

24 February 2023

National Stock Exchange of Australia (**NSX**)
1 Bligh Street
Sydney NSW 2000

NSX Release

Florin Mining Investment Company Lodges Target's Statement: Accept Illuminator's Offer

Florin Mining Investment Company Limited (NSX: FMI) (**Florin**) announces that it has lodged its Target's Statement with ASIC today in relation to the off-market takeover offer (**Offer**) by Illuminator Investment Company Limited (NSX: IIC) (**Illuminator**) to acquire all of the shares in Florin.

In accordance with item 14 of section 633(1) of the *Corporations Act 2001* (Cth), a copy of the Target's Statement is attached to this announcement.

The independent directors of Florin have unanimously recommended Florin shareholders **accept Illuminator's Offer in the absence of a superior proposal.**

The Independent Expert's Report, which accompanies the Target's Statement, concludes that the Offer is not fair, but reasonable in the absence of a superior proposal.

The Target's Statement and IER is being sent to shareholders together with the Bidder's Statement starting today.

This announcement has been authorised for release to the market by the Board of Florin.

For more information, please contact Frank Malcolm (independent director) at frank@alania.com.au.

Yours sincerely

FLORIN MINING INVESTMENT COMPANY LIMITED



Steven Pritchard
Chairman



TARGET'S STATEMENT

This Target's Statement has been issued by Florin Mining Investment Company Limited in relation to a proposed merger with Illuminator Investment Company Limited, which is to be implemented via an off-market takeover offer made by Illuminator Investment Company Limited for all Florin Shares (Offer)

The Independent Directors unanimously recommend that you

ACCEPT

the Offer in the absence of a superior proposal.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about how to deal with this document, you should consult your financial, legal, taxation or other professional adviser immediately.

IMPORTANT NOTICES

Nature of this document

This document is a Target's Statement issued by Florin Mining Investment Company Limited (ACN 111 170 882) under Part 6.5, Division 3 of the Corporations Act in response to the Offer made on 24 February 2023 by Illuminator to acquire all Florin Shares pursuant to the Bidder's Statement dated 9 February 2023.

ASIC and NSX disclaimer

A copy of this Target's Statement has been lodged with ASIC and sent to Illuminator and NSX on 24 February 2023. None of ASIC, NSX or any of their respective officers takes any responsibility for the content of this Target's Statement.

Defined terms

Capitalised terms used in this Target's Statement are defined in the Glossary in Section 11. The rules of interpretation that apply to this Target's Statement are also set out in Section 11. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

No account of personal circumstances

The information contained in this Target's Statement does not constitute personal advice. In preparing this Target's Statement, Florin has not taken into account the objectives, financial situation or needs of individual Florin Shareholder. It is important that you consider the information in this Target's Statement in light of your particular circumstances. You should seek advice from your financial, legal or other professional adviser before deciding whether to accept or reject the Offer.

Forward-looking statements

This Target's Statement contains forward-looking statements, including statements of current intention or expectation. As such forward-looking statements relate to future matters, they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by such forward-looking statements. None of Florin or its directors, officers and advisers give any representation, assurance or guarantee to Florin Shareholders or any other person as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement (including in the Independent Expert's Report) reflect views held only as at the date of this Target's Statement. Except as required by applicable law or the NSX Listing Rules, Florin does not undertake to update or revise these forward-looking statements nor any other statements (written or oral) that may be made from time by or on behalf of Florin, whether as a result of new information, future events or otherwise.

Disclaimer as to information

The information on Illuminator contained in this Target's Statement has been prepared by Florin using publicly available information (including information contained in the Bidder's Statement) and has not been independently verified by Florin. Accordingly, subject to the Corporations Act, Florin does not make any representation or warranty (express or implied) as to the accuracy or completeness of such information.

Independent Expert's Report

The Independent Expert's Report has been prepared by the Independent Expert for the purposes of this Target's Statement and the Independent Expert takes sole responsibility for that report. Neither Florin nor any of its officers, employees or advisers assumes any responsibility for the accuracy or completeness of the Independent Expert's Report, save for in relation to the information which it has provided to the Independent Expert.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement may be restricted by law or regulation in some jurisdictions outside Australia. Accordingly, persons outside Australia who come into possession of this Target's Statement should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with laws and regulations outside Australia.

Diagrams

Diagrams appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, graphs and tables is based on information available at the last practical date before finalisation of this document.

Privacy

Florin has collected your information from the share registry for the purpose of providing you with this Target's Statement. Such information may include the name, contact details and security holdings of Florin Shareholders. Without this information, Florin would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders and option holders to be held in a public register. Personal information of the type described above may be disclosed to Florin, Illuminator and their registries, print and mail and other service providers, authorised securities brokers, related bodies corporate and affiliates of Florin and Illuminator, and may be required to be disclosed to regulators, such as ASIC. Florin Shareholders have certain rights to access personal information that has been collected. Florin Shareholders should contact the Florin share registry in the first instance if they wish to access their personal information. Florin Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.

Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Target's Statement.

Florin Shareholders Information Line

If you have any questions in relation to the Offer, please contact the Florin Shareholder Information Line on 1800 134 234 (within Australia) or +61 2 4920 2877 (outside Australia) between 9.00am and 5.00pm (Sydney time), Monday to Friday (excluding national public holidays). Any telephone calls to these numbers will, as required by the Corporations Act, be tape recorded, indexed and stored.

KEY DATES

Date of the Offer	24 February 2023
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Date of this Target's Statement	24 February 2023
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Record Date for the Permitted Dividend (2.2 cents)	24 February 2023
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Close of the Offer (unless extended or withdrawn)	7pm (Sydney time) 27 March 2023
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EVALUATION OF THE OFFER

The Independent Directors unanimously recommend that you **ACCEPT** the Offer, in the absence of a superior proposal. The reasons for this recommendation are:

1	The implied value of the Offer of \$0.155 cents per Florin Share (based on Illuminator's last sale price of \$0.31 on 7 May 2021) represents a 19.23% premium to the VWAP of Florin Shares traded on NSX during the 12 month period ended 31 December 2022 of \$0.13 (which was also the most recent sale price). The implied value does not include the additional benefit to Florin Shareholders of being able to retain the Permitted Dividend of up to \$0.022 per Florin Share.
2	Comparing the 31 December 2022 NTA of \$0.334 per Illuminator share, the Offer represents a 28.5% premium to the market prices of Florin Shares noted above, and a 3.5% discount to Florin's 31 December 2022 NTA of \$0.195 after deducting the Permitted Dividend of \$0.022.
3	A dividend of \$0.022 per Florin Share will be payable, when the Offer becomes unconditional, to Florin Shareholders on the register at 24 February 2023. This Permitted Dividend will not reduce the Offer Price.
4	The Independent Expert has concluded that the Offer is not fair but reasonable, in the absence of a superior proposal
5	The Independent Expert also concludes that the advantages outweigh the disadvantages of the Offer.
6	No superior proposal has emerged as at the date of this Target's Statement
7	The Offer has the unanimous support of the Independent Directors

Possible reasons for not following the Independent Directors recommendation are:

1	You may disagree with the Independent Directors' recommendations and the Independent Expert's conclusion
2	You may want to sell your Florin Shares on market
3	You may consider there is the potential for a superior proposal to emerge in the foreseeable future
4	You may believe that the Offer Price is inadequate

You should also consider the risks of remaining a Florin Shareholder in Section 8 of this Target's Statement. The decision as to whether or not to accept the Offer depends on your circumstances, including risk profile, portfolio strategy, tax position, financial circumstances and investment time horizon.

LETTER FROM THE INDEPENDENT DIRECTORS

24 February 2023

Dear Florin Shareholder,

ACCEPT the Offer for your Florin Shares, in the absence of a superior proposal

On 9 February 2023, Illuminator Investment Company (NSX:IIC) (**Illuminator**) announced that it would make takeover offers for all of the shares in Florin (NSX:FMI) in order to implement a proposed merger via an off-market takeover offer (the **Offer**). Illuminator has today also sent out its Bidder's Statement which contains further details of the Offer.

Under the Offer terms, Florin Shareholders will receive 1 Illuminator Ordinary Share for every 2 Florin Shares held.

In addition, if and when the Offer becomes unconditional Florin intends to pay a cash dividend of \$0.022 per Florin Share (which is expected to be fully franked) to Florin Shareholders on the register at the date of the Offer, being 24 February 2023. The Offer Price will **not** be reduced for this Permitted Dividend of, meaning that if you accept the Offer and the Offer becomes unconditional you will still be entitled to receive that cash dividend (subject to being a Florin Shareholder at the record date for the dividend).

For the purposes of assessing the Offer, and taking into account that Florin Directors Steven Pritchard, Enzo Pirillo and Daniel Di Stefano have associations with Illuminator, Florin and their respective investment managers, the directors of Florin (**Directors**) established an Independent Board Committee (**IBC**), comprising only independent non-executive directors Peter Cameron and Frank Malcolm (**Independent Directors**), to consider the merits of the Offer on behalf of Florin Shareholders. The IBC has adopted appropriate protocols to address potential conflicts of interest.

Given their directorships and other interests in Illuminator, Steven Pritchard, Enzo Pirillo and Daniel Di Stefano are not considered to be independent directors of Florin in relation to the Offer. Accordingly, they have not participated in the consideration given by the IBC to the Offer, not made any recommendation to Florin Shareholders in relation to the Offer, and were not involved in preparing this Target's Statement except to provide information to enable Florin to meet its legal disclosure obligations.

The Independent Directors unanimously recommend that you **ACCEPT** the Offer, in the absence of a superior proposal. In addition, each of the Directors intends to **ACCEPT** the Offer in relation to all Florin Shares they or their associates own or control, in the absence of a superior proposal. At the date of this Target's Statement the Directors and their associates own or control 25.5% of Florin Shares in total.

The IBC appointed Findex Corporate Finance (Aust) Ltd (ACN 001 508 363) (**Findex**) to provide an Independent Expert's Report (**IER**) on the Offer. The IER is contained in Appendix 1 to this Target's Statement. You are encouraged to read that report in full. In it, the Independent Expert has concluded that the Offer is not fair but reasonable in the absence of superior proposal.

This Target's Statement sets out the reasons for the Independent Directors' unanimous recommendation to **ACCEPT** the Offer. The Independent Directors recommend the Offer because:

1. The implied value of the Offer of \$0.155 cents per Florin Share (based on Illuminator's last sale price of \$0.31 on 7 May 2021) represents a 19.23% premium to the VWAP of Florin Shares traded on NSX during the 12 month period ended 31 December 2022 of \$0.13 (which was also the most recent sale price of Florin Shares). The implied value does not include the additional benefit to Florin Shareholders of being able to retain the Permitted Dividend of up to \$0.022 per Florin Share.
2. Comparing the 31 December 2022 NTA of \$0.334 per Illuminator share, the Offer represents a 28.5% premium to the VWAP and latest sale prices of Florin Shares noted above, and a 3.5% discount to Florin's 31 December 2022 NTA of \$0.195 after deducting the Permitted Dividend of \$0.022.

3. The Independent Expert has concluded that the Offer is not fair but reasonable, in the absence of a superior proposal.
4. The Independent Expert also concludes that the advantages outweigh the disadvantages of the Offer.
5. No superior proposal has emerged as at the date of this Target's Statement.

The Offer is subject to a number of conditions, including Illuminator acquiring a relevant interest in at least 50.1% of all Florin Shares and other conditions as outlined in the Bidder's Statement. In deciding whether and when to accept the Offer, you should consider the conditions remaining to be satisfied.

To accept the Offer, you should carefully follow the instructions in Section 5 of the Bidder's Statement and instruct your broker to do so or complete the acceptance form enclosed within the Bidder's Statement (depending on the nature of your holding).

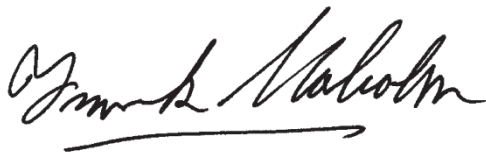
The offer period is due to end at 7:00pm (Sydney time) on 27 March 2023 unless extended or withdrawn.

I urge you to read this Target's Statement in its entirety and carefully consider the Offer, having regard to your own personal risk profile, investment strategy and tax position. You should seek independent financial, legal, taxation or other professional advice if you are in any doubt as to what you should do in response to the Offer.

The Directors will keep you fully informed if there are any material developments through further NSX announcements or other supplementary documents.

I would like to take this opportunity to thank you for your support of Florin.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Frank Malcolm', with a horizontal line underneath.

Frank Malcolm

Independent Director

1. FREQUENTLY ASKED QUESTIONS

Question	Answer
What is this Target's Statement and why have I received this document?	<p>This Target's Statement is Florin's formal response to the Bidder's Statement issued by Illuminator as required by the Corporations Act. This document contains important information regarding the offer and should be read in its entirety.</p> <p>You have received this Target's Statement because you are a Florin Shareholder.</p> <p>This Target's Statement includes the recommendation of the Independent Directors to ACCEPT the Offer, in the absence of a superior proposal.</p> <p><i>Refer to Section 2 of this Target's Statement for more information.</i></p>
Who is making the Offer?	<p>Illuminator is making the Offer.</p> <p>Illuminator is an NSX-listed specialist investment manager making medium to long-term investments in listed and unlisted securities.</p> <p><i>Refer to Section 6 of this Target's Statement for more information.</i></p>
Does Illuminator already have an interest in Florin Shares?	<p>Yes, Illuminator has a pre-existing interest in 300,203 Florin Shares (about 1.77%).</p> <p><i>Refer to Section 2 of this Target's Statement for more information.</i></p>
What is the Bidder's Statement?	<p>The Bidder's Statement is a document prepared by Illuminator stating the terms of the Offer. The Bidder's Statement and the Offer were lodged with ASIC and NSX and released to the NSX on 24 February 2023.</p>
What is the Offer?	<p>Illuminator made an off-market takeover offer to buy 100% of Florin Shares to effect a merger transaction.</p> <p><i>Refer to Section 6 of this Target's Statement for more information.</i></p>
What is Illuminator offering per Florin Security?	<p>Illuminator is offering 1 Illuminator Share per 2 Florin Shares.</p> <p><i>Refer to Section 6 of this Target's Statement for more information.</i></p>
What is the Permitted Dividend?	<p>Florin's Board intends to pay a cash dividend of 2.20 cents per Florin Share if and when the Offer becomes unconditional, to Florin Shareholders on the register at the date of the Offer (being 24 February 2023). The Offer Price will not be reduced for the amount of the Permitted Dividend.</p> <p>It is expected that the Permitted Dividend will be fully franked.</p>
What are the key dates?	<ul style="list-style-type: none"> • Offer announced 9 February 2023 • Offer period opens 24 February 2023 • Offer period closes 27 March 2023 (unless extended or withdrawn) • Florin dividend of 2.20 cents per Florin Share will become payable if and when the Offer becomes unconditional

	<ul style="list-style-type: none"> If pre-conditions are met, compulsory acquisition commences after Illuminator reaches a 90% holding in Florin Shares <p><i>Refer to the Key Dates Section on page 4 of this Target's Statement for more information.</i></p>
What is the Offer period?	<p>There is a minimum 1 month offer period, with potential for extension to a maximum of 12 months. The offer period will open 24 February 2023 and close 27 March 2023 unless extended or withdrawn).</p> <p><i>Refer to the Key Dates Section on page 3 of this Target's Statement for more information.</i></p>
What are the conditions of the Offer?	<p>The Offer is conditional upon a number of matters set out in the Bidder's Statement including:</p> <ul style="list-style-type: none"> minimum acceptance of at least 50.1% of all Florin Shares; no material adverse change to the assets, liabilities, financial position, performance, profitability or prospects of Florin; Florin not undertaking certain actions such as making or proposing to make any material acquisitions or disposals of assets, giving or agreeing to give an encumbrance over any of its assets, certain other transactions outside the ordinary course of business, paying a dividend (other than the Permitted Dividend of up to \$0.022 per Florin Share), or appointing any additional Director to its Board of Directors; the value of Florin's NTA does not reduce by 10% or more at any time before the end of the Offer Period, excluding the effect of payment of a Permitted Dividend; and no "prescribed occurrences" as specified in the Corporations Act. <p><i>Refer to Section 6 of this Target's Statement for more information.</i></p>
Can the Offer be withdrawn?	<p>Illuminator may only withdraw the Offer with written consent of ASIC which may be given subject to conditions.</p> <p><i>Refer to Section 6 of this Target's Statement for more information.</i></p>
What happens if the conditions of the Offer are not satisfied or waived?	<p>You do not get paid for your Florin Shares while the Offer is subject to conditions. If the conditions are not satisfied or waived before the Offer closes, the Offer will lapse. You would then be free to deal your Florin Shares even if you had accepted the Offer.</p>
Can Illuminator vary the Offer?	<p>Yes. Illuminator can vary the Offer by extending the Offer Period or increasing the Offer Price in accordance with the Corporations Act.</p> <p>Illuminator can waive the conditions to the Offer. However, Illuminator has no obligation to do so.</p> <p><i>Refer to Section 6 of this Target's Statement for more information.</i></p>
What happens if Illuminator increases the Offer Price?	<p>If you accept the Offer and Illuminator subsequently increases the Offer Price, you will receive the increased consideration for your Florin Shares.</p> <p>However, any increase in Offer Price will not be available to Florin Shareholders who have already sold their Florin Shares on the NSX.</p>

