December 2023 with all other terms and conditions of the Bonds remaining unchanged. Of particular benefit to the Non-Associated Shareholders is that the interest rate on the Bonds will remain at 0% p.a. until maturity.

In contrast, we consider it likely that if the Bonds were owned by an unrelated, third-party investor, any extension of the maturity date would be accompanied by some form of offsetting adjustment to the terms e.g. a higher interest rate or payment of a fee of some kind.

### **Conclusion**

Overall, we consider the terms and conditions of the Bond Transaction are fair to the Non-Associated Shareholders. The primary factors behind this conclusion are:

- The Issue Price is either higher than, or in line with, BGI's VWAP; and
- the Bond Extension was granted without any offsetting cost, changed provisions or amendment to any other terms of the Bonds. Importantly for the Non-Associated Shareholders the interest rate on the Bonds remains unchanged at 0% p.a. until maturity.

### 3.3.3. The Impact on BGI's Financial Position

A summary of the impacts of the Bond Transaction is set out in the table below which presents a *pro-forma* restatement of the Company's Balance Sheet as at 31 March 2022 as if the Bond Transaction had occurred on that date.

Summary <i>Pro-Forma</i> Financial Impact of the Bond Transaction				
NZD ('000's)	31 March 2022	Bond Extension	Bond Capitalisation	Post Bond Transaction
Current assets	1,163	–	–	1,163
Non current assets	77	–	–	77
<b>Total assets</b>	<b>1,240</b>	<b>–</b>	<b>–</b>	<b>1,240</b>
Current liabilities	1,009	(550)	(450)	9
Non current liabilities	–	550	–	550
<b>Total liabilities</b>	<b>1,009</b>	<b>–</b>	<b>(450)</b>	<b>559</b>
<b>Total equity</b>	<b>231</b>	<b>–</b>	<b>450</b>	<b>681</b>
No. of Shares ('000's)	573,759	–	100,000	673,759
NTA per Share	\$0.0004	–	\$0.0045	\$0.0010

Source: S&P Capital IQ, Armillary analysis

The impact of the Bond Transaction on BGI's *pro-forma* financial position would be to:

- Increase total equity;
- decrease total liabilities with a reclassification from Current Liabilities to Non-Current Liabilities; and
- increase BGI's NTA per Share.

Overall, we consider that the Bond Transaction represents a substantial strengthening of BGI's balance sheet.

A summary of BGI's recent financial position is set out in section 4.5.



### 3.3.4. The Impact on Ownership and Control of BGI

BGI currently has 573,759,059 Shares on issue held by a total of 468 shareholders. Further details on the largest shareholders are set out in section 4.3.

BGI currently has three registered shareholders holding more than 5% of its Shares:

- BGGL: 66.7%;
- Mr. Chai: 9.7%; and
- New Zealand Depository Nominee Limited: 5.4%.

The top 10 shareholders collectively hold 92.9% of the total Shares on issue. Beyond those shareholders ownership is widely spread as the next 10 largest holders collectively own 2.6% of the total Shares on issue.

If the Bond Resolution is approved, BGI would have 673,759,059 Shares on issue with the main shareholding blocs as shown in the following table.

Summary of Pro-Forma Share Ownership Impact of the Bond Transaction					
Holder	Pre Bond Transaction		New Shares Issued	Post Bond Transaction	
	No. of shares	%		No. of shares	%
BGGL	382,929,770	66.7%	100,000,000	482,929,770	71.7%
Mr. Chai	55,871,667	9.7%	–	55,871,667	8.3%
<b>BGGL Associates</b>	<b>438,801,437</b>	<b>76.5%</b>	<b>100,000,000</b>	<b>538,801,437</b>	<b>80.0%</b>
Non-Associated shareholders	134,957,622	23.5%	–	134,957,622	20.0%
<b>Total</b>	<b>573,759,059</b>	<b>100.0%</b>	<b>100,000,000</b>	<b>673,759,059</b>	<b>100.0%</b>

Source: BGI Share Register

### Voting

The Bond Transaction will result in the BGGL Associates increasing their collective ownership of BGI from 76.5% to 80.0%. As the BGGL Associates currently hold over 75.0% of the voting rights of the Company they are already able to determine the outcome of any special resolutions (which require approval from 75% of votes cast by shareholders) and ordinary resolutions (which require approval from 50% of votes cast by shareholders), albeit this level of control is subject to the voting restrictions under the NZX Listing Rules and the Companies Act 1993.

