

1. What is a Convertible Note?

Typically a Convertible Note commences as a loan and enables the holder to convert into a specified number of shares in the issuing company, or to be repaid the full investment amount. It is a hybrid security with debt-and-equity-like features. The Convertible Note pays interest and may be converted into shares of the issuing company at the expiry of the note, or earlier if there is a conversion event.

2. Why should I invest in the Convertible Note?

The Convertible Note enables clients of SMATS Group and Griffin Group (the Groups) to participate at an early entry point in the next stage of growth of the Groups via an Australian special purpose investment company being GPS Strategic Pty Ltd (GPS).

GPS will enable the groups to come together in a corporate merger creating a market leading financial services company with a long-term goal of building a multinational business specialising in financial services, accounting & tax, funds management, asset management, property development and real estate sales.

3. Why are the Groups doing this transaction?

After many years of successfully growing their respective businesses, the Directors of the Groups, Steve Douglas and Greg Devine, would now like to open their businesses to public ownership and raise capital for expansion. The funds raised will facilitate a faster expansion of the Groups' growth plans than would otherwise be the case, and enable the Groups to benefit through the multiple acquisition or investment opportunities which present themselves in the market.

It is important to note that this is not a cash-out exercise.

The initial stage of this is to raise money under the Convertible Note offer to fund a number of growth strategies that the Groups are focusing on and to acquire interests in bolt-on companies that complement and add to the existing services that the Groups offer their clients, and to grow the already extensive distribution base throughout Singapore, Hong Kong and Australia.

4. How will GPS acquire interests in the financial services businesses?

GPS will have the flexibility to deploy the funds raised from the Convertible Note either directly, or via the Groups, in order to pursue the strategic corporate goals being the acquisition, or interests in, financial services businesses and property related businesses across Australia, Hong Kong and Singapore. Steve and Greg have identified several opportunities where GPS or the Groups may acquire an interest (or an option to acquire an interest) in the existing businesses which will assist in achieving the strategic goals and growth aspirations of GPS.

5. Will there be related party transactions?

Yes. It is the intention of GPS to provide a Convertible Note / loan facility to the private companies of the Directors to assist in the expansion of their businesses with the intention of GPS acquiring both the Groups, or the key revenue generating assets of the Groups, on agreed terms at the expiration of the loan.

the Groups are existing businesses with track records of growth and financial strength. The Convertible Note / loan facility made to these businesses will enable them to focus on several key growth areas and new business opportunities which will enhance the overall value of the relevant business. At the end of the loan period each business will have a strong and efficient balance sheet suitable for public ownership.

6. On what terms will the related party transactions be?

Loans will be made by GPS to both Griffin and SMATS with interest payable quarterly at a rate in excess of

the Convertible Note annual rate of interest. The loans will have a timeframe of up to 3 years. At the conclusion of 3 years the loan must be repaid in full or converted to shares in the borrower, or the borrower will transfer ownership of assets to the value of the loan. Conversion into shares, or the transfer of assets, will be based on the independent valuation of the borrower and assets.

7. When will GPS acquire full ownership of the Groups?

Prior to the expiry of the Convertible Note loan term, the Groups will either repay their loan and associated interest in full or convert the loan to shares in the borrower or transfer assets to the value of the outstanding loan.

Assuming conversion of the loan to shares, GPS will move to full ownership of the Groups either by acquiring the remaining shares for cash, or by issuing shares in GPS, or a combination of both. The purchase price will be based on the independent valuation of the Groups.

8. What will GPS look like after the conversion event?

At conversion GPS will own 100% of the shares in Griffin and SMATS or have acquired the main revenue generating assets of Griffin and SMATS. Convertible note holders will have the option to convert their loans to owning ordinary shares in GPS. GPS will move to 100% ownership, or have a strategic interest, in each of the acquired companies. GPS will fully own, or have strategic interests in a number of financial services companies spread across Asia and Australia. The subsidiary investment companies will each provide strategic benefits to GPS to expand services and products to the combined client bases. GPS will have multiple revenue streams, a strong balance sheet and may consider leveraging the company up to 50% (of GPS's asset base) to facilitate acquisitions.