What happens if there is a superior proposal from a third party?	<p>If there is a superior proposal from a third party, the Independent Directors will reconsider their recommendation in relation to the Offer and advise Florin Shareholders accordingly.</p> <p>If you have already accepted the Offer at that time, you may be unable to withdraw your acceptance in which case you will be unable to accept the superior proposal if one arises.</p>
When will I be updated about the status of the Offer conditions?	<p>If a condition is satisfied or waived, Illuminator must, as soon as practicable, give the NSX and Florin a notice that states that the particular condition has been satisfied or waived.</p>
What choices do I have as Florin Shareholder?	<p>As a current Florin Shareholder you can take the following actions:</p> <ul style="list-style-type: none"> • Accept the Offer; • Sell your Florin Shares on market (transaction fees may apply); • Reject the Offer by doing nothing (noting that if Illuminator acquires a relevant interest in at least 90% of all Florin Shares by the end of the Offer Period, Illuminator will be entitled and intends to compulsorily acquire any Florin Shares it does not already own). <p>There are several implications in relation to each of the above choices. A summary of these implications is set out in Section 5 of this Target's Statement.</p>
What is the Florin board's recommendation?	<p>The Independent Directors unanimously recommends you ACCEPT the Offer from Illuminator, in the absence of a superior proposal.</p> <p>The reasons for your Independent Directors' recommendation are set out in Section 2 of this Target's Statement.</p> <p>Given their directorships of and interests in Illuminator, Steven Pritchard, Enzo Pirillo and Daniel Di Stefano are not considered to be independent directors of Florin in relation to the Offer and have not made any recommendation in relation to the Offer.</p> <p><i>Refer to Section 4 of this Target's Statement for more information.</i></p>
What do the Directors intend to do with their Florin Shares?	<p>Each of the Directors intends to accept the Offer for any Florin Shares that they or their associates own or control, in the absence of a superior proposal.</p> <p>The Directors' interests in Florin Shares are set out in Section 4 of this Target's Statement.</p> <p><i>Refer to Section 4 of this Target's Statement for more information.</i></p>
What is the Independent Expert's recommendation?	<p>The Independent Expert considered the Offer to be not fair but reasonable, in the absence of a superior proposal.</p> <p>You are encouraged to read the Independent Expert's Report in full.</p> <p><i>Refer to Appendix 1 of this Target's Statement for more information.</i></p>
How do I accept the Offer?	<p>To accept the Offer, you need to follow the instructions outlined in Section 5 of Annexure 1 of the Bidder's Statement and on the acceptance form.</p> <p><i>Refer to Section 6 of this Target's Statement for more information.</i></p>
How do I reject the	<p>To reject the Offer, simply do nothing. However, if Illuminator</p>

Offer?	<p>acquires a relevant interest in at least 90% of all Florin Shares by the end of the Offer Period, Illuminator will be entitled and intends to compulsorily acquire any Florin Shares it does not already own</p> <p><i>Refer to Section 5 of this Target's Statement for more information.</i></p>
If I accept the Illuminator Offer, can I withdraw my acceptance?	<p>You may only withdraw your acceptance if, while the Offer remains subject to the Offer conditions, Illuminator varies the Offer in a way that postpones the time when Illuminator is required to satisfy its obligations by more than one month.</p>
Are there any fees if I accept the Offer?	<p>No brokerage fees or stamp duty will be payable by you as a result of your acceptance of the Offer.</p>
What are the tax implications if I accept the Offer?	<p>A general outline of tax implications are outlined in Section 10. It is noted that these implications may be materially different if Illuminator does not acquire an 80% or more interest in Florin.</p> <p>You should seek professional advice in relation to specific tax implications relevant to your personal circumstances.</p> <p><i>Refer to Section 10 of this Target's Statement for more information.</i></p>
Can I accept the Offer for only some of my Florin Shares?	<p>No. You can only accept the offer for all of your Florin Shares.</p> <p>However, if you hold one or more parcels of Florin Shares as trustee or nominee, you may accept the Offer as if a separate offer had been made in relation to each of those parcels and any parcel you hold in your own right.</p> <p><i>Refer to Section 5 of this Target's Statement for more information.</i></p>
Can I sell my Florin Shares on market on the NSX?	<p>You can only sell all or some of your Florin Shares on market on the NSX if you have not accepted the Offer in respect to those Florin Shares.</p> <p>However, you will likely incur brokerage charges and, if you sell on market, will not be able to participate in any superior proposal for Florin Shares if such a proposal is made, or in any increase in the Offer consideration that may be made by Illuminator. Additionally, the tax outcome from selling some or all of your Florin Shares on market for cash may be different to accepting the Offer.</p> <p><i>Refer to Section 5 of this Target's Statement for more information.</i></p>
Can I be forced to sell my Florin Shares?	<p>You cannot be forced to sell your Florin Shares unless Illuminator acquires a relevant interest in at least 90% of all Florin Shares by the end of the Offer Period, in which case Illuminator will be entitled and intends to compulsorily acquire any Florin Shares it does not already own at the close of the Offer.</p> <p>If your Florin Shares are compulsorily acquired, you will receive the same consideration for your Florin Shares that you would have received under the Offer. However, you may not receive the consideration for your Florin Shares until up to approximately 6 to 8 weeks, or potentially longer, after the end of the Offer Period.</p> <p><i>Refer to Section 5 of this Target's Statement for more information.</i></p>
What are the consequences of not accepting the Offer?	<p>If you choose to reject the Offer and retain your holding in Florin, you should simply do nothing.</p> <p><i>Refer to Section 5 of this Target's Statement for more information.</i></p>

	<p>However, if Illuminator holds a relevant interest in at least 90% of all Florin Shares on issue during or at the end of the Offer Period, Illuminator will be entitled under the Corporations Act to compulsorily acquire the Florin Shares that it does not already own, at the Offer Price.</p> <p>If Illuminator acquires less than 90% but more than 50% of Florin Shares and declares the Offer unconditional, you will be exposed to the risks of being a minority shareholder in Florin.</p> <p><i>Refer to Section 5 of this Target's Statement for more information.</i></p>
What are the risks associated with becoming an Illuminator Shareholder?	<p>Accepting the Offer and becoming a holder of Illuminator Shares involves a number of risks, many of which Florin Shareholders are already exposed to.</p> <p><i>Refer to Section 8 of this Target's Statement for more information.</i></p>
How can I get updates on the Florin Security or Illuminator Share prices?	<p>It is likely that the market trading price of Florin Shares and Illuminator Shares will vary during the Offer Period.</p> <p>You can check the market price for all NSX listed securities by visiting www.nsx.com.au. The ticker for Florin Shares on NSX is FMI and the ticker for Illuminator Shares on NSX is IIC.</p>
Who should I contact for further information?	<p>If you have any further questions in relation to the Offer, you can call the Florin Shareholder Information Line on 1300 134 234 (within Australia) or +61 2 4920 2877 (outside Australia) between 9.00am and 5.00pm (Sydney time), Monday to Friday (excluding national public holidays). Any telephone calls to these numbers will, as required by the Corporations Act, be tape recorded, indexed and stored.</p> <p>Calls to these numbers may be recorded.</p> <p>If, however, you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser.</p>

2. REASONS TO ACCEPT THE OFFER

1. The Implied Offer Price of \$0.155 per Florin Security represents an attractive premium and is higher than its 12 month VWAP and last trading price on 15 September 2022

Under the Offer terms, consisting of 1 Illuminator Share per 2 Florin Shares, Florin Shareholders will receive an implied value of the Offer of \$0.155 cents per Florin Share (based on Illuminator's last sale price of \$0.31 on 7 May 2021) (**Implied Offer Price**). The Implied Offer Price represents a 19.23% premium to the VWAP of Florin Shares traded on NSX during the 12 month period ended 31 December 2022 of \$0.13, and also the latest sale price of \$0.13 on 15 September 2022.

2. Based on 31 December 2022 NTA of Illuminator Shares, the Offer represents an attractive premium to Florin's VWAP and latest trading price

The Independent Directors note that Illuminator Shares are relatively illiquid, and the latest sale price on NSX of \$0.31 was in May 2021. Accordingly, the Independent Directors also assessed the Offer based on Illuminator's NTA per Share as a proxy for value.

Comparing the 31 December 2022 NTA of \$0.334 per Illuminator share, the Offer represents a 28.5% premium to the VWAP and latest sale prices of Florin Shares noted above, and a 3.5% discount to Florin's 31 December 2022 NTA of \$0.195 after deducting the Permitted Dividend of \$0.022

3. Florin Shareholders will be entitled to keep the Permitted Dividend of \$0.022 per Florin Share

Within 5 business days after the offer becomes unconditional the directors of Florin will convene a meeting to declare the payment of a dividend of \$0.022 cash per Florin share. It is expected that the dividend will be fully franked.

The dividend will be payable to shareholders who were on the register on the date of the Offer.

4. The Independent Expert has concluded that the Offer is not fair but reasonable, in the absence of a superior proposal.

The IBC appointed Findex to prepare an Independent Expert's Report on the Offer.

The Independent Expert's Report has concluded that the Offer is **not fair but reasonable**, in the absence of a superior proposal. Florin Shareholders are encouraged to read the entire Independent Expert's Report which is set out in full at Appendix 1.

Findex explains in the Independent Expert's Report the factors that it has taken into account in reaching the above conclusion.

5. No superior proposal has emerged as at the date of this Target's Statement

As at the date of this Target's Statement, Florin has not received any superior proposal from a third party, nor have any discussions occurred that the Directors believe are likely to lead to any superior proposal being made.

Were Florin to receive a competing proposal after the date of this Target's Statement, the Directors would need to consider all aspects of the proposal in determining whether it is superior to the Offer.

6. The Offer has the unanimous support of the Independent Directors

Having carefully considered the terms of the Offer, the Independent Directors unanimously recommend that you **ACCEPT** the Offer, in the absence of a superior proposal.

Given their directorships of and interests in Illuminator, Steven Pritchard, Enzo Pirillo and Daniel Di Stefano are not considered to be independent directors of Florin in relation to the Offer and accordingly have not made any recommendation in relation to the Offer.

3. POSSIBLE REASONS FOR NOT FOLLOWING THE INDEPENDENT DIRECTORS' RECOMMENDATION

This section sets out some reasons why you may choose not to follow the unanimous recommendation of the Independent Directors to **ACCEPT** the Offer and instead reject the Offer.

1. You may disagree with the Independent Directors' recommendations and the Independent Expert's conclusion

You may hold a different view to the Directors and the Independent Expert and believe that the value of the Implied Offer Price under the Offer terms is inadequate.

2. You may want to sell your Florin Shares on market

You may wish to realise your investment in Florin through sale on the NSX if you expect proceeds may be higher, that you will be paid sooner, or if you prefer sale proceeds to be entirely comprised of cash.

If you sell your Florin Shares on market, you:

- will lose the ability to accept the Offer or any other offer which may eventuate;
- will not be entitled to receive any increased consideration if Illuminator subsequently increases the Offer Price;
- will not be entitled to receive the proposed 2.20 cent dividend if you sell before the record date for that dividend;
- may incur brokerage;
- will have a tax outcome that may be different to accepting the Offer; and
- may not obtain sufficient buyers to complete a trade above the Implied Offer Price of \$0.155 per Florin Security (including because Florin Shares may be affected by reduced liquidity).

3. You may consider there is the potential for a superior proposal to emerge in the foreseeable future

It is possible that a superior proposal for Florin could emerge in the future. However, as at the date of this Target's Statement, no such alternative proposal has been received.

4. You may believe that the Offer Price is inadequate

You may disagree with the Independent Expert's finding that the Offer is not fair but reasonable, and the unanimous recommendation from the Independent Directors to **ACCEPT** the Offer in the absence of a superior proposal.

4. DIRECTORS' RECOMMENDATION

Directors of Florin

As at the date of this Target's Statement, the Directors of Florin are:

- Steven Pritchard, Executive Chairman;
- Enzo Pirillo, Non-Executive Director;
- Peter Cameron, Non-Executive Director;
- Daniel Di Stefano, Non-Executive Director; and
- Frank Malcolm, Non-Executive Director.

For the purposes of assessing the Offer, and taking into account that Steven Pritchard, Enzo Pirillo and Daniel Di Stefano have directorships of and interests in Illuminator, Florin and their respective investment managers, the Directors established the IBC, comprising only independent non-executive directors Peter Cameron and Frank Malcolm to consider the merits of the Offer on behalf of Florin Shareholders and provide instructions to the Independent Expert. The IBC has adopted appropriate protocols to address potential conflicts of interest.

Given their directorships and other interests in Illuminator, Steven Pritchard, Enzo Pirillo and Daniel Di Stefano are not considered to be independent directors of Florin in relation to the Offer. Accordingly, they have not participated in the consideration given by the IBC to the Offer, not made any recommendation in relation to the Offer, and were not involved in preparing this Target's Statement except to provide information to enable Florin to meet its legal disclosure obligations.

Independent Expert's Report

In order to assist with assessment of the Offer, the IBC engaged Findex as the Independent Expert to undertake an independent assessment of the Offer for the benefit of Florin Shareholders.

A copy of the Independent Expert's Report is attached as Annexure 1 to this Target's Statement. The Directors recommend that you read the report in full.

The Independent Expert has concluded that the Offer is **not fair but reasonable** to Florin Shareholders.

The Independent Expert also concluded that the advantages outweigh the disadvantages of the Offer.

Independent Directors' recommendation

The Independent Directors unanimously recommend that Florin Shareholders **ACCEPT** the Offer, in the absence of a superior proposal.

The reasons for this recommendation are set out in Section 2 of this Target's Statement.

The decision as to whether or not to accept the Offer depends on the circumstances for each individual Florin Shareholder, including risk profile, portfolio strategy, tax position, financial circumstances and investment time horizon.

In considering whether or not to accept the Offer, your Directors encourage you to:

- read the whole of this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement;
- consider the possible reasons not to follow the recommendation of the Independent Directors as set out in Section 3 of this Target's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the alternative of selling on the NSX as outlined in Section 5 of this Target's Statement; and
- obtain financial advice from your broker or financial adviser about the Offer and obtain taxation advice on the effect of accepting the Offer.

Directors' intentions in relation to the Offer

Each Director who owns or controls Florin Shares intends to accept the Offer in relation to the Florin Shares they or their associates own or control, in the absence of a superior proposal.

Details of the relevant interests of each Director in Florin Shares are set out in the table below.

Interest and dealings of directors in Florin Shares

As at the date immediately before the date of this Target's Statement, the Directors and their associates had the following number of Florin Shares:

Director	Number and percentage of Florin Shares
Steven Pritchard	3,814,733 (22.49%)
Enzo Pirillo	142,383 (0.84%)
Peter Cameron	179,939 (1.06%)
Daniel Di Stefano	84,008 (0.50%)
Frank Malcolm	103,810 (0.61%)

No Director has acquired or disposed of a relevant interest in any Florin Shares in the 4 month period ending on the date immediately before the date of this Target's Statement.

Interest and dealings of directors in Illuminator Shares

As at the date immediately before the date of this Target's Statement, the Directors have the following relevant interests in Illuminator Shares.

Director	Number and percentage of Illuminator Shares
Steven Pritchard	2,321,537 (54.0%)
Enzo Pirillo	445,293 (10.4%)
Peter Cameron	Nil
Daniel Di Stefano	24,248 (0.56%)
Frank Malcolm	Nil

No Director has acquired or disposed of a relevant interest in any Illuminator Shares in the 4 month period ending on the date immediately before the date of this Target's Statement.

Benefits and agreements

Benefits to Directors

As a result of the proposed merger, no Director has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from the board, managerial office or related body corporate of Florin.

No Director has agreed to receive, or is entitled to receive, any benefit from Illuminator which is related to or conditional on the proposed merger, other than as set out below or in their capacity as a holder of Florin Shares.

Agreements in connection with or conditional on the Offer

No agreement has been made between any Director and any other person in connection with, or conditional upon, the outcome of the proposed merger, other than in their capacity as a holder of Florin Shares.

Interest in contracts with Florin

Hamilton Asset Management is the investment manager of Florin. Steven Pritchard and his associates control Hamilton Asset Management. Both Steven Pritchard and Enzo Pirillo are directors of Hamilton Asset Management.

Interests in contracts with Illuminator

Pritchard & Partners is the investment manager of Illuminator. Steven Pritchard and his associates control Pritchard & Partners. Both Steven Pritchard and Enzo Pirillo are directors of Pritchard & Partners.

Steven Pritchard and Enzo Pirillo have an interest in the success of the Offer as it will increase the value of the assets managed by Pritchard & Partners and could result in additional fees being paid under the investment management agreement to Pritchard & Partners. This anomaly was removed by virtue of the Deed of Variation of Management Agreement between Pritchard & Partners and Illuminator dated 25 January 2022.

5. YOUR CHOICES AS A FLORIN SHAREHOLDER

The Independent Directors of Florin unanimously recommend that you ACCEPT the Offer, in the absence of a superior proposal, for the reasons set out in Section 2.

The Florin board encourages you to consider the possible reasons not to accept the Offer set out in Section 3, as well as your personal risk profile, investment objectives and tax and financial circumstances, before making any decision in relation to your Florin Shares. As a Florin Shareholder, you have the following three main choices available to you in relation to the Offer:

Option 1 – Accept the Offer

If you accept the Offer, you must accept the Offer in relation to all of your Florin Shares.

Refer to Section 6 of this Target's Statement and Section 6 of the Bidder's Statement for further details of the tax consequences of the proposed merger.

This course of action is unanimously recommended by the Independent Directors of Florin in the absence of a superior proposal. Florin Shareholders who wish to accept the Offer should refer to Section 10 of the Target Statement and Section 6 of the Bidder's Statement for instructions on how to do so.

Option 2 – Sell your Florin Shares on market

You can sell your Florin Shares on market at any time if you have not already accepted the Offer.

If you sell your Florin Shares on market, you:

- will lose the ability to accept the Offer;
- will not receive the benefits of any potential higher competing offer for your Florin Shares, (though no forecast is made as to whether such events will occur);
- will not be entitled to receive the proposed 2.20 cent dividend if you sell before the record date for that dividend;
- may receive more or less for your Florin Shares than the Implied Offer Price;
- may incur a brokerage charge; and
- may be liable for capital gains tax or income tax on the sale.