The increase in the BGGL Associates shareholding therefore does not change their practical level of control over BGI and so we consider that it has little direct impact on the Non-Associated Shareholders.

## Board

We understand the Bond Transaction will not lead to any change in the composition of the Board, which consists of four directors. We note that Mr. Chai's alternate director (Mr. Chua) is also deemed to be associated with BGGL.

## Operations

We understand from the Non-Associated Directors that the BGGL Associates' influence over BGI's operations is primarily through Board representation. As the Board is expected to remain unchanged the Bond Transaction will not have any impact on the BGGL Associates' level of control or influence over the Company's business operations.

The Bond Transaction will result in Non-Associated Shareholders' shareholding in BGI being diluted by 3.5%. This impact is relatively insignificant and when combined with the effective level of control that the BGGL Associates already have we consider that the Non-Associated Shareholders should focus more on the financial impacts of the Bond Transaction and the associated impact on the value of their individual shareholdings. Non-Associated Shareholders will still retain the protections against the BGGL Associates majority shareholding position in BGI that are contained within The Companies Act 1993, the NZX Listing Rules and the Takeovers Code.

As set out in section 3.3.2 we are of the view that the terms and conditions of the Bond Transaction are fair to the Non-Associated Shareholders from a financial perspective. We consider therefore that as the Bond Transaction does not dilute the value of Non-Associated Shareholders' individual shareholdings the impact of the Bond Transaction on control and ownership of BGI are not material.

### 3.3.5. The Impact on BGI's Share Price and Liquidity

#### Share Price

A summary of Share price movements since 5 January 2021 is shown in section 4.7. As detailed in section 3.3.2 the Issue Price is at a premium to recent share market traded prices.

Since the announcement of the Bond Transaction Shares have traded at \$0.004, which is unchanged to the price in the month before the announcement.

The issue of new Shares is relatively small, it is solely to the existing majority shareholder and is not raising additional cash. Accordingly, despite the premium the Issue Price represents to BGI's 1 to 3-month VWAP, and the Company's NTA per Share, we do not believe it will have a material impact on Share price.

While the Bond Extension provides additional certainty and demonstrates BGGL's ongoing commitment to support BGI there are many other factors, both within and outside of BGI's control, that will determine the Share price. Accordingly, we also consider it unlikely that the Bond Extension will have a material direct impact on Share price.

### **Liquidity**

While the Bond Transaction provides increased certainty to BGI we consider it unlikely to have any direct impact on the liquidity of Shares in the short term. This is primarily because the number of Shares held by the Non-Associated Shareholders will not change.

### **3.3.6. Potential Alternatives to the Bond Transaction**

As an alternative to the Bond Capitalisation the Board could have considered different options to raise capital with the proceeds used to repay the Bonds. Possible alternatives include:

- a placement of new Shares to other investors; and/or
- an issue of new bonds to a third-party investor; and/or
- the sale of assets.

BGI would need to raise \$1,000,000 from other existing, or new investors to repay the Bonds. At current prices this would represent over 40% of BGI's current issued capital. We do not consider such a large transaction, particularly in the context of BGI having failed in prior years to raise sufficient capital to fund the growth of its finance operations, as a viable alternative. In any event, such a transaction is likely to be costly and time consuming.

Any issue of new debt could be complicated by the fact that BGGL has a first ranking security position although if any new debt issue were large enough to repay the Bonds in full a new lender could most likely obtain a first ranking security position themselves. We consider that, as with an issue of new Shares, such an issue of debt would likely be a time consuming and costly process. Additionally, even if alternative sources of debt could be found, we consider it most unlikely that new lenders would also lend at the 0% interest rate that BGGL currently is. Accordingly, we do not consider issuing new debt as a viable alternative.