The multi-national reach of GPS, distribution footprint and strong and loyal client base of the underlying companies will put GPS in an enviable position to move to an ASX listing or a trade sale depending on strategic benefits and market conditions at the time.

9. Will I receive interest payments during the loan period?

Yes. You will receive a fixed payment of 4% per annum.

10. When do I get paid my interest?

Quarterly in arrears.

11. What is the term of the loan?

The term of the loan is 3 years (36 months) from the date of issue of the Information Memorandum.

12. What happens if the public listing doesn't proceed?

If the public listing does not proceed, the noteholder, upon conversion, will be holding shares in GPS with full participation rights in the same way as if the listing did proceed but in a public unlisted company, and be entitled to any dividends when issued. The conversion price of the shares will be based on an independent valuation of the company.

13. Is there any benefit in the conversion of my loan to shares?

Yes, should the noteholder elect to convert the loans to shares at the expiry of the notes, the noteholder will receive a bonus share issue of 16% p.a. in shares in GPS.

For example, with an investment held for 28 months, a loan of \$100,000 will convert to 137,333 \$1 shares in GPS. (28/12x 16% = 37.333% bonus shares)

100,000 x 1.37333 = 137,333 shares.

14. When can I convert my loan to shares?

The noteholder can convert their note to shares upon expiry of the note, or if there is a conversion event prior to this, upon the conversion event.

15. What happens if I decide not to convert my loan to shares at maturity? Can the issuer force me to convert my loan to shares?

No. If the noteholder decides not to convert his/her loan to shares, the loan will be repaid in full to the noteholder, in addition to receiving quarterly interest payments. As a bonus, the borrower will pay an additional 2% pa interest payment on the principle should for any reason the loan not convert to shares.

16. What if I need to redeem before a conversion event?

The noteholder must be prepared to hold the note to maturity and recognise that this is an illiquid investment. The notes are not listed on an exchange and therefore not able to be publicly traded. The Directors will assist a noteholder in transferring ownership of their note and will consider redemption requests. As additional comfort, at conversion the Directors will have several options available to meet loan repayment requests such as entering a loan facility against the assets of GPS to raise funds..

17. How is my loan secured?

The loan will be an unsecured borrowing of the company. It is the intention of the Directors not to take out any other debt facility or provide any recourse against the assets of the company during the loan period of the Convertible Note, prior to conversion.

18. Are there any guarantees for my Convertible Note investment?

During the loan period of your Convertible Note your quarterly interest payments are guaranteed by the Directors of GPS. For the guarantee to be called on, GPS would firstly need to be in default of an interest payment to the Convertible Note holders. This would likely result from the underlying loans of GPS (the investment assets of the Company) being in default, causing GPS to be unable to meet the interest payment and therefore the Directors guarantee could be called on. GPS intends to have multiple loans, including to the Groups, underpinned by full recourse loan agreements with a charge over the borrower. If an investor chose not to convert to shares and requested repayment of their loan and interest, and GPS was unable to meet this request, the Convertible Note holder could call on the Directors guarantee to meet their repayment request.

19. What risks am I taking by investing in the Convertible Note?

All investments carry risk. The risks of the Convertible Note will be outlined in the Information Memorandum, however some of the specific risks are default on interest payment and/or default on principal repayment and the ability to sell the shares in the market prior to an ASX listing or if an ASX listing did not occur.

20. What is the minimum amount I can subscribe for?

The minimum is A\$100,000

21. Is there some qualification criteria for me to be able to invest in the Convertible Note?

Yes, the noteholder must meet the condition of being classified as a wholesale investor, as assessed by a qualified accountant, and by meeting the income test, assets test or by investing greater than A\$500,000.

22. Why can't GPS borrow money from the Groups' banks instead of borrowing from clients?

The intent of GPS is to be the financing vehicle for both the the Groups groups growth, along with any acquisitions that complement the groups strategic development . GPS does not have the ability to borrow money from the "banks" until such time as the assets of Griffin and SMATS have transferred into GPS.