Florin Shareholders who wish to sell their Florin Shares on market should contact their broker for information on how to effect a sale. You should also seek your own specific professional advice regarding the taxation consequences of selling your Florin Shares on market.

Option 3 – Reject the Offer by doing nothing

If you do not wish to accept the Offer and want to retain your Florin Shares, simply do nothing and take no action in relation to documents sent to you from Illuminator.

However, if Illuminator acquires a relevant interest in at least 90% of all Florin Shares by the end of the Offer Period, Illuminator will be entitled and intends to compulsorily acquire any Florin Shares it does not already own. This will involve you receiving the Offer Price for your Florin Shares, but at a later time than Florin Shareholders who accept the Offer.

6. IMPORTANT INFORMATION ABOUT THE OFFER

Summary of the Offer

Illuminator is offering 1 Illuminator Share per 2 Florin Shares.

You may accept the Offer only in respect of all (and not just a proportion of) your Florin Shares.

Offer Period

The Offer is open for acceptance from 24 February 2023 until 7.00 pm (Sydney time) on 27 March 2023 unless extended or withdrawn. Illuminator may extend the Offer Period at any time before the end of the Offer Period.

If, within the last 7 days of the Offer Period:

- Illuminator improves the Offer Price; or
- Illuminator's voting power in Florin increases to more than 50%,

then the Offer Period is automatically extended by law so that it ends 14 days after the relevant event occurs.

Before you accept the Offer, Illuminator may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

The bidder

The bidder under the Offer is Illuminator Investment Company Limited. The directors of Illuminator are Steven Pritchard, Enzo Pirillo and Daniel Di Stefano, and their backgrounds are listed in Section 1.2 of the Bidder's Statement.

Illuminator was incorporated in 2003 and listed on the Stock Exchange of Newcastle Limited (now the NSX) on 18 June 2004. Illuminator was the first Newcastle based company to list on the NSX and the first Newcastle based listed institutional investor.

The principal activity of Illuminator is making medium to long term investments in listed and unlisted securities.

Refer to Section 1 of the Bidder's Statement for further detail on Illuminator.

Effect of acceptance

If the Offer is unconditional, your acceptance of the Offer is irrevocable and you are not entitled to withdraw your acceptance.

If you accept the Offer, you will lose your ability to accept a superior proposal, if one emerges, even if you consider the superior proposal to be more attractive. However, if Illuminator were to increase its Offer Price to a higher sum as a result of a competing proposal being publicly announced at a time after you have accepted the Offer, you will be entitled to receive the improved consideration from Illuminator.

If you accept the Offer Illuminator will also be entitled to the amount or value of all rights attaching to the Florin Shares (but not including the Permitted Dividend of up to \$0.022 per Florin Share) which arise or are paid on or after the Announcement Date of the Offer.

Payment of the Offer Price

If the Offer becomes unconditional, Illuminator will provide the consideration under the Offer to accepting Florin Shareholders by the earlier of:

- 1 month of the later of their acceptance and the Offer becoming unconditional, and
- 21 days after the close of the Offer Period.

Offer conditions

The Offer is subject to a number of Offer conditions. In summary, the Offer conditions which are yet to be satisfied or waived include the following:

- 50.1% minimum acceptance before the end of the Offer Period;
- No material adverse changes to the assets, liabilities, financial position, performance, profitability or prospects of Florin;
- Florin not undertaking certain actions such as making or proposing to make any material acquisitions or disposals of assets, giving or agreeing to give an encumbrance over any of its assets, certain other transactions outside the ordinary course of business, paying a dividend (other than the Permitted Dividend of up to \$0.022 per Florin Share), or appointing any additional Director to its Board of Directors;
- the value of Florin's NTA does not reduce by 10% or more at any time before the end of the Offer Period, excluding the effect of payment of a Permitted Dividend; and
- no "prescribed occurrences" as specified in the Corporations Act.

The above is only a summary of the Offer conditions of the Offer. Please refer to Section 7.1 of Annexure 1 of the Bidder's Statement for a full description of the conditions of the Offer.

7. INFORMATION RELATING TO FLORIN

Overview

Florin is an NSX listed company, which was incorporated on 29 September 2004 and was admitted to the Official List of NSX on 3 February 2005.

The principal activity of the Company is making medium to long term investments in securities.

The Company has been established to provide investors exposure (through their shareholding) in a diversified portfolio of investments in the natural resource sector. The Portfolio is managed with a philosophy of capital growth through investing primarily in listed natural resource companies.

Strategy

The Company's investment objective is to invest predominantly in the Australian equities market, however, it may invest in unlisted securities and managed funds and securities and managed funds quoted on overseas exchanges.

The Company predominately invests in those companies that derive at least 25% of their revenue from, or have at least 25% of their net assets invested in the mining and or exploration of base and precious metals, industrial minerals, bulk commodities, the production and exploration of oil and gas and geothermal energy.

Overview of Florin's Portfolio since listing on the NSX

Florin has delivered significant value to Florin Shareholders since IPO in February 2005:

The investment manager of Florin, Hamilton Asset Management Limited (ABN 75 139 473 699), (**Hamilton**) seeks to maximise the capital growth of the Company's portfolio by investing in natural resource companies. Investments are primarily in mining or exploration companies – that are either producing or exploring for base and precious metals, industrial minerals, bulk commodities, oil and gas or in those companies producing or developing the production of energy from renewable resources.

Whilst in making its investment decisions Hamilton will generally take a medium to long term view, it may however, from time to time acquire investments with a view to profit through short term trading opportunities.

Hamilton:

- a) focuses on the investment merits of individual stocks rather than market and economic trends; and
- b) seeks to invest in shares which it assesses to be undervalued relative to their long-term growth prospects.

For further information on Florin, investors should read the NSX announcements made by Florin.

Florin Board of Directors

Steven Pritchard (Executive Chairman)

Qualifications — Bachelor of Commerce, Certified Practising Accountant, Registered Tax Agent, Fellow Taxation Institute of Australia, Graduate Diploma Applied Finance and Investment, and Fellow of Financial Services Institute of Australasia

Experience — Appointed Chairman on 14 July 2016. Board member since 2004

Special Responsibilities — member of the Audit Committee.

Directorships held in other listed entities — Current director of Australian and International Holdings Limited (since 17 November 2021), Pritchard Equity Limited (since 10 May 2002), Illuminator Investment Company Limited (since 22 December 2003) and Winpar Holdings Limited (since 4 July 2003).

Daniel Di Stefano (Non-Executive Director)

Qualifications — Bachelor of Commerce, Certified Practising Accountant, Graduate Diploma of Applied Finance and Investment, and Fellow of Financial Services Institute of Australasia

Experience — Board member and company secretary since 2004

Special Responsibilities — member of the Audit Committee

Directorships held in other listed entities - Illuminator Investment Company Limited (since 22 December 2003)

Enzo Pirillo (Non-Executive Director)

Qualifications — Bachelor of Commerce, Certified Practising Accountant, Registered Tax Agent, Graduate Diploma Applied Finance and Investment, and Fellow of Financial Services Institute of Australasia

Experience — Board member since 2015

Special Responsibilities — member of the Audit Committee

Directorships held in other listed entities — Current director of Pritchard Equity Limited (since 14 September 2005) and Illuminator Investment Company Limited (since 21 November 2018).

Peter Cameron (Non-Executive Director)

Qualifications — Diploma in Accounting

Experience — Board member since 2007

Special Responsibilities — member of the Audit Committee

Directorships held in other listed entities – None

Frank Malcolm (Non-Executive Director)

Qualifications — Master of Business Administration

Experience — Board member since 2021

Special Responsibilities — member of the Audit Committee

Directorships held in other listed entities – Winpar Holdings Limited (since 19 November 2015)

Florin audited financial statements

The latest published financial statements for Florin are the audited consolidated financial statements for the financial year ended 30 June 2022.

Copies of Florin's published financial statements can be obtained, free of charge, from Florin's website, www.florin.com.au.

Florin continuous disclosure obligations

Florin is subject to the continuous disclosure obligations contained in the NSX Listing Rules. Under those obligations, subject to limited exceptions, Florin must disclose material information to NSX immediately on becoming aware of that information.

Copies of all disclosures made by Florin to NSX can be obtained, free of charge, at NSX 's website (www.nsx.com.au) under the NSX code "FMI".

8. RISK FACTORS

Florin has summarised below what it believes to be the key risks for you to consider. There are risks which are specific to Florin and other risks which apply to investments generally, which may materially and adversely affect the future operating and financial performance of Florin and the value of Florin Shares. Those risks (and other risks) will continue to be relevant to Florin Shareholders who do not accept the Offer and retain their current investment in Florin. These risks will also continue to be relevant to all Florin Shareholders if the Offer lapses. While some of these risks can be mitigated, some are outside the control of Florin and cannot be mitigated.

Illuminator's Bidder's Statement separately sets out key risks involved in accepting the Offer and receiving Illuminator Shares in exchange for your Florin Shares. You should consider those key risks carefully before deciding to accept the Offer.

This summary does not consider risks arising from your individual investment objectives, financial situation or needs.

You should seek your own professional advice about the Offer and the risks associated with receiving Illuminator Shares as consideration

Risks associated with Florin and remaining a Florin Shareholder	
Investment selection risk	There is a risk that Florin's investment objectives will not be achieved and/or may underperform compared to its relevant benchmark or may underperform other listed investment companies in the same asset class. The achievement of Illuminator's objectives depends on a range of factors, including its portfolio selection, the skills of the Manager's investment team and the actual performance of Florin's investments (which may not be in the control of Florin or the Manager).
Reliance on key personnel	Florin relies on a number of key personnel, in particular Steven Pritchard and Daniel Di Stefano. The loss of any key employees, in particular Steven Pritchard, may have a detrimental effect on Florin.
Manager risk	The profitability and success of Florin is highly dependent on the ability of its directors and investment manager to assess business risks and make appropriate investment decisions.
Market price of investments	Florin may invest directly and indirectly in entities with a limited trading history or small capital base. These investments may pose greater risk than investments in larger capitalised entities or entities in other market sectors. While the development of sound risk management procedures and sound due diligence can minimise the risks of investment in such companies, the risks are material and significant.
Concentration of investments	<p>The portfolios of investments held by the Florin are less diversified than those of many other listed investment companies. The lower the number of investments, the higher the concentration and, in turn, the higher the potential volatility.</p> <p>These companies may be unable to identify other suitable companies in which to invest.</p>
Regulatory requirements	The ability of Hamilton Asset Management Limited (Hamilton) to manage Florin's portfolio of investments is dependent on the

	<p>maintenance of Hamilton's AFS Licence. Maintenance of the AFS Licence depends, among other things, on Hamilton continuing to comply with the licence conditions and the Corporations Act.</p>
<p>Remuneration of Hamilton Asset Management Limited</p>	<p>Hamilton's remuneration for managing Florin's portfolio is based partially on performance, which may create an incentive for Hamilton to make investments on behalf of Florin that are riskier or more speculative than would be the case if the fee were not based on the performance of Florin.</p>
<p>Failure of computer systems and other services</p>	<p>Florin is dependent on the ongoing efficient operation of its information and accounting computer system. A major hardware or software failure could create delays in processing daily transactions, resulting in abnormal costs if the problem cannot be addressed quickly.</p>
<p>Economic factors</p>	<p>Florin is exposed to changes in general economic conditions in Australia and globally. Adverse changes in inflation rates, interest rates, employment rates, government policies (including fiscal, monetary and regulatory policies), other structural changes and other factors driving global macroeconomic conditions are outside the control of Florin and are not reliably predictable. Any of these factors may have an adverse impact on Florin's business and financial performance.</p>
<p>Price of Florin Shares</p>	<p>The price of Florin Shares quoted on NSX may rise or fall due to a number of factors, including fluctuations and general volatility in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which Florin operates and general operational and business risks. Other factors which may negatively affect investor sentiment and influence Florin specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities or fires, floods, droughts, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences. Further, the share and unit prices for many listed entities have in recent times, been subject to wide fluctuations, which in many cases may reflect a diverse range of non-entity specific influences. Such market fluctuations may materially adversely affect the market price of the Florin Shares. No assurances can be given that the performance of the Florin Shares will not be adversely affected by any such market fluctuations or factors. Florin does not guarantee the performance of the Florin Shares.</p>
<p>Liquidity</p>	<p>There can be no guarantee that there will be an active market in Florin Shares or that their value will increase. There may be relatively few or many buyers or sellers of the Florin Shares on the NSX at any one time which may lead to increased price volatility and affect the price at which Florin Shareholders are able to sell their Florin Shares.</p>
<p>Future distributions</p>	<p>No assurances can be provided in relation to the payment of</p>

	<p>future distributions. Future determination as to the payment of distributions by Florin will be at the discretion of Florin and will depend upon the availability or profits, the operating results and financial condition of Florin, future capital requirements, covenants in relevant debt facilities, general business and financial conditions and other factors considered relevant by Florin.</p>
Dilution	<p>In the future, Florin may elect to issue new shares or engage in capital raisings to fund investments that Florin may decide to undertake. While Florin will be subject to the constraints of NSX Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period (other than where exceptions apply), Florin Shareholders at the time may be diluted as a result of such issues of Florin Shares and capital raisings.</p>
Accounting standards	<p>Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application and interpretation of those standards could materially adversely affect the value of Florin Shares.</p>
Taxation changes	<p>Future changes in Australian taxation law (including goods and services tax and stamp duty), including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of your investment in Florin Shares or the holding and disposal of those Florin Shares. Further, changes in tax law (including goods or services tax and stamp duty) or changes in the way tax law is expected to be interpreted in the jurisdictions in which Florin operates, may impact the future tax liabilities of Florin.</p>
Risks associated with the Offer	
Issue of Illuminator Shares as consideration	<p>Under the Offer, Illuminator will issue new Illuminator Shares. The rights and liabilities attaching to these securities are set out in more detail in Annexure 4 to the Bidder's Statement. Some Florin Shareholders may not intend to continue to hold their Illuminator Shares and may wish to sell them on the NSX. If a significant number of Florin Shareholders seek to sell their Illuminator Shares, this may adversely impact the market price of Illuminator Shares.</p> <p>Illuminator is listed on NSX, and historically its shares have been relatively illiquid. There is a risk that a Florin shareholder who accepts the Offer may not be able to easily sell the Illuminator Shares they receive under the Offer, and this could lead to a lower realised sale price or a longer period to realise sale proceeds (or both) than originally expected.</p>
Integration	<p>Illuminator expects that value can be added for shareholders of the combined group by the efficient integration of the businesses. If Illuminator is unable to acquire 100% of Florin Shares under the Offer, it may not achieve all of the potential benefits referred to in this Bidder's Statement.</p>

9. ADDITIONAL INFORMATION

Issued capital

As at the date of this Target's Statement, the following Florin Shares on issue are:

Class	Number
Florin Shares	16,961,769 fully paid ordinary shares

Substantial holders

As at the date of this Target's Statement, the substantial shareholders in Florin based on their NSX filings are set out below:

Substantial Florin Shareholder	Number of Florin Shares	Interest of Florin Shareholder and its associates
Steven Pritchard	3,814,733	22.49%
Intercontinental Assets Pty Ltd	1,000,000	5.90%

Material Litigation

Florin is not involved in any litigation or disputes which are material in the context of Florin taken as a whole.

Consents

Findex has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as the Independent Expert in the form and context it is so named and to the inclusion of its Independent Expert's Report as Attachment 1 to this Target's Statement. Findex has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement (other than the Independent Expert's Report) or any statement on which a statement in this Target's Statement is based (other than extracts from the Independent Expert's Report) and takes no responsibility for any part of this Target's Statement other than any reference to its name and its Independent Expert's Report.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged by Illuminator with ASIC or given to the NSX or, announced on the company announcements platform of the NSX, by Illuminator. Pursuant to the Class Order, the consent of Illuminator is not required for the inclusion of such statements in this Target's Statement. Any Florin Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting the Florin Shareholder Information Line on 1800 134 234 (within Australia) or +61 2 4920 2877 (outside Australia) between 9.00am and 5.00pm (Sydney time), Monday to Friday (excluding national public holidays). Any telephone calls to these numbers will, as required by the Corporations Act, be tape recorded, indexed and stored.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72 (Corporations Instrument 2016/72), this Target's Statement may include or be accompanied by certain statements:

- which fairly represent what purports to be a statement by an official person;
- which are a correct and fair copy of, or extract from, what purports to be a public official document; or
- which are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

In addition, as permitted by Corporations Instrument 2016/72, this Target's Statement contains security price trading data sourced from IRESS and FactSet without its consent.

No other material information

This Target's Statement is required to include all the information that Florin Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Director.

The Directors are of the opinion that the information that Florin Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in Florin's releases to the NSX, and in the documents lodged by Florin with ASIC before the date of this Target's Statement; and
- the information contained in this Target's Statement (including the information contained in the Independent Expert's Report).

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the Florin Shares;
- the matters that Florin Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to Florin Shareholders' professional advisers; and
- the time available to Florin to prepare this Target's Statement.

10. TAXATION CONSEQUENCES

Section 6 of the Bidder's Statement provides a summary of the potential Australian income tax and capital gains tax consequences generally applicable to shareholders who dispose of their Florin Shares under the Offer.

Florin shareholders should consult their own tax adviser for tax advice tailored to their own particular circumstances. Florin shareholders should not solely rely on Section 6 of the Bidder's Statement in relation to the taxation implications of accepting the Offer. In particular, Florin shareholders who are subject to tax outside Australia should obtain their own advice as to the tax consequences for them of the Offer, which may be different to those applicable to Australian resident Florin shareholders.