Other than a term deposit BGI does not hold any material assets, therefore an asset sale is not a viable option for the Company.

In summary, we do not consider that the Company has any viable alternatives. At

the very least any alternatives would be substantially more costly and time consuming than the Bond Transaction.

### **3.3.7. Benefits and Disadvantages of the Bond Transaction for the BGGL Associates**

As detailed in section 3.3.6 we consider it most unlikely that additional capital would be available from any external third-party sources. Accordingly, we consider the key benefit of the Bond Transaction for the BGGL Associates to be that they are in essence protecting the value of their existing shareholding and extending the time to find a suitable RTO opportunity (at which time the value of their shareholding could be expected to increase).

We consider the following to be the key disadvantages of the Bond Transaction for the BGGL Associates:

- the Issue Price represents a premium to BGI's recent Share price, and a substantial premium to the Company's NTA per share; and
- through the Bond Capitalisation BGGL is converting secured Bonds for Shares. Not only are the Shares riskier than the Bonds as the Shares rank behind the Bonds, there is very low liquidity in the Shares, particularly for a majority shareholder like BGGL where it would be very difficult to sell even a small portion of its shareholding.

### **3.3.8. Benefits and Disadvantages of the Bond Transaction for BGI and the Non-Associated Shareholders**

We consider the following to be the key benefits of the Bond Transaction for the Company and the Non-Associated Shareholders:

- the Bond Capitalisation decreases BGI's debt by \$450,000 providing it more certainty in the short term to continue its strategic plan of pursuing an RTO;
- the Bond Extension defers a \$550,000 payment, which as it currently stands would otherwise utilise a substantial proportion of BGI's cash reserves;
- the Bond Transaction provides greater certainty for BGI, it further demonstrates BGGL's commitment to provide ongoing support for BGI and it extends the time to find a suitable RTO (at which time the price of Shares could be expected to increase); and
- approval from the Non-Associated Shareholders is required for the Bond Transaction to proceed.

We consider the following to be the key disadvantages of the Bond Transaction for the Company and the Non-Associated Shareholders:

- it increases the BGGL Associates shareholding (although it does not result in any material change to their effective level of control over BGI);
- while the Issue Price is at a premium to the current NZX market price it is possibly below what the Share price could be if an attractive RTO were to be announced; and
- it dilutes the Non-Associated Shareholders holding from 23.5% to 20.0%.

### **3.3.9. The Likelihood of the Bond Resolution Being Approved**

The BGGL Associates are unable to vote on the Bond Resolution so the outcome will be determined by the votes of the Non-Associated Shareholders who collectively hold 134,957,622 Shares or 23.5% of the total Shares on issue.

We understand that the Non-Associated Directors will unanimously recommend that shareholders vote in favour of the Bond Resolution. Additionally, Say Chan (James) Law (one of the Non-Associated Directors) owns 3.4% of BGI, or 14.3% of the Shares eligible to vote.

We have examined voting records of BGI's last two Annual Meetings with a focus on 2021's Annual Meeting where a similar resolution was voted on. The BGGL Associates were similarly unable to vote on the resolution and so total votes cast, of just under 20 million, represented around 15% of the total eligible number. Importantly, the votes cast were unanimously in favour of the resolution.

The Company's top 10 shareholders other than the BGGL Associates and the Non-Associated Directors collectively own 14.2% of the Shares or around 60% of the Shares eligible to vote on the Bond Resolution. The Board is not aware of individual shareholder voting intentions however the votes by these shareholders will likely have a significant influence on the outcome of the Bond Resolution.

### **3.3.10. The Implications of the Bond Resolution Not Being Approved**

If the Bond Resolution is not approved the Company will have less financial flexibility as a greater proportion of its cash reserves (and its term deposit) will need to be reserved for repayment of the Bonds. This would limit the ability of the Company to continue paying administrative costs while investigating an RTO.

As outlined in section 3.3.6 we consider alternative sources of finance most unlikely, particularly in the absence of an attractive RTO. Furthermore, we note that if the Bond Resolution is not approved that could have negative implications

for any future capital raisings as potential investors may be concerned about investing in BGI, particularly if shareholder approval is required. This increased uncertainty could also mean that alternative capital raisings would have even higher costs than the costs associated with the Bond Transaction.