23. Where would my loan to GPS rank with the other liabilities of Griffin and SMATS?

Your loan will be made to GPS only and not directly to SMATS or Griffin. GPS will use the funds raised under the Convertible Note offer to lend funds to both Griffin and SMATS in addition to acquiring businesses or lending funds to external parties. GPS will not enter any further borrowing arrangement prior to the conversion event. Therefore, your loan to GPS (along with other Convertible Note holders) will be the only debt of the company.

the Groups will enter loan agreements with GPS under a formal loan deed which will include security obligations such as a charge over the borrower and director's guarantee. The loan deed will be on the same or similar terms to a normal bank lending arrangement.

24. Are there any tax implications for a Singaporean or Hong Kong resident who receives dividends and/or sells their shares on the ASX shortly after an ASX listing?

We recommend that Convertible Note holders seek their own tax advice. The following is not specific tax advice or based on your personal tax situation and is provided for information and guidance purposes only.

For a non-resident of Australia for tax purposes, the purchase and sale of Australian listed securities whilst living out of Australia does not attract any capital gains tax.

For franked dividends paid to holders of Australian securities who are non-residents of Australia for tax purposes, no further tax is payable.

For unfranked dividends paid to holders of Australian securities who are non-residents of Australia for tax purposes, withholding tax applies to these dividends.

25. How do I know my money is safe?

The funds raised by GPS will be directed into a company controlled Australian bank account. This bank account will be overseen by the Directors of GPS. For any transfers we will require dual authority for withdrawals from the bank account by both Directors. In addition, senior management will have full viewing rights to the account and will process all payments and receipts for Director approval.

The investment decisions of GPS will be made by an Investment Committee comprising the Directors and senior management of the Group with extensive and varied experience in acquisitions and mergers, financing, accounting, taxation and financial services providing a thorough team to assess and investigate the investment options of the group. Any investment activity will be on the basis it is an investment in a related entity, or in organisations that provide financial and operational efficiencies, make a stronger combined company post conversion and enable GPS to expand the service offering to our clients. This overall philosophy of investment provides a framework for safeguarding your money.

26. Is there any 3rd party credit rating I can rely on to assess this Convertible Note?

No, this will be an unrated issue.

27. How can I measure the risk and return of this Convertible Note offering with similar Convertible Note offerings by other issuers?

The returns to the noteholders are clearly stated on the SMATS Group website, and as with all investments there are



risks. However, as a noteholder, you are providing a loan to GPS, which receives the full support and backing of the Groups, both of which have a track record of over 25 years of operation. Both of these groups have shown strong growth and are well established, reputable companies helmed by highly experienced staff. The SMATS Group client base has grown over the years to around 10,000 today, and SMATS Group has won a number of international awards. The Directors of GPS Strategic are providing a personal guarantee to the noteholders, and as a noteholder you are potentially able to hold shares in GPS Strategic and become a partner in the expansion of the Groups.

28. What assurance is there that the GPS and the Groups will continue to be viable, ongoing concerns over the next 3 years?

SMATS Group has multiple and increasing number of revenue streams which provide diversification and a level of stability to the group's revenue base. In 2020, SMATS Group was not eligible for Covid assistance because its revenues actually increased over 2019. Griffin Group has undertaken 30 project developments across Australia with no loss to investors or lenders, and has a strong pipeline of projects ahead. Both groups are forecasting an increase in revenues over the next 3 years and see the potential for expansion and growth especially in the Asian region.

29. Has this been approved by the MAS or the HK regulator?

This offer is being made by GPS Strategic which is an Australian registered Company. The offer is made under the Australian wholesale license of SMATS Consortium Pty Ltd (AFSL No 480476). All potential Convertible Note holders are being made an offer to invest within the Australian jurisdiction. The offer has not been approved or registered with the Monetary Authority of Singapore (MAS) or the Hong Kong Securities & Futures Commission (SFC).

30. How do I proceed?

To indicate your interest please fill out the registration form and respond to the questions at <https://smatsconsortium.com/convertible-note>

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