11. GLOSSARY AND INTERPRETATION

Term	Meaning
\$, A\$ or AUD	Australian Dollar
Acceptance Form	The acceptance form included with the Bidder's Statement and Offer dated 24 February 2023
AFSL	Australian Financial Services Licence
Announcement Date	9 February 2023
ASIC	Australian Securities and Investments Commission
Bidder's Statement	The Bidder's Statement issued by Illuminator dated 9 February 2023, and the Offer dated 24 February 2023
Business Day	A day that is not a Saturday, Sunday, bank holiday or public holiday in Sydney, Australia
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Directors	Directors of Florin
Findex	Findex Corporate Finance (Aust) Ltd (ACN 001 508 363).
Florin	Florin Mining Investment Company Limited (ACN 111 170 882)
Florin Shareholders	A person who is registered as a holder of Florin Shares
Florin Shares	Fully paid ordinary shares in Florin
Hamilton Asset Management	Hamilton Asset Management Limited (ACN 139 473 699)
IBC	Independent board committee established by Florin, comprised of the Independent Directors
Illuminator	Illuminator Investment Company Limited (ACN 107 470 333)
Illuminator Shares	Fully paid ordinary shares in Illuminator
Independent Directors	Peter Cameron and Frank Malcolm
Independent Expert	Findex

Independent Expert's Report	The report prepared by the Independent Expert dated 8 December 2022 set out in Appendix 1 to this Target's Statement
IPO	Initial public offer
NSX	National Stock Exchange of Australia Limited or the financial market which it operates
NSX Listing Rules	The official listing rules of NSX, as amended or replaced from time to time
Offer	The offer by Illuminator for all Florin Shares according on the terms contained in the Bidder's Statement
Offer Period	The period during which the Offer will remain open for acceptance in accordance with the Bidder's Statement
Offer Price	1 Illuminator share for 2 Florin shares
Permitted Dividend	A dividend payable by Florin of up to \$0.022 per Florin Share, which may be paid under the terms of the Offer without reducing the Offer Price
Pritchard & Partners	Pritchard & Partners Pty. Limited ACN 073 393 049
Target's Statement	This document which is issued by Florin under Part 6.5, Division 3 of the Corporations Act in response to the Offer made by Illuminator

Interpretation

In this Target's Statement:

- Other words and phrases have the same meaning (if any) given to them in the Corporations Act.
- Words of any gender include all genders.
- Words importing the singular include the plural and vice versa.
- An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.
- A reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.
- A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.
- Headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.
- A reference to time is a reference to Sydney time.
- A reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.
- Specifying anything in this document after the words 'includes' or 'for example' or similar expressions does not limit what else is included.

DIRECTORY

Company

Florin Mining Investment Company Limited (NSX:FMI)

Directors of Florin

Peter Cameron

Frank Malcolm

Steven Pritchard

Enzo Pirillo

Daniel Di Stefano

Independent Directors

Peter Cameron

Frank Malcolm

Company Secretaries

Daniel Di Stefano

Brett Hall

Offeror

Illuminator Investment Company Limited (NSX:IIC)

Share Registry of the Offeror

Newcastle Capital Markets Registries Pty. Limited

Shareholder information line

1800 134 234 (within Australia) or +61 2 4920 2877 (outside Australia) between 9.00am and 5.00pm (Sydney time), Monday to Friday (excluding national public holidays)

AUTHORISATION

This Target's Statement has been approved by resolutions passed by the directors of Florin. All Florin directors voted in favour of that the resolution.

Date: 24 February 2023

Signed for and on behalf of Florin:

A handwritten signature in black ink, reading "Frank Malcolm", with a horizontal line underneath the name.

Frank Malcolm

Independent Director



APPENDIX 1: INDEPENDENT EXPERT’S REPORT



mining investment company limited

Florin Mining Investment Company Limited ABN 60 111 170 882

INDEPENDENT EXPERT'S REPORT

*We conclude the Proposed Transaction is **Not Fair but Reasonable** for the shareholders of Florin Mining Investment Company Limited.*

8 December 2022

8 December 2022

The Independent Directors
Florin Mining Investment Company Limited
10 Murray Street
HAMILTON NSW 2303

Findex Corporate Finance (Aust) Ltd

ABN 95 001 508 363

AFSL No. 239170

Level 24, 1 O'Connell Street
Sydney NSW 2000 Australia

Ph +61 2 9262 2155

findex.com.au

The Independent Directors,

RE: INDEPENDENT EXPERT'S REPORT (THE "REPORT")

1 Introduction

1.1 Overview of the Proposed Transaction

Florin Mining Investment Company Limited ("**Florin**") is a National Stock Exchange of Australia Limited ("**NSX**") listed investment company that invests predominately in listed securities in the natural resource sector.

Illuminator Investment Company Limited ("**Illuminator**") is an NSX-listed investment company that invests predominately in listed securities across multiple sectors.

The board of Illuminator has proposed to acquire all of ordinary shares issued in Florin, which Illuminator do not currently own, by way of an off-market takeover bid and, if successful, will delist Florin from NSX ("**the Proposed Transaction**"). We also note that Steven Pritchard, Daniel Di Stefano and Enzo Pirillo are common directors of both Florin and Illuminator.

1.2 Purpose of the report

In accordance with Section 640 ("**Section 640**") of Corporations Act 2001 ("**the Act**"), an expert's report is to accompany the target's statement if bidder connected with target and if:

- a. The bidder's voting power in the target is 30% or more; or
- b. For a bidder who is, or includes, an individual – the bidder is a director of the target; or
- c. For a bidder who is, or includes, a body corporate – a director of the bidder is a director of the target.

A target's statement given in accordance with Section 638 ("**Section 638**") must include, or be accompanied by, a report by an expert that states whether, in the expert's opinion, the takeover offer/s are fair and reasonable and gives the reasons for forming that opinion.

Subsections 648A(2) and (3) provide for the independence of the expert and disclosure of any association between the target and the expert or the bidder and the expert. A contravention of one of those subsections results in the target's statement not complying with this subsection.

The Independent Directors of Florin have appointed Findex Corporate Finance (Aust) Ltd ("**Findex**") to prepare an Independent Expert's Report expressing our opinion as to whether or not the Proposed Transaction is fair and reasonable to all shareholders of Florin who are not shareholders of Illuminator or its associates ("**Non-Associated Shareholders**") in their considerations of whether or not to accept the Proposed Transaction.

1.3 Approach to our assessment

In evaluating the fairness and reasonableness of the Proposed Transaction, we considered the requirements of the Act 2001 and relevant Regulatory Guides issued by the Australian Securities and Investments Commission (“ASIC”), which provide guidance on interpretation.

Regulatory Guide 111 ‘Content of Expert Reports’ (“**Regulatory Guide 111**”) issued by ASIC considers that all transactions involving a party increasing or potentially increasing a shareholding above 20% are control transactions, and should be assessed as a takeover bid.

Regulatory Guide 111 distinguishes “fair” from “reasonable” and considers:

- An offer to be “fair” if the value of the offer is equal to or greater than the value of the securities subject to the offer. This comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage held by the “bidder” or its associates in the target when making this comparison.
- An offer to be “reasonable” if it is fair. It might also be reasonable if, despite being “not fair”, the expert believes that there are sufficient reasons for non-associated shareholders to accept the offer in the absence of a superior alternative.

For the purpose of this Report, we have treated “fair” and “reasonable” as separate concepts.

Accordingly, in forming our opinion on whether or not the terms of the Proposed Transaction are fair for the Non-Associated Shareholders of Florin, we compared:

- The value of the shares in Florin on a control basis; and
- The value of the consideration being offered by Illuminator, assuming 100% acceptance of the Illuminator offer.

With respect to the proposed consideration (“**Proposed Consideration**”) we note the following:

- Illuminator are offering one Illuminator share for every two Florin shares currently held (“**Scrip Component**”);
- Additionally, as part of the Proposed Transaction, Florin is proposing to pay a dividend of up to 2.2 cents per share (“**cps**”) to the Florin Shareholders (“**Proposed Dividend**”), prior to completion of the Proposed Transaction;
- Illuminator’s offer will not be reduced for the value of the Proposed Dividend;
- Given the Proposed Dividend is conditional on the Proposed Transaction occurring, we have considered this dividend to form part of the Proposed Consideration and assumed that the dividend will be fully paid (i.e. assumed the Proposed Dividend will be 2.2 cps);
- Accordingly, for the purposes of our analysis, we have considered the Proposed Consideration to include the value of the Scrip Component and the Proposed Dividend.

Following completion of the Proposed Transaction, Illuminator intends to delist Florin and merge the operations of Florin and Illuminator (the “**Merged Entity**”). Consequently, shareholders will hold shares in the Merged Entity comprising the combined operations of Florin and Illuminator.

Based on the intended timing of the Proposed Transaction, we adopted a valuation date of 30 September 2022 for the purpose of this Report (“**Valuation Date**”).

In assessing whether the Proposed Transaction is reasonable, we first considered whether the Proposed Transaction is fair. Additionally, we have compared the potential advantages and disadvantages of both to Florin’s non-associated shareholders, and assessed whether the advantages outweigh the disadvantages.

The advantages and disadvantages in relation to the Proposed Transaction are and discussed in detail in **Section 1.6**.

Additionally, we have given due consideration to relevant matters in other guidelines, including Regulatory Guide 112 'Independence of Experts' ("**Regulatory Guide 112**") issued by ASIC.

1.4 The Proposed Transaction is Not Fair but Reasonable

In our opinion, the **Proposed Transaction is Not Fair but Reasonable** for the Non-Associated shareholders of Florin.

1.5 The Proposed Transaction is Not Fair

Summarised below is a comparison of the assessed value of a Florin Share before the Proposed Transaction on a control basis compared to our assessed value of the Proposed Consideration.

Fairness Assessment			
		Low	High
Value of Proposed Consideration	cps	14.9	18.1
Value per Florin Share (Control Basis)	cps	19.2	21.2
Value differential - surplus/(deficit)	cps	(4.2)	(3.2)

Source: Findex analysis

Since the value of the Consideration Payable to the Florin Shareholders, is less than the value of a Florin share prior to the Proposed Transaction, in our opinion, the **Proposed Transaction is Not Fair** for Florin's Non-Associated Shareholders.

1.6 The Proposed Transaction is Reasonable

Notwithstanding that the Proposed Transaction is not fair, in our opinion, the advantages outweigh the disadvantages of the Proposed Transaction, and accordingly, **the Proposed Transaction is Reasonable**.

1.6.1 Advantages to Florin shareholders from the Proposed Transaction

The primary advantages to the shareholders of Florin in proceeding with the Proposed Transaction are as follows:

a) No superior alternatives exist

At the date of this Report, the Directors were not aware of any superior alternatives to the Proposed Transaction.

b) The Independent Directors of Florin, who hold shares but are not executives of Florin, intend to accept the Proposed Transaction

The Independent Directors of Florin have advised they unanimously recommend the Proposed Transaction, on the basis they consider it a positive outcome for Florin.

c) Lower risk profile due to a more diversified Portfolio of investments

The risk profile, that Florin Shareholders are currently exposed to via Florin's Trading and Investment Portfolios, is expected to be reduced due to the exposure to Illuminator's

Investment Portfolio assets, which include a more diverse sector selection of listed and unlisted securities.

d) Potential higher levels of liquidity due to larger size and number of shareholders of the Merged Entity

The larger size of the Merged Entity and larger number of shareholders (expected in the Merged Entity) may add market depth, and hence additional liquidity for Florin Shareholders (i.e. a larger entity may be more attractive to third party investors).

e) Larger entity may provide access to additional investment opportunities

The larger Merged Entity may provide access to additional investment opportunities (i.e. the larger balance sheet, may allow the Merged Entity access to investment opportunities that would have been otherwise unavailable to Florin). The exposure to additional investment opportunities may also allow for greater investment diversification, leading to a more balanced investment risk profile.

f) Larger investor base for capital raisings

The Proposed Transaction is likely to result in a larger investor base, which may increase the capital pool from which the Merged Entity can undertake future capital raising activities (i.e. capital sourced from the combined investor pool of Florin and Illuminator shareholders).

g) Ongoing dividend payments

The Independent Directors of Florin have advised that Illuminator intends to continue to pay ongoing dividends, post the Proposed Transaction. Florin has not paid a dividend to its shareholders since 2012. Whereas, Illuminator has a history of paying dividends (refer **Section 6.1**). Therefore, the Proposed Transaction is likely to provide existing Florin Shareholders a future income stream from their investment in the Merged Entity.

h) Earnings per Share Accretion

The Independent Directors of Florin expect that cost savings will be realised in the Merged Entity, due to the elimination of duplicated compliance, listing fees and administration fees.

Based on the analysis completed in the table below, the Proposed Transaction is likely to be earnings accretive to the Florin Shareholders.

Florin Shareholders Accretion/(Dilution)			
Earnings Per Share			
		Pre Proposed Transaction	Post Proposed Transaction
Net Profit/(Loss) After Tax - Pro Forma FY22			
Florin	(\$000s)	(185)	(185)
Illuminator	(\$000s)	-	(143)
Expected Cost Savings	(\$000s)	-	88
Net Profit/(Loss) After Tax	(\$000s)	(185)	(240)
Total shares outstanding	#	16,961,769	12,630,549
EPS	cps	(1.09)	(1.90)
Exchange Ratio		1.0	0.5
EPS	cps	(1.09)	(0.95)
Shareholders Accretion/(Dilution) Factor			13%

Source: Findex analysis

For completeness we note:

- The calculation above is based on the Pro Forma Merged Entity earnings per share for FY22¹ once adjusted for the realisation of the estimated cost savings;
- Regarding the cost saving proposed by Florin Management, Findex have accepted approximately \$88,000 of Florin Management's expected cost saving; and
- As both Florin and Illuminator recorded net losses after tax for FY22, the resultant Earnings Per Share ("EPS") in both the Pre Proposed and Post Proposed Transaction scenarios is negative. However, the EPS loss is smaller under the Post Proposed Transaction, hence the Proposed Transaction is expected to be earnings accretive.

1.6.2 Disadvantages to Florin shareholders from the Proposed Transaction

The primary disadvantages to the shareholders of Florin in proceeding with the Proposed Transaction are as follows:

a) Dilution of Florin's current Non-Associated Shareholders

As highlighted in the table below, the interest of Florin's Non-Associated Shareholders will be diluted as a result of the Proposed Transaction (i.e. Florin's Non-Associated Shareholders collective voting interest will decline from 76.2% at the date of this Report to 51.1% post the Proposed Transaction).

Florin Non-Associated Shareholders Dilution				
Shareholder	Pre Proposed Transaction		Post Proposed Transaction	
	# shares	% Total	# shares	% Total
Non-associated shareholders	12,920,645	76.2%	6,460,323	51.1%
Associated Shareholders	4,041,124	23.8%	6,170,227	48.9%
Total shares outstanding	16,961,769	100.0%	12,630,549	100.0%
Non-Associated Shareholders Accretion/(Dilution) Factor				-33%

Source: Findex analysis

We note that on an individual basis, approximately 95% of Non-Associated Shareholders held interests of less than 2% of the Florin Shares on issue, prior to the Proposed Transaction. Accordingly, post the Proposed Transaction, the vast majority of Florin's Non-Associated Shareholders will continue to hold minority interests in their own right. Therefore, the relative dilution from a voting perspective, is minimal on an individual shareholder basis.

b) Largest Shareholder will increase relative holdings

Steven Pritchard (and his associates including the current Illuminator holding in Florin Shares) will increase his relative holdings from 22.5% (currently held in Florin) to 31.9% of the Merged Entity, post the Proposed Transaction. Thus, increasing his relative level of control and providing him the ability to block special resolutions in the Merged Entity.

We note however that given the spread of the Non-Associated Holdings previously discussed (i.e. 95% of Non-Associated Shareholders held interests of less than 2% in Florin Shares, prior to the Proposed Transaction), the relative impact of Steven Pritchard's holding in the Merged Entity is likely to be minimal regarding the individual voting power of Florin's Non-Associated Shareholders.

¹ The Merged Entity Pro Forma Historical Financial Information is based upon Illuminator's and Florin's Historical Financial Information and pro forma adjustments, for FY22, required to present the Merged Entity on an aggregate basis.

c) Diluted NTA backing per share

Based on the analysis completed in the table below, the Proposed Transaction is likely to result in a dilution of the NTA backing per share for the Florin Shareholders.

Merger Entity Net Asset Dilution			
		Pre Proposed Transaction Florin	Post Proposed Transaction Merged Entity
Reported net assets as at 30 June 2022	(\$000s)	3,090	4,537
Movement in other net assets	(\$000s)	161	157
Reported net assets as at 30 September 2022	(\$000s)	3,251	4,695
Consolidation Adjustments	(\$000s)	-	(406)
Reported Net Assets	(\$000s)	3,251	4,289
Total shares outstanding	#	16,961,769	12,630,549
NTA Per Share	cps	19.17	33.96
Exchange Ratio		1.00	0.50
NTA Backing	cps	19.17	16.98
Shareholders Accretion/(Dilution) Factor			-11%

Source: Findex analysis

For completeness we note:

- The calculation above is based on the Pro Forma Merged Entity NTA backing as at 30 September 2022² once adjusted for consolidation entities. Reported net assets is exposed to market volatility and therefore the comparison is subject to change.
- The Post Transaction analysis does not consider the Proposed Dividend (as this is to be paid to the Florin Shareholders prior completion of the Proposed Transaction), which although does not add to the NTA Backing Post the Proposed Transaction, does provide a benefit of 2.2 cps to the Florin Shareholders (assuming the Proposed Transaction proceeds).

d) Loss of potential superior proposal

By accepting the Offer, Florin shareholders may not be able to receive the benefits from a superior proposal which may emerge.

e) Limited capital gains tax ("CGT") roll-over relief benefits

Scrip-for-scrip CGT roll-over relief is only available to Florin Shareholders for the Scrip Component of the Proposed Consideration (i.e. capital gain tax relief is not available for the Proposed Dividend, given it is income in nature).