While the existing term deposit could cover repayment of the full amount of the Bonds currently outstanding it would leave the Company with only a minimal level of cash and other assets. Accordingly, if alternative sources of capital were not available, we consider that in the absence of an RTO that the Company may need to look to cease operations and liquidate its remaining assets. This course of action could be a costly and time-consuming process with a high degree of uncertainty as to the eventual outcome for shareholders.

### **3.3.11. Voting For or Against the Resolution**

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

## 4. Profile of BGI

### 4.1. Company Profile

The Company was incorporated on 22 January 2004 as New Zealand Finance Holdings Limited. It changed its name to NZF Group Limited on 31 March 2008 and then again to Blackwell Global Holdings Limited on 10 July 2017.

BGI listed its Shares on the NZX in October 2004 after the issue of 5.5 million Shares at a price of \$0.30 per share. At the time of listing on the NZX the Company was the holding company for two wholly owned subsidiaries: New Zealand Finance Limited (which was established in 1997) and New Zealand Mortgage Finance Limited (which was acquired in 2004).

The 2007 global financial crisis had a material impact on the overall New Zealand economy and, in particular, the finance company sector and the Company's operations were no exception. By April 2014 the Company had sold its trading subsidiaries and jointly controlled entities by which time BGI had accumulated losses of over \$26 million.

On 21 May 2015 the Board resolved that the Company be placed into Voluntary Administration to facilitate the distribution of the Company's funds to creditors and other claimants.

At the Watershed Meeting held on 15 June 2015 BGI's creditors resolved that the Company execute a Deed of Company Arrangement (the "**DOCA**"). The DOCA resulted in senior creditors receiving 100 cents in the dollar while noteholders received a full and final settlement of 12.7 cents in the dollar. The DOCA was terminated on 3 July 2015.

After Mr. Chai purchased an initial shareholding in February 2016 the Company announced, in November 2016, that it had entered into a conditional Implementation Deed with BGGL whereby BGI would allot new Shares and issue convertible notes to implement an operational and capital restructure of the Company.

Following shareholder approval of the restructure the issue of Shares and convertible notes to BGGL was implemented on 7 July 2017. The Company also announced that with effect from 10 July 2017 it would change its name to Blackwell Global Holdings Limited and launch a new finance company operation as well as a derivatives trading operation.

On 18 January 2021 the Board announced that it had decided to wind down the Company's finance company operation to reduce costs due to BGI's inability to raise sufficient capital to fund the growth of its loan book. As a result of this

decision BGI's Board resolved to disestablish the CEO and COO roles. The CEO and COO formally left BGI's employment in February 2021. By 31 March 2022 all outstanding loans issued by BGI's finance company operation had been repaid.

Following this announcement BGI's Board announced that it was actively looking to identify a suitable business opportunity to invest in and/or acquire through an RTO. The new business acquired via the RTO transaction would then effectively become a subsidiary of BGI.

On 26 November 2021 the New Zealand Markets Disciplinary Tribunal released a public censure of BGI for breaches of NZX Listing Rules 3.5.1 and 3.26.1 as a result of BGI incorrectly stating its NTA per Share in its 2020 financial year results announcement. In addition to a public censure BGI paid a \$40,000 financial penalty to the NZX Discipline Fund as well as costs relating to the proceeding.

Further information on the Company can be found at:

- the Company's own website: <https://www.bgholdings.co.nz/>
- NZX's website: <https://www.nzx.com/companies/BGI>

## **4.2. Key Issues and Risks Affecting the Company**

The main industry and specific business factors and risks that BGI face include:

- The Company's ability to finance its activities given BGI has made losses in each of the last five years and does not have any operating revenues following the wind down of its finance company operations.
- The Company's ability to find appropriate RTO opportunities in the near term is likely to impact BGI's ability to continue to operate.
- Changes to regulatory and/or compliance regimes.