Shareholders may also incur other personal taxation implications and should consult with their independent financial adviser.

f) Alternative better outcome of liquidation of the entity compared with the Proposed Transaction

Based on a high level analysis as at the Valuation Date, Florin Shareholders may realise a marginally higher value per share under a liquidation scenario when compared to our conclusion on the value of the Proposed Consideration.

² The Merged Entity Pro Forma Historical Financial Information is based upon Illuminator's and Florin's Historical Financial Information and pro forma adjustments, as at 30 September 2022, required to present the Merged Entity on an aggregate basis.

We note that however, the realisation of net funds under this scenario (i.e. a liquidation scenario) is highly dependent on the timing of the liquidation and the value of the Investment and Trading Portfolios at the time of liquidation. Given the relative volatility of Florin's Investment and Trading Portfolios, a small negative movement in the value of the portfolios may erode the higher value outcome per share under a liquidation scenario.

g) Shareholders may prefer exposure to Florin's portfolio

Florin's investment portfolio is comprised of listed securities operating predominantly in the materials (49%), energy (28%) and utilities (8%) sectors. Shareholders may have a preference to maintain exposure to these sectors (only), however this would be at the expense of the potential benefits associated with diversification and enlarged portfolio.

1.7 Other

This letter is a summary of Findex's opinion on the Proposed Transaction. This letter should be read in conjunction with the detailed Report and appendices as attached. Unless the context requires otherwise, references to "we", "our" and similar terms refer to Findex.

Our limitations and reliance on information, including unaudited financial statements, is set out in **Section 3.3**.

For the avoidance of doubt:

- the term "FY" refers the years ended 30 June;
- all figures are in "AUD" unless otherwise stated;
- A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions are subject to the effect of rounding; and
- "cps" refers to cents per share.

Please do not hesitate to contact us if you have any enquiries.

Yours sincerely,



Findex Corporate Finance (Aust) Ltd

Disclaimer

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Findex Corporate Finance (Aust) Ltd ABN 95 001 508 363 AFSL No. 239170

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2 The Proposed Transaction

2.1 Overview of the Proposed Transaction

Illuminator are proposing to acquire all of ordinary shares issued in Florin (which Illuminator do not currently own), in exchange for the issue of one Illuminator share for every two Florin shares held by the current Florin shareholders. The proposed offer represents an exchange ratio of 0.5 ("**Exchange Ratio**") for the current Florin Shareholders.

At the date of this Report:

- Florin had 16,961,769 ordinary shares on issue ("**Florin Shares**") and no other shares or options on issue; and
- Illuminator had 4,299,766 ordinary shares on issue ("**Illuminator Shares**") and no other shares or options on issue.

Following completion of the Proposed Transaction, Illuminator intends to delist Florin and merge the operations of Florin and Illuminator ("**Merged Entity**").

Assuming that 100% Florin Shareholders accept Illuminator's Offer:

- 8,330,783 new Illuminator Shares will be issued; and
- A total of 12,630,549 Illuminator Shares will be on issue, at completion of the Proposed Transaction.

2.2 Proposed Consideration

With respect to the proposed consideration ("**Proposed Consideration**") we note the following:

- Illuminator are offering one Illuminator share for every two Florin shares held ("**Scrip Component**");
- Additionally, as part of the Proposed Transaction, Florin is proposing to pay a dividend of up to 2.2 cents per share to the Florin Shareholders ("**Proposed Dividend**"), prior to completion of the Proposed Transaction;
- Illuminator's offer will not be reduced for the value of the Proposed Dividend;
- Given the Proposed Dividend is conditional on the Proposed Transaction occurring, we have considered this dividend to form part of the Proposed Consideration;
- Accordingly, for the purposes of our analysis, we have considered the Proposed Consideration to include the value of the Scrip Component and the value of the Proposed Dividend.

2.3 Conditions precedent

Summarised below are the conditions precedent to the Proposed Transaction:

- a) 50.1% minimum acceptance before the end of the Offer Period;
- b) No materially adverse changes to the assets, liabilities, financial position, performance, profitability or prospects of Florin and its subsidiaries;
- c) Florin not paying a dividend (other than the Proposed Dividend of up to \$0.022 per Florin Share), or appointing any additional Director to its Board of Directors;
- d) The value of Florin's NTA does not reduce by 10% or more at any time before the end of the Offer Period, excluding the effect of Florin's dividend; and
- e) No regulatory action (excluding Takeovers Panel applications) which materially affects the making of the offer.

3 Scope of report

3.1 Purpose of the report

As previously discussed in **Section 1.2**, Steven Pritchard, Daniel Di Stefano and Enzo Pirillo are common directors of Florin and Illuminator. Accordingly, Illuminator is deemed to be connected with Florin as at the date of this Report and an Independent Expert's Report is required to be attached to the Target's Statement under Section 640 of the Act.

Findex have been appointed by the Independent Directors of Florin to prepare an Independent Expert's Report expressing our opinion as to whether or not the Proposed Transaction is fair and reasonable to those shareholders not associated with the Proposed Transaction, to assist those shareholders to for a view as to whether or not to approve the Proposed Transaction.

This Report will form part of Florin's Target Statement to be sent to Florin shareholders.

The ultimate decision whether or not to accept the Proposed Transaction should be based on each Florin shareholder's assessment of their own circumstances. The factors which Florin shareholders should have regard to in making this assessment include (but are not limited to) their risk profile, expectations as to the value of Florin shares and future share market conditions.

Florin shareholders should read the Target's statement issued by Florin in relation to the Proposed Transaction. If Florin shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek independent professional advice.

3.2 Basis of Evaluation

In evaluating the fairness and reasonableness of the Proposed Transaction, we have considered the requirements of the Act and relevant Regulatory Guides issued by ASIC, which provides guidance on interpretation.

Regulatory Guide 111 distinguishes "fair" from "reasonable" and considers:

- An offer to be "fair" if the value of the offer is equal to or greater than the value of the securities subject to the offer. This comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage held by the "bidder" or its associates in the target when making this comparison.
- An offer to be "reasonable" if it is fair. It might also be reasonable if, despite being "not fair", the expert believes that there are sufficient reasons for non-associated shareholders to accept the offer in the absence of a superior alternative.

For the purposes of this Report, Findex has treated "fair" and "reasonable" as separate concepts.

In forming our opinion on whether or not the Proposed Transaction is fair for Florin shareholders, we compared:

- The value of the shares in Florin prior to the Proposed Transaction, on a controlling basis; and
- The value of proposed consideration ("**Proposed Consideration**"), which includes:
 - A Scrip Component, assessed on a minority interest basis, previously discussed in **Section 2.2**; plus
 - The Proposed Dividend.

Additionally, we have considered the advantages and disadvantages in relation to the Proposed Transaction, which are discussed in detail in **Section 9.5**.

Additionally, we have given due consideration to relevant matters in other guidelines, including Regulatory Guide 112 issued by ASIC.

3.3 Limitations and Reliance on Information

Findex's opinion is based on economic, share market, business and trading conditions prevailing at the date of this Report. These conditions can change significantly over relatively short periods. If they did change materially, the valuation and our opinion could vary significantly. Should we become aware of any factors that alter our assumptions as given, we reserve the right to alter our Report.

This Report is based upon financial and non-financial information provided by Florin and their advisers, and Illuminator and their advisers. Findex has used and relied on this information for the purposes of its analysis.

Findex has considered and relied upon the information provided by Florin and Illuminator, and has no reason to believe that any material facts have been withheld. The information provided by Florin and Illuminator has been evaluated through analysis, inquiry and review for the purposes of forming an opinion as to whether the Proposed Transaction is fair and reasonable to the shareholders of Florin. Findex does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or due diligence investigation might disclose.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, continuous disclosure rules, regulations, and policies, Findex:

- Assumes no responsibility and offers no legal opinion or interpretation on any issue; and
- Has generally assumed that matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no legal proceedings, other than as publicly disclosed.

[This space has intentionally been left blank.]

4 Industry overview

4.1 Summary

Both Florin and Illuminator operate in the Financial Asset Investing Industry in Australia (**"The Industry"**). Industry operators typically pool together investor funds and invest them on their own. Most industry operators do not receive performance fees or management fees and receives income in the forms of investment returns (i.e., capital gains, distributions and dividends) and bear the losses on trading. Both Florin and Illuminator invest in a variety of financial assets such as ASX listed and unlisted securities, unit trusts, ETFs and cash.

The Industry grew at an annualised 4.7% over 2017-2022 and is anticipated to grow at 2.5% annually over the five-year period to 2028³. The growth over the past 5 years was largely driven by strong domestic and global share market performance as a result of rising business profits and commodity prices. There has also been significant volatility in the industry over recent years, due to market volatility particularly associated with the Brexit decision, US-China trade tensions, the 2020 Russia-Saudi Arabia oil price war, economic slowdown in China and the fall in Australia and global share markets following the outbreak of COVID-19 since early 2020.

Future industry growth is supported by renewed retail and institution investor confidence, growing ageing population in Australia and increased ability to attract foreign investors from continued Asia-Pacific investment relationships. The Industry revenue is expected to increase from \$117.3 billion in 2022, to \$136.6 billion over the 5 years through 2027-28⁴.

4.2 Key demand drivers

4.2.1 Overview

Household discretionary income, consumer sentiment, investor confidence and Australian and global economic activities are key demand drivers for the Industry. However, changing regulations on tax treatment of capital gains and superannuation, along with rising interest rate from Reserve Bank of Australia, may influences demand for a wide range of investment vehicles and alternatives, thereby pressuring industry profitability.

4.2.2 Florin

Based on the investment portfolio selection criteria and strategies covered in **Section 5.2**, the investment return of Florin is largely influenced by securities forming part of the S&P/ASX 300 Resources Index.

As of 31 October 2022, for S&P/ASX 300 Resources Index, the 5-year annualised total return is 12.98%, versus index benchmark S&P/ASX 300 of 7.23%. The 5-year annualised price return is 7.35%, versus index benchmark S&P/ASX 300 of 3.13%⁵.

The broad outlook for energy and material companies that produce critical minerals and rare earth elements is positive, supported by expected technology growth in sectors including defence, aerospace, renewable energy, automotive, telecommunications and agriculture. However, investment returns in energy and material companies are not guaranteed to increase steadily as associated commodity prices may not sustain the growth momentum and can be influenced by a mix of changing policies, processing technology, high operating costs and waste management issues⁶.

Consequently, the investment return of Florin's investment portfolio is likely to benefit from these positive external trends in the short-term, however the return in the long-term depends on the ability of natural

³ IBISWorld, Financial Asset Investing in Australia, dated July 2022

⁴ IBISWorld, Financial Asset Investing in Australia, dated July 2022

⁵ S&P ASX 300 Resources Index Factsheet and S&P/ASX 300 Index Factsheet, both dated 31 October 2022

⁶ Department of Industry, Science, Energy and Resources, 2022 critical minerals strategy, dated March 2022

resources companies to cope with changing regulations, technology development, skilled labour shortages and operational and waste management issues.

4.2.3 *Illuminator*

Based on the investment portfolio selection criteria and strategies covered in **Section 6.2**, Illuminator is an active portfolio manager of a diversified portfolio of Australian and international equities, with the largest investment weightings in the automobiles and components, capital goods, diversified financials, and pharmaceuticals, biotech and life sciences sectors.

The aggregated external outlook for the above four sectors are positive, supported by:

- Stronger demand for motor vehicle manufacturing due to increased road activities post COVID-19 recovery⁷;
- Higher demand for consumables from individual and business customers due to global economic recovery post COVID-19 and rising consumer sentiment, leading to increasing volumes of manufacturing and production of products and services that end customers will use⁸;
- Rising confidence in investing in financial markets following the global economy recovery post COVID-19⁹; and
- Growing demand on medical products as a result of increasing health awareness and government support on pharmaceutical and biotech products¹⁰.

Although the short-term investment return from listed Australian and international equities in the aforementioned sectors may be impacted by inflation and supply chain issues in the Australian and major global economies, long term investment returns are expected to benefit from the overall positive demand growth.

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⁷ IBISWorld, Automotive Industry in Australia, dated February 2022

⁸ IBISWorld, Consumer Goods Retailing in Australia, dated November 2022

⁹ IBISWorld, Financial Asset Investing in Australia, dated July 2022

¹⁰ IBISWorld, Pharmaceutical Product Manufacturing in Australia, dated July 2022

5 Profile of Florin

5.1 Company overview

5.1.1 Background

Florin is a listed investment company based in Hamilton NSW. Florin was incorporated in 2004 and has been listed on NSX since 2005, under the code "FMI".

Florin has approximately 200 shareholders and does not own or control any subsidiary entities.

The primary activities of Florin include investment in listed securities in Australia. Florin generates revenue from exchange traded fund ("ETF") distributions, dividend income, interest income and net income from trading listed securities. The Majority of Florin's security investments are exposed to the natural resource sector (i.e., companies operating in the energy sector, material sector and/or utility sectors).

Other than the directors discussed in **Section 5.1.2**, Florin does not employ any staff. Rather the business relies on an external investment manager to conduct its day-to-day investment activities.

Summarised below is the historical financial metrics.

Florin Historical Financial Metrics					
Year	Dividends Cents per share	Net profit/(loss) \$'000	Issued capital \$'000	Issued ordinary shares Quantity	Net assets \$'000
2005	-	(54)	977	5,127,502	935
2006	-	298	977	5,127,502	1,353
2007	3.0	844	2,416	13,216,306	3,665
2008	-	(232)	3,194	16,767,182	4,000
2009	-	(619)	3,191	16,750,883	3,017
2010	1.0	607	3,252	17,109,907	3,566
2011	1.0	806	3,184	16,760,455	4,118
2012	1.0	(885)	3,230	16,985,769	3,026
2013	-	(761)	3,226	16,961,769	2,199
2014	-	68	3,226	16,961,769	2,313
2015	-	(542)	3,226	16,961,769	1,748
2016	-	114	3,226	16,961,769	2,019
2017	-	42	3,226	16,961,769	2,051
2018	-	101	3,226	16,961,769	2,482
2019	-	18	3,226	16,961,769	2,634
2020	-	157	3,226	16,961,769	2,704
2021	-	356	3,226	16,961,769	3,323
2022	-	(185)	3,226	16,961,769	3,090

Source: Florin prospectus and annual reports for each of FY19, FY20, FY21 and FY22

Notes: (1): Dividends & Net Profit/(loss) is shown for each financial year reported ended 30 June; (2): Issued capital/ordinary shares and net assets is reported as at 30 June.

5.1.2 Directors

The table below summarises key information regarding the Florin Directors.

Florin Director Key Information				
Director name	Role	Qualifications	Special Responsibilities	Other Directorships
Steve Pritchard	Chairman & Executive Director	- Bachelor of Commerce; - Certified Practising Accountant; - Registered Tax Agent; - Fellow Taxation Institute of Australia; - Graduate Diploma Applied Finance and Investment; and - Fellow of Financial Services Institute of Australasia.	Member of the Audit Committee	- Australian and International Holdings Limited - Illuminator - Pritchard Equity Limited - Winpar Holdings Limited
Daniel Di Stefano	Non-Executive Director & Joint Company Secretary	- Bachelor of Commerce; - Chartered Accountant; - Graduate Diploma Applied Finance and Investment; and - Fellow of Financial Services Institute of Australasia.	Member of the Audit Committee	- Illuminator
Enzo Pirillo	Non-Executive Director	- Bachelor of Commerce; - Certified Practising Accountant; - Graduate Diploma Applied Finance and Investment; and - Fellow of Financial Services Institute of Australasia.	Member of the Audit Committee	- Pritchard Equity Limited; and - Illuminator
Peter Cameron	Non-Executive Director	Not advised	Member of the Audit Committee	None
Frank Malcolm	Non-Executive Director	Master of Business Administration	None	- OpenMarkets Australia Limited; - Winpar Holdings Limited.

Source: Florin Annual Report FY22

5.1.3 Key Service Providers

With respect to Florin's key service providers, we note the following:

- **Investment management** - this function is externally managed by Hamilton Asset Management Limited, which is an entity associated with Steven Pritchard, Daniel Di Stefano and Enzo Pirillo.
- **Accounting services and company secretarial services** - undertaken by Rees Pritchard Pty Limited, an entity associated with Steven Pritchard and Enzo Pirillo.
- **Share registry management** - undertaken by Newcastle Capital Markets Registries Pty Limited, an entity associated with Steven Pritchard and Enzo Pirillo.

5.2 Portfolio overview

The investment objectives of Florin are to preserve the capital and achieve a high real rate of return in mostly natural resource companies.

The investment selection focuses on the investment merits of individual stocks rather than market and economic trends and seeks to invest in shares which Florin assesses to be undervalued relative to their longer term growth prospects.

As at 30 September 2022, Florin's investment portfolio ("**Florin Investment Portfolio**") comprised of listed securities operating in the following sectors:

- Materials: 49%;
- Energy: 28%;
- Other: 15%; and
- Utilities: 8%.

The table below summarises Florin's Investment Portfolio as at 30 September 2022.

Florin Investment Portfolio as at 30 September 2022		
Currency: A\$'000	Value	% Total
Top 10 investments		
New Hope Corporation Limited	252	9%
IGO Limited	206	8%
Cooper Energy Limited	161	6%
Mincor Resources NL	128	5%
SPDR S&P/ASX 200 Resources Fund ETF	122	4%
BHP Group Limited	116	4%
Newcrest Mining Limited	104	4%
Syrah Resources Limited	97	4%
Northern Star Resources Ltd	91	3%
Iluka Resources Limited	91	3%
Subtotal	1,367	50%
Other security investments	1,359	50%
Total	2,726	100%

Source: Florin & Findex Analysis

As at 30 September 2022, Florin's Trading Portfolio comprised of listed securities operating in the following sectors:

- Materials: 86%; and
- Energy: 14%.

The table below summarises Florin's Trading Portfolio as at 30 September 2022.

Florin Trading Portfolio as at 30 September 2022		
Currency: A\$'000	Value	% Total
Top 10 holdings		
Kingsgate Consolidated Limited	39	18%
Predictive Discovery Limited	32	15%
White Energy Company Limited	25	12%
Caspin Resources Limited	16	7%
KGL Resources Limited	14	7%
Australian Strategic Materials Limited	12	5%
Antipa Minerals Limited	10	5%
Traka Resources Limited	10	5%
Astral Resources NL	10	4%
Subtotal	169	77%
Other security investments	49	23%
Total	219	100%

Source: Florin & Findex Analysis

5.3 Florin Shares Outstanding

At the date of this Report, Florin had 16,961,769 Ordinary Shares on issue. No other shares or options were on issue in Florin.

5.3.1 Associated Shareholders Interests

The table below summarises the interests of Florin's associated shareholders.

Florin		
Interests of Illuminator & Illuminator Directors		
Shareholder	No. of shares	% Total
Illuminator	300,203	1.8%
Steven Pritchard & Associates (excluding Illuminator)	3,514,530	20.7%
Daniel Di Stefano & Associates	84,008	0.5%
Enzo Pirillo & Associates	142,383	0.8%
Total Associated Shareholders	4,041,124	23.8%
Non-Associated Shareholders	12,920,645	76.2%
Total shares outstanding	16,961,769	100.0%

Source: Florin & Findex Analysis

Regarding the table above we note:

- The associated shareholders interests were held either directly or indirectly via their respective associates; and
- Steven Prichard holds interests via multiple associated entities.

5.3.2 Top 10 Largest Shareholdings

Summarised below are Florin's largest shareholdings as at 30 September 2022.

Florin		
Top 10 Largest Shareholders - 30 September 2022		
Shareholder	No. of shares	% Total
1 Perpetual Corporate Trust Ltd	2,094,344	12.3%
2 Henley Underwriting & Investment Company Pty Limited	1,086,774	6.4%
3 Intercontinental Assets Pty Ltd	1,000,000	5.9%
4 Winpar Holdings Limited	800,605	4.7%
5 Warramboe Holdings Pty Ltd	550,000	3.2%
6 Wythenshawe Pty Ltd	550,000	3.2%
7 Seven Bob Investments Pty Ltd	549,153	3.2%
8 Technica Pty Limited	510,697	3.0%
9 Mrs Robin Drysdale	425,576	2.5%
10 Troika Investments Pty. Limited	389,173	2.3%
Total	7,956,322	46.7%
Top 10 largest shareholders	7,956,322	46.7%
Shares held by other shareholders	9,005,447	53.3%
Total shares outstanding	16,961,769	100.0%

Source: Share register information provided by Management

We note that Perpetual Corporate Trust Ltd and Henley Underwriting & Investment Company Pty Limited are associates of Steven Pritchard.

5.3.3 Directors Interests

Summarised below are the Florin Directors interests.

Florin Directors Interests		
Director name	No. of shares	% Total
Steven Pritchard & Associates (including Illuminator Holding)	3,814,733	22.5%
Enzo Pirillo & Associates	142,383	0.8%
Daniel Di Stefano & Associates	84,008	0.5%
Total Associated Directors	4,041,124	23.8%
Frank Malcolm	103,810	0.6%
Peter Cameron	179,939	1.1%
Total Non-Associated Directors	283,749	1.7%
Other Non-Associated Shareholders	12,636,896	74.5%
Total shares outstanding	16,961,769	100.0%

Source: Florin & Findex Analysis

Regarding the Directors interests we note the following:

- Steven Pritchard is the largest shareholder of Florin, holding a total interest of 22.5% of Florin Shares (via associated shareholdings); and
- At the date of this Report, no options had been issued to any of the directors.

5.4 Share Price Analysis

5.4.1 Recent Trading – On Market

Summarised below are the prices and volumes at which Florin shares traded during the period 1 October 2021 to 30 September 2022:

Florin Summary of On-Market Shares Traded (Last 12 Months)		
Date	Volume	Price
21-Oct-21	22,000	\$ 0.13
24-Feb-22	34,870	\$ 0.13
4-Mar-22	10,000	\$ 0.13
31-Mar-22	11,500	\$ 0.13
15-Jul-22	30,000	\$ 0.13
15-Sep-22	25,833	\$ 0.13
Total	134,203	

Source: NSX market data

Key observations in relation to Florin's shares are:

- Florin's shares traded on only six days out of the 251 trading days on which the NSX was open for trading, during the 12 month observation period;
- All shares were purchased by Illuminator; and
 - A total of 134,203 shares were traded, which represented around 0.8% of Florin's shares on issue during the 12-month period.

Accordingly, trading in Florin's shares is highly illiquid.

5.4.2 Recent Trading – Off Market

Regrading off market trading/transactions in Florin shares during the period 1 October 2021 to 30 September 2022, Florin Management advised:

- No shares were traded off market;
- Three parcels of shares were transferred arising from a deceased estate, with no nominated transfer price.

5.5 Financial performance

Summarised below is the historical statement of profit and loss of Florin, for the period FY19 to FY22.

Florin					
Statement of Profit and Loss					
Currency: A\$'000	Notes	FY19	FY20	FY21	FY22
Income from investment portfolio		126	65	57	129
Profit/(loss) from trading portfolio		(69)	234	291	(142)
Income from deposits		1	1	6	1
Total income from ordinary activities	1	59	301	355	(12)
Administration expenses	2	(71)	(75)	(76)	(112)
Finance costs	3	(2)	(4)	(3)	(4)
Management fees	4	(26)	(28)	(33)	(36)
Operating profit before income tax	5	(41)	194	243	(164)
Income tax benefit/(expense) relating to ordinary activities	6	58	(37)	113	(21)
Operating profit after income tax		18	157	356	(185)

Source: Audited financial statements, financial years 2019-2022

Notes:

1. **Total income from ordinary activities:** increased at a CAGR of 146% from FY19 to FY21. The increase in revenue was primarily due to the increase in profit from Trading Portfolio sales. FY22 revenue was down significantly, due to \$141,000 loss in the Trading Portfolio when compared to \$291,000 and \$234,000 profit in FY21 and FY20 respectively.
2. **Administration expenses:** comprised of administration expenses, bank expenses, filing fees and listing fees. We note a portion of administration expenses that related to accounting fees, companies secretarial services and share registry costs were paid to director-related entities (refer to **Section 5.1**) on commercial terms, and the combined amount paid per annum was \$37,000 in FY19, \$39,000 in FY20, \$37,000 in FY21 and \$40,000 in FY22. The increase in FY22 was primarily due to additional consulting fees.
3. **Finance costs:** relates to necessary costs incurred to secure the borrowings.
4. **Management fees:** relates to investment management fees paid to Hamilton Asset Management Limited, a director-related entity (refer to **Section 5.1**) on commercial terms, for services in relation to management of Florin's Trading and Investment portfolios.
5. **Operating profit before income tax:** over the four year period to FY22, Florin returned positive earnings in two of the four financial years, averaging positive earnings of approximately \$58,000 per annum over the period.

6. **Income tax benefit/(expense) relating to ordinary activities:** relates to income tax paid or recovered by Florin. Florin Management advised that, at the Valuation Date, Florin held carried forward income tax losses of approximately \$1.17 million, which were expected to be utilised in the future.
7. **Operating after income tax:** over the four year period to FY22, Florin returned positive earnings in three of the four financial years, averaging positive earnings of approximately \$86,000 per annum over the period.

Summarised below is the historical other comprehensive income of Florin for FY19 to FY22.

Florin					
Statement of Other Comprehensive Income					
Currency: A\$'000	Notes	FY19	FY20	FY21	FY22
Operating profit after tax		18	157	356	(185)
Unrealised gains/(losses) for the period on securities in the portfolio at 30 June		348	(289)	313	(165)
Tax (expense)/credit on above		(105)	87	(94)	50
Cumulative realised gains for the period on securities		(156)	165	63	96
Tax expense on above		47	(49)	(19)	(29)
Total other comprehensive income	1	135	(87)	264	(48)
Total net comprehensive income	2	152	70	619	(233)

Source: Audited financial statements, financial years 2019-2022

Notes:

1. **Total other comprehensive income:** reduced from \$135,000 in FY19 to negative \$87,000 in FY20 and then increased to \$264,000 in FY21 before reducing to negative \$48,000 impacted by a mix of unrealised and realised gains/(losses) and the associated tax impacts.
2. **Total net comprehensive income:** reduced from \$152,000 in FY19 to \$70,000 in FY20 and then increased to \$619,000 in FY21 which was primarily due to unrealised gains on the Investment Portfolio. In FY22 Florin recorded a \$233,000 loss due to unrealised losses on the Investment Portfolio.

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5.6 Financial position

Summarised below is the historical financial position of Florin as at 30 June 2019, 2020, 2021 and 2022.

Florin					
Statement of Financial Position					
Currency: A\$'000	Notes	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	1	49	148	176	451
Trading portfolio	2	318	332	525	238
Other current assets	3	21	195	34	79
Current tax assets	4	1	1	2	1
TOTAL CURRENT ASSETS		388	676	737	769
NON-CURRENT ASSETS					
Investment portfolio	2	2,341	2,125	2,668	2,475
Deferred tax assets	5	253	225	328	290
TOTAL NON-CURRENT ASSETS		2,594	2,349	2,997	2,764
TOTAL ASSETS		2,983	3,026	3,733	3,534
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	6	42	43	27	41
Borrowings	7	54	54	54	113
TOTAL CURRENT LIABILITIES		96	97	82	154
NON-CURRENT LIABILITIES					
Deferred tax liabilities	8	253	225	328	290
TOTAL NON-CURRENT LIABILITIES		253	225	328	290
TOTAL LIABILITIES		349	322	410	444
NET ASSETS		2,634	2,704	3,323	3,090
EQUITY					
Issued capital		3,226	3,226	3,226	3,226
Reserves		1,209	1,279	1,898	1,050
Accumulated losses		(1,801)	(1,801)	(1,801)	(1,186)
TOTAL EQUITY		2,634	2,704	3,323	3,090

Source: Audited financial statements, financial years 2019-2022

Notes:

1. **Cash & cash equivalents:** comprises cash at bank and in hand and deposits at call.
2. **Trading Portfolio and Investment Portfolio:** as previously discussed in **Section 5.2**, Florin's Trading and Investment Portfolio's primarily comprise of investments in ASX listed entities, which are held at market value.
3. **Other current assets:** comprises accrued income and other receivables.
4. **Current tax assets:** relates to goods and services tax.
5. **Deferred tax assets:** comprises capital losses, temporary differences and tax losses.
6. **Trade and other payables:** relates to sundry creditors and accrued expenses.
7. **Borrowings:** relates to secured margin loan from BT Securities Limited for Newcrest Mining Limited and SPDR S&P/ASX 200 Resources Fund at 5.74% variable interest rate.

8. **Deferred tax liabilities:** comprises deferred capital gains tax and temporary tax differences.

5.7 Cash flow statement

Summarised below are the historical cash flows of Florin for FY19 to FY22

Florin					
Statement of Cash Flows					
Currency: A\$'000	Notes	FY19	FY20	FY21	FY22
CASH FLOWS FROM OPERATING ACTIVITIES					
Sales from trading portfolio		188	269	252	156
Purchases from trading portfolio		(114)	(80)	(120)	(20)
Dividends received		113	53	34	72
Distributions received		9	13	15	28
Interest received		1	1	6	1
Other receipts		4	4	5	8
Administration expenses		(63)	(92)	(77)	(112)
Bank charges		(0)	(0)	(0)	(0)
Finance costs		(2)	(4)	(3)	(4)
Management fees		(30)	(30)	(35)	(39)
Net cash provided by operating activities	1	106	135	77	89
CASH FLOWS FROM INVESTING ACTIVITIES					
Sales from investment portfolio		35	333	309	445
Purchases from investment portfolio		(194)	(368)	(358)	(319)
Net cash used in investing activities	2	(159)	(36)	(49)	127
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		50	-	-	59
Net cash provided by financing activities		50	-	-	59
Net increase/(decrease) in cash held		(3)	100	28	275
Cash at beginning of financial year		51	49	148	176
Cash and cash equivalents at end of financial year		49	148	176	451

Source: Audited financial statements, financial years 2019 - 2022

Notes:

1. **Net cash provided by operating activities:** represents an inflow of cash in each period reflecting the steady level of combined income received from Florin's investment portfolio.
2. **Net cash used in investing activities:** represents an outflow of cash in each period reflecting more investment in existing and/or new shares of listed entities in Australia.

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6 Profile of Illuminator

6.1 Company overview

6.1.1 Background

Illuminator is a listed investment company based in Hamilton, NSW. Illuminator was incorporated in 2003 and has been listed on NSX since 2004, trading under the code "IIC".

Illuminator has approximately 120 shareholders and does not own or control any subsidiary entities.

The primary activities of Illuminator include the investment in listed and unlisted securities. Illuminator generates revenue from trust distributions, dividend income, interest income and gains from foreign currency exchange. Among all sectors, Illuminator on average invests more heavily in diversified financials, pharmaceuticals, biotech and life sciences, capital goods and automobiles and components, averaging 62% of overall investment portfolio over FY19 to FY22.

The investments of Illuminator can be broadly classified into the following types:

- Australian listed securities and unlisted unit trusts – 86%;
- United Kingdom listed securities – 7%; and
- United States listed security – 7%.

Refer to **Section 6.2** for further details regarding Illuminator's Investment Portfolio.

Other than the directors discussed in **Section 6.1.2**, Illuminator does not employ any staff. Rather the business relies on an external investment manager to conduct its day-to-day investment activities.

Summarised below is the historical performance of Illuminator since its inception.

Illuminator Historical Financial Metrics					
Year	Dividends Cents per share	Net profit/(loss) A\$'000	Issued capital A\$'000	Issued ordinary shares Quantity	Net assets A\$'000
2004	-	(1)	575	1,260,264	574
2005	0.5	19	597	1,273,189	609
2006	1.1	8	611	1,301,453	703
2007	1.4	50	1,054	2,214,261	1,325
2008	1.6	(21)	1,144	2,384,246	1,033
2009	0.8	(126)	1,179	2,491,048	833
2010	1.0	2	1,223	2,620,822	986
2011	1.0	(14)	1,230	2,682,953	985
2012	1.0	(12)	1,255	2,756,372	944
2013	1.0	(10)	1,271	2,802,299	998
2014	1.0	(8)	1,288	2,846,746	1,042
2015	1.0	(10)	1,305	2,898,210	1,145
2016	1.0	(18)	1,602	3,831,512	1,492
2017	1.0	(174)	1,622	3,896,772	1,333
2018	1.0	48	1,641	3,975,522	1,569
2019	1.0	(63)	1,662	4,042,969	1,445
2020	1.0	(46)	1,686	4,122,912	1,402
2021	1.0	84	1,713	4,221,284	1,806
2022	1.0	(143)	1,742	4,299,766	1,447

Source: Illuminator Annual Report FY22

Notes: (1): Dividends & Net Profit/(loss) is shown for each financial year reported ended 30 June; (2): Issued capital/ordinary shares and net assets is reported as at 30 June.

6.1.2 Directors

The table below summarises key information regarding Illuminator's Directors.

Illuminator			
Director Key Information			
Director name	Role	Special Responsibilities	Other Directorships
Steve Pritchard	Chairman & Executive Director	Member of the Audit Committee	- Australian and International Holdings Limited - Florin - Pritchard Equity Limited - Winpar Holdings Limited.
Daniel Di Stefano	Executive Director	Member of the Audit Committee	- Florin
Enzo Pirillo	Non-Executive Director	Member of the Audit Committee	- Pritchard Equity Limited; and - Florin

Source: Illuminator Annual Report FY22

Refer to **Section 5.1.2** for further details regarding the qualifications of each director

6.1.3 Service Providers

With respect to Illuminator's key service providers, we note the following:

- **Investment management function** - externally managed by Pritchard & Partners Pty Limited, which is an entity associated with Steven Pritchard and Enzo Pirillo.
- **Accounting services and company secretarial services** - undertaken by Rees Pritchard Pty. Limited, an entity associated with Steven Pritchard and Enzo Pirillo.
- **Share registry management** - undertaken by Newcastle Capital Markets Registries Pty. Limited, which is also an entity associated with Steven Pritchard and Enzo Pirillo.

6.2 Portfolio overview

The investment objectives of Illuminator are to preserve the capital, achieve a high real rate of return and deliver investors a secured income stream in the form of fully franked dividends.

The investment selection focuses on the investment merits of individual stocks rather than market and economics trends, well-managed businesses with a profitable history and with the expectation of sound dividend or distribution growth and investment of securities which it assesses to be undervalued relative to their long term potential.

As at 30 September 2022, investment portfolio comprised of listed and unlisted securities as follows:

- Diversified financials: 44%
- Pharmaceutical, biotech & life sciences: 16%
- Automobiles & components: 8%;
- Capital goods: 7%; and
- Other: 25%.

Summarised below is the investment portfolio holding of Illuminator as at 30 September 2022.