## **4.3. Directors**

As shown in the following table the Company's Board currently comprises four directors and an alternate.



<b>BGI Board of Directors</b>		
<b>Name</b>	<b>Role</b>	<b>Date Appointed</b>
Sean Joyce	Chairman and Independent non-executive Director	21-Aug-13
Kaw Sing (Michael) Chai	Non-executive director	27-Jun-17
Kim Chan (Steve) Chua	Alternate non-executive director for Mr. Chai	17-Sep-18
Craig Alexander	Independent non-executive director	27-May-11
Say Chan (James) Law	Non-executive director	27-Jun-17

Source: Company information, NZ Companies Office

## 4.4. Capital Structure and Shareholders

### Secured Bonds

On 18 December 2017 BGI issued \$2,000,000 bonds to BGGL at a fixed interest rate of 6% p.a. and a maturity date three years from the issue date (i.e. 18 December 2020). A further \$500,000 bonds were issued to BGGL on 27 April 2019 at a fixed interest rate of 6% p.a., payable semi-annually, and a maturity date three years from the issue date (i.e. 27 April 2022).

On 24 March 2020 a Deed of Variation was agreed with BGGL extending the maturity period to four years and reducing the interest rate to 0% p.a. for six months starting 24 March 2020. The Bonds were further amended through a Letter of Undertaking, dated 25 November 2020, extending the maturity of the Bonds to 30 June 2022 and extending the 0% p.a. interest rate for this period.

In June 2021, BGI redeemed \$1,000,000 of the Bonds for cash, reducing the Bonds on issue to \$1,500,000. On 18 October 2021 BGI's shareholders approved the capitalization of \$500,000 of the Bonds by BGGL at an issue price of \$0.007 per Share (for 71,428,571 new Shares).

BGI currently has \$1,000,000 face value of the Bonds on issue to BGGL. The Bonds have a contributed capital component that represents that difference in fair value between the current fixed interest rate and the estimated interest rate of a similar bond issued to a third party. Accordingly, the value reported in BGI's financial statements as at 31 March 2022 of \$958,538 reflects the face value minus the contributed capital component of the Bonds.

### Shares

BGI currently has 382,929,770 Shares on issue which at 1 August 2022 were held by 468 shareholders. Details of the 20 largest shareholders as at 1 August 2022 are set

out in the following table.

<b>BGI Top 20 Shareholders</b>		
<b>Name</b>	<b>Shares Held</b>	<b>% Held</b>
Blackwell Global Group Limited	382,929,770	66.7%
Chai Kaw Sing	55,871,667	9.7%
New Zealand Depository Nominee	30,701,216	5.4%
Say Chan Law	19,290,000	3.4%
Pat Redpath O'Connor	17,010,002	3.0%
Lynton Ross Campbell	9,095,514	1.6%
Barbara Charlotte Brown	7,834,488	1.4%
Annette Kathleen Early	4,010,000	0.7%
Minhua Chen	3,082,461	0.5%
Fiona Patricia Lyons	3,001,915	0.5%
Paul Richard Huljich	2,451,664	0.4%
Walter Mick George Yovich	2,193,409	0.4%
New Zealand Central Securities	2,142,710	0.4%
Land Securities Limited	1,689,752	0.3%
Kim Best	1,400,000	0.2%
Teck Khing Yong	1,331,069	0.2%
David Alexander Kennedy	1,062,500	0.2%
Kenneth Paul Donelan	1,000,000	0.2%
Tzu-Tong Ma	974,500	0.2%
Margaret Dorothea Greene	819,672	0.1%
<b>Top 20 Shareholders</b>	<b>547,892,309</b>	<b>95.5%</b>

Source: BGI Share Register

Other than Shares the Company has no other securities on issue, nor does it have any arrangements, or contractual undertakings, to issue other securities.

#### 4.5. Financial Performance

A summary of BGI's financial performance for the last five full financial years ending 31 March is summarized in the table below.