Illuminator Investment Portfolio as at 30 September 2022		
Currency: A\$'000	Value	% Total
Top 10 investments - Australian equities		
Winpar Holdings Limited	561	30%
CSL Limited	299	16%
ARB Corporation Limited	143	8%
Reece Australia Limited	140	7%
Cochlear Limited	83	4%
Florin Mining Investment Company Limited	39	2%
Bisalloy Steel Group Limited	33	2%
Pritchard Equity Limited - A Ordinary	26	1%
Blackmores Limited	26	1%
MA Financial Group Limited	25	1%
Subtotal	1,376	73%
Other listed security investments in Australia	150	8%
International equities		
Berkshire Hathaway Inc. Class B	123	7%
Diageo PLC	65	3%
Unilever PLC	34	2%
Rightmove PLC	33	2%
Conygar Investment Company PLC	8	0%
Subtotal	263	14%
Unlisted unit trusts		
The Currie Street Trust	41	2%
The Northwest Plaza Trust	49	3%
Subtotal	90	5%
Total	1,879	100%

Source: Illuminator Management

6.3 Shares Outstanding

6.3.1 Top 10 Largest Shareholders

Summarised below are Illuminator's largest shareholders as at 30 September 2022.

Illuminator Top 10 Largest Shareholders - 30 September 2022		
Shareholder	No. of shares	% Total
1 Hamilton Asset Management Limited	642,845	15.0%
2 Pritchard Equity Limited	521,668	12.1%
3 Steven Pritchard Investments Pty Limited	427,813	10.0%
4 Pirenz Nominees Pty Limited	291,824	6.8%
5 Henley Underwriting & Investment Company Pty Ltd	204,196	4.7%
6 Rosemary Isabel Elkington	188,527	4.4%
7 Hall Nominee Company Pty Ltd	137,315	3.2%
8 Newcastle Capital Markets Registries Pty Ltd	121,729	2.8%
9 Pritchard & Partners Pty Limited	113,854	2.6%
10 Bond Street Custodians Limited	92,134	2.1%
Total	2,741,905	63.7%
Top 10 largest shareholders	2,741,905	63.7%
Shares held by other shareholders	1,557,861	36.3%
Total shares outstanding	4,299,766	100.0%

Source: Illuminator Management & Findex Analysis

We note that the following entities are associates with the Illuminator Directors:

- **Steven Pritchard** - Hamilton Asset Management Limited, Pritchard Equity Limited, Steven Pritchard Investments Pty Limited, Henley Underwriting & Investment Company Pty Limited; and Pritchard & Partners Pty Limited; and
- **Enzo Pirillo** - Hamilton Asset Management Limited, Pritchard Equity Limited, Henley Underwriting & Investment Company Pty Limited, Pritchard & Partners Pty Limited, Pirenz Nominees Pty Limited and Newcastle Capital Markets Registries Pty Ltd.

6.3.2 Directors Interests

Summarised below are the Illuminator's Directors interests.

Illuminator Directors Interests		
Director name	No. of shares	% Total
Steven Pritchard & Associates	2,269,074	52.8%
Enzo Pirillo & Associates	431,952	10.0%
Daniel Di Stefano & Associates	23,490	0.5%
Total	2,724,516	63.4%
Total shares outstanding	4,299,766	100.0%

Source: Illuminator Management

Regarding the director's interests we note the following:

- Steven Pritchard is the largest shareholder of Illuminator, holding a total interest of 52.8% of Illuminator Shares (via associated shareholdings); and
- At the date of this Report, no options had been issued to any of the directors.

6.4 Share Price Analysis

6.4.1 Recent Trading – On Market

Key observations in relation to Illuminator's shares are:

- No Illuminator shares were traded on the NSX during the period 1 October 2021 to 30 September 2022.
- Illuminator shares last traded on the NSX on 7 May 2021.

Accordingly, trading in Illuminator's shares is highly illiquid.

6.4.2 Recent Trading – Off Market

Regarding off market trading/transactions in Illuminator shares during the period 1 October 2021 to 30 September 2022, Illuminator Management advised that a single parcel of 263 shares were traded, between non-associated parties, at a price of \$0.37.

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6.5 Financial Performance

Summarised below is the historical profit and loss of Illuminator for FY19 to FY22.

Illuminator Statement of Profit and Loss					
Currency: A\$'000	Notes	FY19	FY20	FY21	FY22
Income from investment portfolio		53	51	37	47
Income from deposits		0	0	1	0
Total income from ordinary activities	1	53	51	38	47
Administration expenses	2	(57)	(58)	(57)	(60)
Finance costs	3	(23)	(27)	(20)	(22)
Management fees	4	(19)	(20)	(20)	(22)
Operating profit before income tax		(45)	(54)	(59)	(57)
Income tax benefit/(expense) relating to ordinary activities	5	(18)	8	143	(87)
Operating profit after income tax	6	(63)	(46)	84	(143)

Source: Illuminator Audited financial statements, financial years 2019-2022

Notes:

- Total income from ordinary activities:** declined at 16% annually over FY19 through FY21, due to a decline in dividends income from Investment Portfolio. FY22 revenue outperformed FY21 revenue due to increased dividend distributions from the Investment Portfolio.
- Administration expenses:** comprised of ASIC fees, foreign currency exchange loss, listing fees and other expenses. We note a portion of other expenses (grouped under administration expenses) related to accounting services and services and share registry costs were paid to director-related entities (refer to **Section 6.1**) on normal commercial terms and conditions, and the combined amount paid per annum was \$19,000 in FY19, \$20,000 in FY20, \$21,000 in FY21 and \$22,000 in FY22.
- Finance costs:** comprise of bank expenses and finance costs relating to secured borrowings.
- Management fees:** relate to investment management fees paid to Pritchard & Partners Pty Limited., which is a director related entity (refer to **Section 6.1**).
- Income tax benefit/(expense) relating to ordinary activities:** relates to income tax paid or recovered by Illuminator. Illuminator Management advised that, at the Valuation Date, Illuminator held carried forward income tax losses of approximately \$1.23 million, which were expected to be utilised in the future.
- Operating profit after income tax:** over the four year period to FY22, Illuminator returned positive earnings in one of the four financial years, averaging losses of approximately \$42,000 per annum over the period.

Summarised below is the historical other comprehensive income of Illuminator for FY19 to FY22.

Illuminator Statement of Other Comprehensive Income					
Currency: A\$'000	Notes	FY19	FY20	FY21	FY22
Operating profit after income tax		(63)	(46)	84	(143)
Unrealised gains/(losses) for the period on securities in the portfolio		(130)	(58)	442	(286)
Tax (expense)/credit on above		39	17	(133)	86
Cumulative realised gains for the period on securities		71	85	34	(2)
Tax expense on above		(21)	(26)	(10)	1
Total other comprehensive income	1	(42)	19	333	(202)
Total net comprehensive income	2	(104)	(26)	417	(346)

Source: Illuminator Audited financial statements, financial years 2019-2022

Notes:

1. **Total other comprehensive income:** increased from -\$42,000 in FY19 to \$19,000 in FY20 and then further increased to \$333,000 in FY21 impacted by a mix of unrealised gains/(losses) and the associated tax impacts. FY22 figure reduced to negative \$202,000 due to unrealised losses and associated tax impact.
2. **Total net comprehensive income:** increased from negative \$104,000 in FY19 to negative \$26,000 in FY20 and then further increased to \$417,000 in FY21 as a result of increasing operating profit after tax and significant unrealised gains for the period. In FY22, decreased to \$346,000 due to a combination of the same factors.

6.6 Financial Position

Summarised below is the historical financial position of Illuminator as at 30 June 2019, 2020, 2021 and 2022.

Illuminator					
Statement of Financial Position					
Currency: A\$'000	Notes	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	1	32	63	86	35
Trade and other receivables	2	1	50	2	21
Other current assets	3	-	22	25	53
TOTAL CURRENT ASSETS		33	135	113	110
NON-CURRENT ASSETS					
Investment portfolio	4	1,849	1,731	2,062	1,887
Deferred tax assets	5	227	205	324	249
TOTAL NON-CURRENT ASSETS		2,076	1,936	2,386	2,136
TOTAL ASSETS		2,109	2,071	2,499	2,246
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	6	26	30	28	22
Borrowings	7	411	433	341	528
TOTAL CURRENT LIABILITIES		437	464	369	550
NON-CURRENT LIABILITIES					
Deferred tax liabilities	8	227	205	324	249
TOTAL NON-CURRENT LIABILITIES		227	205	324	249
TOTAL LIABILITIES		664	668	693	798
NET ASSETS		1,445	1,402	1,806	1,447
EQUITY					
Issued capital		1,662	1,686	1,713	1,742
Reserves		525	503	879	637
Accumulated losses		(741)	(787)	(787)	(932)
TOTAL EQUITY		1,445	1,402	1,806	1,447

Source: Audited financial statements, financial years 2019-2022

Notes:

1. **Cash & cash equivalents:** relates to cash at bank and in hand.
2. **Trade and other receivables:** relates to other debtors.
3. **Other current assets:** comprises accrued income and application monies.
4. **Investment portfolio:** comprises investments in ASX listed entities, overseas listed entities and unlisted unit trusts, which are held at market value (refer to **Section 6.2**).
5. **Deferred tax assets:** comprises capital losses, temporary tax differences and tax losses.
6. **Trade and other payables:** relates to sundry payables and accrued expenses.

7. **Borrowings:** relates to secured margin loan from BT Securities Limited for 17 listed securities in Australia at 5.24% variable interest rate.

8. **Deferred tax liabilities:** relates to deferred capital gains tax.

6.7 Cash Flow Statement

Summarised below are the historical cash flows of Illuminator for FY19 to FY22:

Illuminator					
Statement of Cash Flows					
Currency: A\$'000	Notes	FY19	FY20	FY21	FY22
CASH FLOWS FROM OPERATING ACTIVITIES					
Dividends received		31	31	19	18
Interest received		0	0	0	0
Trust distributions		-	4	4	4
Other receipts		3	4	4	7
Administration expenses		(60)	(61)	(58)	(67)
Bank charges		(0)	(0)	(0)	(0)
Finance costs		(22)	(26)	(20)	(22)
Management fees		(23)	(16)	(24)	(24)
Net cash used in operating activities	1	(72)	(65)	(75)	(84)
CASH FLOWS FROM INVESTING ACTIVITIES					
Sales from investment portfolio		89	399	302	1
Purchases from investment portfolio		(131)	(308)	(98)	(84)
Net cash provided by investing activities		(42)	91	205	(83)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		130	22	-	187
Repayment of borrowings		-	-	(92)	-
Acquisition costs		-	-	-	(57)
Dividends paid		(20)	(16)	(14)	(13)
Net cash (used in)/provided by financing activities	2	111	6	(106)	117
Net increase/(decrease) in cash held		(4)	31	23	(50)
Cash at beginning of financial year		35	32	63	86
Cash and cash equivalents at end of financial year		32	63	86	35

Source: Illuminator Audited financial statements, financial years 2019 - 2022

Notes:

1. **Net cash used in operating activities:** represents an outflow of cash in each period reflecting continued losses from maintaining Illuminator's investment portfolio.
2. **Net cash (used in)/provided by financing activities:** represents changes in proceeds and repayment of borrowings and dividend payout.

7 Valuation Methodology

7.1 Overview

The best determinant of value is the price at which the business or a comparable business or an equity interest in that business has been bought or sold in an arm's length transaction. In its absence, estimates of value are made using methodologies that infer value from other available evidence.

In order to calculate the fair market value of shares in Florin and Illuminator respectively, we have considered the following generally accepted valuation methodologies.

7.2 Asset based methods

Asset based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset based methods include:

- Net tangible assets;
- Orderly realisation of assets; and
- Liquidation of assets.

The **net assets method** is based on the value of the assets of the business less certain liabilities, at book values, adjusted to market value.

The **orderly realisation of assets method** estimates fair market value by determining the amount that would be distributed to shareholders assuming the Company is wound up in an orderly manner realising a reasonable market value for assets.

The **liquidation method** is similar to the orderly realisation of assets method except for the fact that the liquidation method assumes the assets are sold in a shorter period, under a "distressed seller" scenario.

These approaches ignore the possibility that a company's value could exceed the realisable value of its assets. Asset based methods are appropriate when companies are not profitable, not actively trading or a significant proportion of a company's assets are liquid, or held in investments that could be realised, or the business achieves lower profits than typical returns required by equity holders.

Asset based methods are commonly considered in valuing listed investment companies.

7.3 Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or the market value and valuation metrics of comparable companies. Market based methods include:

- Capitalisation of maintainable earnings;
- Analysis of a company's recent share trading history; and
- Industry specific methods.

The **capitalisation of maintainable earnings method estimates** fair market value by multiplying the Company's future maintainable earnings by an appropriate capitalisation multiple. An appropriate earnings multiple is derived from price earnings multiples and market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the Company's earnings are relatively stable and comparable companies have similar cost structures and growth profiles.

The **most recent share trading history** provides strong evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using industry benchmarks. These methods generally provide less persuasive evidence on market value of a company, as they may not account for company specific factors. Industry specific methods are only used as a cross check to the primary valuation methodology.

7.4 Discounted cash flow method

The discounted cash flow method estimates market value by discounting a company's future cash flows to their present value. This method is appropriate where a projection of future cash flows can be made with a reasonable degree of confidence (ideally for a period of three to five years for a going concern business). The discounted cash flow method is commonly used to value early stage companies or projects with a finite life.

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8 Valuation of Florin

8.1 Selection of Methodologies

In selecting our valuation methodology of Florin, we considered:

- Existing trading operations of Florin;
- The historical and current financial performance of Florin;
- Share price and volumes traded for Florin shares;
- That the core assets of Florin are its Trading and Investment Portfolios; and
- That sophisticated forecasts for a sufficient period of time do not exist. Additionally, there is no reasonable basis for the preparation of such forecasts under Regulatory Guide 170 *Prospective Financial Information* ("RG 170").

Since Florin's business is based around its corresponding core portfolio assets, we adopted an asset based methodology as our primary valuation methodology.

As a cross check, we considered the price to tangible book value ("**P/TBV**") implied by our valuation to the reported P/TBV multiples of comparable Australian listed investment companies (refer **Appendix 5**).

8.2 Overview

Based on the intended timing of the Proposed Transaction and availability of information, we adopted a valuation date of 30 September 2022 for the purpose of this Report.

The values determined in this Report are consistent with the concept of fair market value, being the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length.

Fair market value does not incorporate any special value. Special value is the additional value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special (synergistic) value that they expect to realise from the acquisition to the seller.

Considering Florin's net assets and required operating infrastructure on a going concern basis, we determined the fair market value of a share in Florin to be between **19.2 cps and 21.2 cps**, on a control basis (refer **Section 8.7**).

In our opinion, there is insufficient trading and therefore liquidity in Florin's listed shares to consider recent trading as a proxy for their fair market value.

8.3 Net Assets Methodology

8.3.1 Overview

We estimated the fair market value of Florin's underlying net assets as at the Valuation Date as follows:

Florin			
Fair Market Value of Net Assets (\$000s)			
	Notes	Low	High
Reported net assets as at 30 June 2022	1	3,090	3,090
Movement in other net assets	2	161	161
Reported net assets as at 30 September 2022	3	3,251	3,251
<u>Add / (less):</u>			
Adjustments to market value of trading & investment portfolios	4	1	1
Value of carried forward income tax losses	5	-	351
Fair market value of net assets		3,252	3,603

Source: Florin & Findex analysis

In relation to the above:

1. Refer to **Section 5.6**.
2. We analysed the net asset balances as at 30 June 2022 and 30 September 2022 and made an adjustment to reflect movements in these balances over the period.
3. Florin Management instructed us that as at 30 September 2022:
 - All receivables and other current asset balances are considered to be fully recoverable; and
 - They are not aware of any actual or potential liabilities of Florin other than those disclosed in Florin's management accounts.
4. Management provided a summary of the Investment Portfolio and Trading Portfolio held by Florin as at 30 September 2022. We validated market prices where possible, and made an adjustment of approximately \$1,000 to increase the market value of the Trading Portfolio.
5. As discussed in **Section 5.5**, at 30 September 2022 Florin held \$1.17 million of carried forward tax losses. With respect to the carried forward tax losses we note:
 - At the low end of our range, we have assessed the losses to have \$Nil value since arm's length buyers often attribute no value to tax losses due to the difficulty associated with recouping them; and
 - At the high end of our range, we assessed the value of these losses to be approximately \$351,000, based on the assumption that the losses are fully recoverable in a short period of time (i.e. \$1.17 million x 30% tax saving = \$351,000).

We have not included liquidation costs (such as sale costs and taxes) as we adopted an asset-based methodology on a going concern basis (i.e. we assumed the assets and liabilities would continue to be used in operating the business).

Accordingly, we assessed the fair market value of Florin's Net Assets as at the Valuation Date to be between \$3.252 million to \$3.603 million, on a control basis.

8.3.2 Net Assets per Share

We assessed the fair market value of Florin's net assets per share, on a control basis are as follows:

Florin			
Fair market value per Florin Share			
		Low	High
Fair market value of net assets (control basis)	(\$000s)	3,252	3,603
Number of shares	#	16,961,769	16,961,769
Value per share	cps	19.2	21.2

Source: Findex analysis

8.4 Recent On-Market Share Trading History

8.4.1 Overview

This methodology relies on the market price of a company's shares reflecting all available information to willing but not anxious buyers and sellers acting at arm's length. The market value of listed shares on the NSX is influenced by many factors, including but not limited to:

- The value of the underlying assets of the company, including intangibles;
- The industry in which the company operates;
- Managerial skills within the company;
- Liquidity of the particular stock, as indicated by share trading volumes;
- Future expectations for the company;
- The prevailing market and economic conditions; and
- Supply and demand for the shares.

A change in these perceptions can significantly affect share value over a relatively short period.