<b>BGI - Summary Statement of Financial Performance</b>					
<b>Year ending 31 March</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>NZD ('000's)</b>					
Net interest income/(expense)	(23)	303	153	(4)	(87)
Other revenue	82	432	156	113	15
<b>Total revenue</b>	<b>60</b>	<b>734</b>	<b>309</b>	<b>109</b>	<b>(73)</b>
Total operating costs	(812)	(1,319)	(975)	(889)	(382)
<b>Pre Tax profit</b>	<b>(752)</b>	<b>(585)</b>	<b>(665)</b>	<b>(780)</b>	<b>(455)</b>
Tax	-	-	-	-	-
<b>Net Profit/(Loss) after Tax</b>	<b>(752)</b>	<b>(585)</b>	<b>(665)</b>	<b>(780)</b>	<b>(455)</b>

Source: S&P Capital IQ, Company Information

Historically BGI primarily derived revenue through interest income on loans and from term deposits and/or bank accounts. Following the wind down of BGI's finance company operations BGI's primary revenue source will be interest earned on term deposits. BGI no longer has any employees so operating expenses largely

reflect Directors Fees, Professional Services Fees and other Administrative costs.

#### 4.6. Financial Position

A summary of BGI's financial position as at 31 March for the last five full financial years is summarized in the table below.

<b>BGI - Summary Statement of Financial Position</b>					
<b>As at 31 March</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>NZD (000's)</b>					
Cash and equivalents	801	1,513	1,806	1,987	148
Loan receivables	3,259	5,377	1,549	644	–
Other current assets	10	26	17	8	1,014
<b>Total Current Assets</b>	<b>4,070</b>	<b>6,917</b>	<b>3,371</b>	<b>2,639</b>	<b>1,163</b>
Non-current assets	77	79	85	81	77
<b>Total Assets</b>	<b>4,147</b>	<b>6,996</b>	<b>3,457</b>	<b>2,720</b>	<b>1,240</b>
Payables	271	167	190	112	23
Current Debt	–	2,956	44	44	986
Other current liabilities	–	40	64	48	–
<b>Total Current liabilities</b>	<b>271</b>	<b>3,163</b>	<b>298</b>	<b>204</b>	<b>1,009</b>
Long term debt	2,342	2,858	2,468	2,324	–
<b>Total Liabilities</b>	<b>2,613</b>	<b>6,021</b>	<b>2,766</b>	<b>2,529</b>	<b>1,009</b>
<b>Total Equity</b>	<b>1,534</b>	<b>975</b>	<b>690</b>	<b>191</b>	<b>231</b>
<b>Total Liabilities and Equity</b>	<b>4,147</b>	<b>6,996</b>	<b>3,457</b>	<b>2,720</b>	<b>1,240</b>

Source: S&P Capital IQ, Company Information

BGI's main assets are cash and cash equivalents. Loan and lease receivables reached nil as at 31 March 2022 following the wind down of BGI's finance company operations. The \$1,014,000 of other current assets as at 31 March 2022 reflected a \$1,000,000 term deposit held with ASB.

The current portion of Debt reflects the net present value of the Bonds after accounting for fair value changes. The Bonds were previously reported under Long-term debt, with the \$44,000 as at March 2020 and March 2021 representing the current portion of the Bonds at that time.

#### 4.7. Cash Flow

A summary of BGI's cash flows for the last five financial years ending 31 March is summarized in the following table.

<b>BGI - Summary Statement of Cash Flow</b>					
<b>Year ending 31 March</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>NZD (000's)</b>					
Net Operating Cashflows	(4,075)	(2,688)	3,207	182	127
Net Investing Cashflows	(3)	–	(11)	(1)	(1,000)
Net Financing Cashflows	4,720	3,400	(2,904)	–	(966)
<b>Net change in cash</b>	<b>642</b>	<b>712</b>	<b>292</b>	<b>181</b>	<b>(1,839)</b>
Cash at start of period	159	801	1,513	1,806	1,987
Cash at end of period	801	1,513	1,806	1,987	148

Source: S&P Capital IQ, Company Information

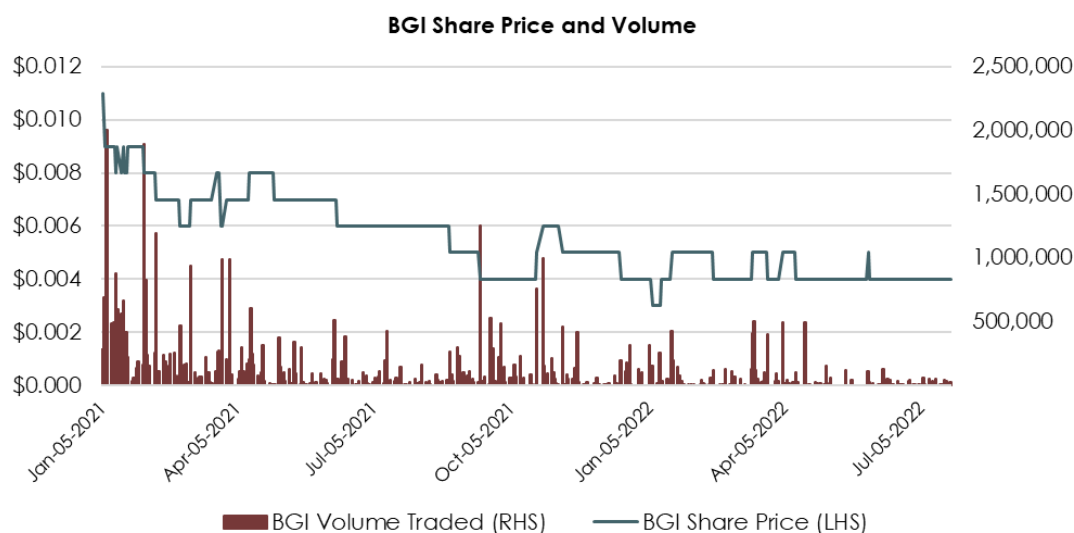
Net Operating Cashflows primarily represent payments to employees and directors while historic figures are primarily driven by movements in BGI's loan book.

Net Investing Cashflows in FY22 represent the investment of the \$1,000,000 term deposit.

Net Financing Cashflows largely represent BGI's raising, repayment and capitalisation of the Bonds.

#### 4.8. Share Price History

A summary of BGI's daily closing Share price and volumes of Shares traded from 5 January 2021 to 25 July 2022 is shown in the chart below.



Source: S&P Capital IQ

During the period shown in the chart BGI's Shares have traded between \$0.011 and \$0.003 with a VWAP of \$0.0065.

As shown in the table below 34.9% of the Shares held by the Non-Associated Shareholders have traded since 5 January 2021 at a VWAP of \$0.0065. Over the last six months however only 3.7% of the Shares held by the Non-Associated Shareholders have traded at a VWAP of \$0.0044.

An analysis of VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of current Shares held by Non-Associated Shareholders) is set out below.

<b>BGI Recent Share Trading</b>					
<b>Period</b>	<b>Low (\$)</b>	<b>High (\$)</b>	<b>Volume Traded</b>	<b>VWAP (\$)</b>	<b>Liquidity (excl. BGGL Associates)</b>
Since 05-01-21	0.003	0.011	47,052,566	0.0065	34.9%
12 months	0.003	0.006	18,629,603	0.0046	13.8%
9 months	0.003	0.006	12,293,212	0.0044	9.1%
6 months	0.004	0.005	4,964,128	0.0044	3.7%
3 months	0.004	0.005	1,358,207	0.0041	1.0%
1 month	0.004	0.004	415,715	0.0040	0.3%

Source: S&P Capital IQ

## **5. Sources of Information, Reliance on Information, Disclaimer and Indemnity**

### **5.1. Sources of Information**

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

- BGI annual reports;
- BGI Share Register as at 1 August 2022;
- BGI Annual Meeting Results for the years ended 31 March 2020 and 31 March 2021;
- NZX announcements;
- Companies Office filings; and
- S&P Capital IQ.

During the course of preparing this Report, we have had correspondence and discussions with and / or received information from the Board of BGI and its legal advisers.

The Board has confirmed that we have been provided, for the purpose of this Report, with all information relevant to the Company and the Bond Transaction that is known to them and that all the information provided 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 Report.

In our opinion, the information to be provided by BGI to the Non-Associated Shareholders is sufficient for them to understand all relevant factors and to make an informed decision in respect of the Bond Transaction.

### **5.2. 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 BGI 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 BGI. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

### **5.3. 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 provide any warranty or representation that any forecasts of future profits, cash flows or financial position of BGI 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 BGI and its directors and management. Actual results will vary from the forecasts and these variations may be significantly more or less favorable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of this Report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in this Report or assumptions reasonably taken as implicit, provided that this shall not absolve Armillary Private Capital from liability arising from an opinion expressed recklessly or in bad faith.

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 the Report.

### **5.4. Indemnity**

BGI has agreed that to the extent permitted by law, it will indemnify Armillary Private Capital 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, willful misconduct or breach of law. BGI has also agreed to indemnify Armillary Private Capital and its directors, employees and consultants for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Armillary Private Capital or its directors, employees and consultants are found liable for or guilty of

negligence, willful misconduct or breach of law or term of reference, Armillary Private Capital shall reimburse its fees for preparing this Report.



## **6. Qualifications, Independence, Declarations and Consents**

### **6.1. Qualifications and Expertise**

Armillary Private Capital is a specialist New Zealand based investment banking, funds management, financial training and advisory firm. It provides a range of services including the preparation of valuations, merger and acquisition advice, capital raising and due diligence. Its client base includes a range of small to medium sized private and listed companies, iwi organisations and government agencies.

The individuals responsible for preparing this Report are Geoff Davis (BCom, ACA), David Wallace (BCom, Dip Bus Fin), and Jansson Ford (BCom, MFINC).

Geoff Davis has over 30 years of experience in investment markets with an emphasis on corporate finance, equity capital markets and all aspects of M&A. Prior to joining Armillary Private Capital, Geoff has worked at TeamTalk, Active Equities, Brierley Investments and National Mutual / AXA Funds Management. Geoff holds a Bachelor of Commerce degree from the University of Auckland and is an ACA member of Chartered Accountants Australia and New Zealand.

David Wallace is a founding director of Armillary Private Capital and is active across the Investment Banking, Funds Management and Advisory areas of the firm. He has a background in investment banking, investment analysis and corporate treasury, with over 30 years' experience working in capital markets in New Zealand. David holds a Bachelor of Commerce degree from Canterbury University and a Post Graduate Diploma in Business Finance from the Auckland University Graduate School of Business.

Jansson Ford is an Analyst at Armillary Private Capital and has been with the firm since July 2022. He holds a Masters of Finance from the University of Otago and a Bachelor of Commerce degree from the University of Otago.

### **6.2. Independence**

Armillary Private Capital does not have at the date of this report, and has not had, any shareholding in or other relationship with BGI or BGGL or any conflicts of interest that could affect its ability to provide an unbiased opinion in relation to the Bond Transaction.

Armillary Private Capital 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 in respect of the Bond Resolution. Armillary Private Capital will receive no

other benefit from the preparation of this Report. Armillary Private Capital does not have any conflict of interest that could affect its ability to provide an unbiased Report.

### **6.3. Declarations**

This Report is dated 31 August 2022 and has been prepared by Armillary Private Capital at the request of the Non-Associated Directors of BGI to fulfil the reporting requirements of the NZX Listing Rules. This Report, nor any part of it, should not be reproduced or used for any other purpose.

Armillary Private Capital specifically disclaims any obligation or liability to any party whatsoever in the event that the Report is supplied or applied for any purpose other than that for which it is intended.

Advance drafts of the Report were provided to the Non-Associated Directors. Certain changes were made to the Report as a result of the circulation of the drafts. However, there was no material alteration to any part of the substance of this Report, including the methodology or conclusions as a result of issuing the drafts.

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

### **6.4. Consents**

Armillary Private Capital consents to the issuing of this Report in the form and context in which it is to be included with the BGI Notice of Meeting to be sent to BGI 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.

Yours faithfully,



Geoff Davis  
Director  
Armillary Limited



David Wallace  
Joint Managing Director  
Armillary Limited