8.4.2 Conclusion on Recent NSX Share Trading History

As detailed in **Section 5.4.1**, in the 12 months prior to 30 September 2022:

- Florin's shares traded on only six days out of the 251 days on which the NSX was open for trading;
- A total of 134,203 shares were traded, which represented around 0.8% of Florin's shares on issue during the 12-month period.
- Accordingly, the on-market trading in Florin's shares is highly illiquid.

In our opinion, there is insufficient on-market trading and therefore liquidity in Florin's shares to consider recent trading in Florin's shares as a proxy for their fair market value.

8.5 Recent Trading - Off Market

As discussed in **Section 5.4.2**, there were no recent off market trading/transactions in Florin shares between third parties.

8.6 Cross Check – Price to Book Value

The table below summarises the P/TBV multiples, on a control basis, implied by the primary valuation methodology:

Florin			
Cross Check - Price to Tangible Book Value			
		Low	High
Fair market value of net assets	(\$000s)	3,252	3,603
Reported net assets as at 30 September 2022	(\$000s)	3,251	3,251
Price/Tangible Book Value (Control Basis)		1.0x	1.1x

Source: Findex analysis

As a cross check to our primary valuation, we compared our implied multiples to the P/TBV multiples of ASX listed comparable companies (refer **Appendix 5**). Regarding the comparison we note the following:

- The comparable companies shares trade on a minority basis, hence the reported P/TBV multiples reflect the same (i.e. a multiple on a minority basis);
- For the purposes of comparison, we have adjusted the comparable P/TBV multiples to include a control premium of 30% (to the market capitalisation of the companies) to reflect the multiples on a control basis; and
- On a control basis, the comparable companies traded at P/TBV multiples of 0.9 times to 1.2 times with a median of 1.1 times.

Given the P/TBV multiples implied by our valuation, being 1.0 times to 1.1 times, falls within the range of the trading multiples (once adjusted to reflect a premium for control), in our opinion this cross check supports our primary valuation conclusion.

8.7 Conclusion on Value

In summary:

- Adopting a net assets methodology, we calculated the fair market value of Florin shares to be between 19.2 cps and 21.2 cps; and
- There is insufficient on-market trading and therefore liquidity in Florin's shares to consider recent trading in Florin's shares as a proxy for the fair market value (on a minority basis).

Accordingly, we assessed the value of each Florin share to be between **19.2 cps and 21.2 cps**, on a controlling basis.

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9 Valuation of Proposed Consideration

9.1 Approach

Based on the intended timing of the Proposed Transaction, we based our analysis of Illuminator and Florin's Historical Financial Information, and pro forma adjustments required to present the Merged Entity on an aggregate basis, as at the Valuation Date (being 30 September 2022).

In evaluating whether the Proposed Transaction is fair for the Non-Associated Shareholders of Florin, we compared:

- The value per Florin share prior to the Proposed Transaction, on a control basis (refer **Section 8**); and
- The value of the Proposed Consideration, payable to the Florin Shareholders, which includes
 - The Scrip Component, valued on a minority interest basis; plus
 - The Proposed Dividend, given payment of the Proposed Dividend is conditional on the Proposed Transaction occurring and Illuminator's offer will not be reduced for value of the Proposed Dividend.

Under Regulatory Guide 111 an offer is deemed to be "reasonable" if it is fair, however, an offer might also be reasonable if, despite being "not fair", the expert believes that there are sufficient reasons for non-associated shareholders to accept the offer in the absence of a superior alternative.

In assessing if the Proposed Transaction is reasonable we have first considered whether the Proposed Transaction is fair. Additionally, we have compared the potential advantages and disadvantages of the Proposed Transaction to the Non-Associated Shareholders of Florin and have determined whether the advantages outweigh the disadvantages.

9.2 Value per Florin Share (Control Basis)

As previously discussed in **Section 8.7**, we assessed the value of each Florin share to be between 19.2 cps and 21.2 cps, on a control basis.

In relation to the assessed value of Florin shares, we note:

- In accordance with Regulatory Guide 111, we are required to look at the Proposed Transaction as a control transaction in forming our opinion; and
- The value attributed to Florin shares does not reflect our opinion of the potential future share price of Florin (given Florin's shares trade the NSX on a minority basis), rather, it reflects the valuation concepts required for the purpose of this Report as at the Valuation Date.

9.3 Proposed Consideration Components

The value of the Proposed Consideration includes:

- **Value of a Minority Interest in the Merged Entity:** assuming that 100% of the Florin shareholders accept the Illuminator Offer; plus
- **Value of the Proposed Dividend:** being 2.2 cps for each share held currently held by the Florin Shareholders.

9.3.1 Value of the Merged Entity (Control Basis)

In selecting our valuation methodology of the Merged Entity we considered the following

- Existing trading operations of Florin and Illuminator;
- The historical and current financial performance for both Florin and Illuminator;
- Pro Form balance sheet of the Merged Entity as at 30 September 2022.

Since Florin's and Illuminator's businesses are based around corresponding core portfolio assets, we adopted an asset based methodology as our primary valuation methodology for the Merged Entity.

The value of Merged Entity shares post the Proposed Transaction assumes the following:

- That 100% of the Florin shareholders accept the Illuminator Offer; and
- Is based on the net asset position of Florin and Illuminator, with appropriate consolidation adjustments, as at the Valuation Date.

Summarised below is the assessed fair market value of the Merged Entity on a control basis as at the Valuation Date, post Proposed Transaction:

Merger Entity							
Fair Market Value of Net Assets (\$000s)							
	Notes	Low Scenario		High Scenario		Merged Entity	
		Florin	Illuminator	Florin	Illuminator	Low	High
Reported net assets as at 30 June 2022	1	3,090	1,447	3,090	1,447	4,537	4,537
Movement in other net assets	2	161	(4)	161	(4)	157	157
Consolidation Adjustment - cash & cash equivalents	3	(373)	7	(373)	7	(367)	(367)
Consolidation Adjustment - Illuminator Investment Portfolio	4	-	(39)	-	(39)	(39)	(39)
Reported net assets as at 30 September 2022	5					4,289	4,289
<u>Add / (less):</u>							
Adjustments to market value of trading & investment portfolios	6	1	3	1	3	4	4
Value of carried forward income tax losses	7	-	-	351	369	-	719
Fair market value of net assets - Merged Entity (Control Basis)						4,293	5,012

Source: Findex analysis

Regarding the table above we note:

1. Refer to **Sections 5.6 and 6.6**.
2. We analysed the net asset balances of Florin and Illuminator as at 30 June 2022 and 30 September 2022. The adjustments to reflect movements in these balances over the period.
3. We have adjusted the cash and cash equivalents balance to reflect the payment of the Proposed Dividend, paid by Florin (16,961,769 Florin Shares x 2.2 cps = \$373,159) netted off against the portion of the Proposed Dividend to be received by Illuminator (i.e. 300,203 Florin Shares x 2.2 cps = \$6,604).
4. We have eliminated the book value of the 300,203 Florin Shares, held in the Illuminator Investment Portfolio at 13.0 cps (i.e. 300,203 Florin Shares x 13.0 cps = \$39,026), consistent with the mark to market value of the investment in the financial statements.
5. Both the Florin and Illuminator Management instructed us that as at 30 September 2022:
 - All receivables and other current assets balances were considered to be fully recoverable; and
 - Florin Management or Illuminator Management are not aware of any actual or potential liabilities, other than those disclosed in the respective Florin and Illuminator Management Accounts.

6. Florin Management and Illuminator Management provided updated schedules which included a summary of their respective portfolios as at 30 September 2022. We validated market prices where possible, and made a net positive adjustment of approximately \$4,000 which included:
 - **Florin:** \$1,000 approximate increase as discussed in **Section 8.3.1**; and
 - **Illuminator:** \$2,500 approximate increase to the market value of Illuminator's Investment Portfolio.
7. As at 30 September 2022, Florin and Illuminator held \$1.17 million (refer **Section 5.5**) and \$1.23 million (refer **Section 6.5**) of carried forward tax losses, respectively. Regarding the carried forward tax losses we note:
 - At the low end of our range, we have assessed the losses to have \$Nil value since arm's length buyers often attribute no value to tax losses due to the difficulty associated with recouping them; and
 - At the high end of our range, we assessed the value of these losses to be approximately \$351,000 for Florin and \$369,000 for Illuminator, based on the assumption that the losses are fully recoverable in a short period of time (i.e. Florin - \$1.17 million x 30% tax saving = \$351,000) and Illuminator - \$1.23 million x 30% tax saving = \$369,000).

We have not included liquidation costs (such as sale costs and taxes) as we adopted an asset-based methodology on a going concern basis (i.e. we assumed the assets and liabilities would continue to be used in operating the business).

Accordingly, we assessed the fair market value of the Merged Entity to be between \$4.293 million and \$5.012 million, on a control basis.

9.3.2 Cross Check – Price to Book Value

The table below summarises the P/TBV multiples (on a control basis) implied by our primary valuation methodology:

Merged Entity			
Cross Check - Price to Tangible Book Value			
		Low	High
Fair market value of net assets - Consolidated	(\$000s)	4,293	5,012
Net assets as at 30 September 2022 - Consolidated	(\$000s)	4,289	4,289
Price/Tangible Book Value (Control Basis)		1.0x	1.2x

Source: Findex analysis

As a cross check to our primary valuation, we compared our implied multiples to the P/TBV multiples of ASX listed comparable companies (refer **Appendix 5**). Regarding the comparison we note the following:

- The comparable companies shares trade on a minority basis, hence the reported P/TBV multiples reflect the same (i.e. a multiple on a minority basis);
- For the purposes of comparison, we have adjusted the comparable P/TBV multiples to include a control premium of 30% (to the market capitalisation of the companies) to reflect the multiples on a control basis; and
- On a control basis, the comparable companies traded at P/TBV multiples of 0.9 times to 1.2 times with a median of 1.1 times.

Given the P/TBV multiples implied by our valuation, being 1.0 times to 1.2 times, falls within the range of the trading multiples (once adjusted to reflect a premium for control), in our opinion this cross check supports our primary valuation conclusion.

9.3.3 Value of the Merged Entity (Minority Basis)

Summarised below is our assessed fair market value per share, on a minority interest basis in the Merged Entity:

Merged Entity				
Assessed Value per share (Minority Basis)				
	Notes		Low	High
Merged Entity - Fair market value of net assets (Control Basis)	1	(\$000s)	4,293	5,012
Discount for lack of control - Minority Interest	2		25.0%	20.0%
Value of a Minority Interest - Merged Entity		(\$000s)	3,220	4,010
Merged Entity - Issued Shares	3	#	12,630,549	12,630,549
Merged Entity - Assessed Value per share (Minority Basis)		cps	25.5	31.7

Source: Findex analysis

Regarding the table above we note:

1. Refer to **Section 9.3.1**.
2. When arriving at our assessed Discount for Lack of Control ("**DLOC**"), we considered the following:
 - The basis for the application of a DLOC (further detailed in **Appendix 4**);
 - The Illuminator shares, held by the Non-Associated Shareholders, will trade on a minority basis;
 - Assuming 100% acceptance of the Offer, Steven Prichard (via associated holdings) will hold 31.9% of the Merged Entity which will allow him to block special resolutions;
 - On an individual basis, the Non-Associated Shareholders are likely to hold minority interests in Merged Entity post the Proposed Transaction;
 - Typical control premiums in Australia range of 30% to 35%¹¹, which equates to comparable DLOC of approximately 23% to 26%;
 - We also considered internal Findex analysis, as well as a recent study published by RSM in Partnership with Curtin University regarding observed implied control premiums ("RSM Control Premium Study"). The results of both the internal Findex analysis and the RSM Control Premium Study were broadly consistent with the typically observed Australian control premium range; and
 - Based on the above, we adopted a DLOC of 20% to 25% in valuing a minority interest in the Merged Entity.
3. Refer to **Section 2.1**.

Accordingly, we assessed the value of each Share in the Merged Entity to be between **25.5 cps and 31.7 cps**, on a minority basis.

¹¹ Kaplan Higher Education

9.3.4 Conclusion - Value of Proposed Consideration

Summarised below is our assessed value of the Proposed Consideration to Florin Shareholders.

Value of Proposed Consideration				
		Notes	Low	High
Merged Entity - Assessed Value per share (Minority Basis)		1	25.5	31.7
Exchange Ratio		2	0.5	0.5
Assessed Value - Scrip Component		cps	12.7	15.9
Assessed Value - Proposed Dividend		3 cps	2.2	2.2
Value of Consideration		cps	14.9	18.1

Source: Findex analysis

Regarding the table above we note:

1. Refer to **Section 9.3.3**.
2. As previously discussed in **Section 2.1**, Florin shareholders will receive one Illuminator Share for two Florin Shares currently held, which equates to an exchange ratio of 0.5 (i.e. $1/2 = 0.5$).
3. As previously discussed in **Section 2.1**, Florin shareholders will receive a Proposed Dividend of 2.2 cps for every Florin Share currently held.

Accordingly, we assessed the value of the Consideration under the Illuminator Offer to be between **14.9 cps and 18.1 cps**.

9.4 Conclusion on Fairness

Summarised below is a comparison of our assessed value of a Florin Share on a control basis before the Proposed Transaction compared to our assessed value of the Proposed Consideration.

Fairness Assessment			
		Low	High
Value of Proposed Consideration	cps	14.9	18.1
Value per Florin Share (Control Basis)	cps	19.2	21.2
Value differential - surplus/(deficit)	cps	(4.2)	(3.2)

Source: Findex analysis

Since the value of the Proposed Consideration payable to the Florin Shareholders, is less than the value of a Florin share (on a control basis) prior to the Proposed Transaction, in our opinion, the Proposed Transaction is not fair for Florin's Non-Associated Shareholders.

Refer to **Appendix 6** for a condensed calculation of the Proposed Consideration compared to the value of a Florin Share on a control basis before the Proposed Transaction.

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9.5 The Takeover Offer is Reasonable

Notwithstanding that the Proposed Transaction is not fair, in our opinion, the advantages outweigh the disadvantages of the Proposed Transaction, and accordingly, the Proposed Transaction is reasonable.

9.5.1 Advantages to Florin shareholders from the Proposed Transaction

The primary advantages to the shareholders of Florin in proceeding with the Proposed Transaction are as follows:

a) No superior alternatives exist

At the date of this Report, the Directors were not aware of any superior alternatives to the Proposed Transaction.

b) The Independent Directors of Florin, who hold shares but are not executives of Florin, intend to accept the Proposed Transaction

The Independent Directors of Florin have advised they unanimously recommend the Proposed Transaction on the basis they consider it a positive outcome for Florin.

c) Lower risk profile due to a more diversified Portfolio of investments

The risk profile, that Florin Shareholders are currently exposed to via Florin's Trading and Investment Portfolios, is expected to be reduced due to the exposure to Illuminator's Investment Portfolio assets, which include a more diverse sector selection of listed and unlisted securities.

d) Potential higher levels of liquidity due to larger size and number of shareholders of the Merged Entity

The larger size of the Merged Entity and larger number of shareholders (expected in the Merged Entity) may add market depth, and hence additional liquidity for Florin Shareholders (i.e. a larger entity may be more attractive to third party investors).

e) Larger entity may provide access to additional investment opportunities

The larger Merged Entity may provide access to additional investment opportunities (i.e. the larger balance sheet, may allow the Merged Entity access to investment opportunities that would have been otherwise unavailable to Florin). The exposure to additional investment opportunities may also allow for greater investment diversification, leading to a more balanced investment risk profile.

f) Larger investor base for capital raisings

The Proposed Transaction is likely to result in a larger investor base, which may increase the capital pool from which the Merged Entity can undertake future capital raising activities (i.e. capital sourced from the combined investor pool of Florin and Illuminator shareholders).

g) Ongoing dividend payments

The Independent Directors of Florin have advised that Illuminator intends to continue to pay ongoing dividends, post the Proposed Transaction. Florin has not paid a dividend to its shareholders since 2012. Whereas, Illuminator has a history of paying dividends (refer **Section 6.1**). Therefore, the Proposed Transaction is likely to provide existing Florin Shareholders a future income stream from their investment in the Merged Entity.

h) Earnings per Share Accretion

The Independent Directors of Florin expect that cost savings will be realised in the Merged Entity, due to the elimination of duplicated compliance, listing fees and administration fees.

Based on the analysis completed in the table below, the Proposed Transaction is likely to be earnings accretive to the Florin Shareholders.

Florin Shareholders Accretion/(Dilution)			
Earnings Per Share			
		Pre Proposed Transaction	Post Proposed Transaction
Net Profit/(Loss) After Tax - Pro Forma FY22			
Florin	(\$000s)	(185)	(185)
Illuminator	(\$000s)	-	(143)
Expected Cost Savings	(\$000s)	-	88
Net Profit/(Loss) After Tax	(\$000s)	(185)	(240)
Total shares outstanding	#	16,961,769	12,630,549
EPS	cps	(1.09)	(1.90)
Exchange Ratio		1.0	0.5
EPS	cps	(1.09)	(0.95)
Shareholders Accretion/(Dilution) Factor			13%

Source: Findex analysis

For completeness we note:

- The calculation above is based on the Pro Forma Merged Entity earnings per share for FY22¹² once adjusted for the realisation of the estimated cost savings;
- Regarding the cost saving proposed by Florin Management, Findex have accepted approximately \$88,000 of Florin Management's expected cost saving; and
- As both Florin and Illuminator recorded net losses after tax for FY22, the resultant Earnings Per Share ("EPS") in both the Pre Proposed and Post Proposed Transaction scenarios is negative. However, the EPS loss is smaller under the Post Proposed Transaction, hence the Proposed Transaction is expected to be earnings accretive.

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¹² The Merged Entity Pro Forma Historical Financial Information is based upon Illuminator's and Florin's Historical Financial Information and pro forma adjustments, for FY22, required to present the Merged Entity on an aggregate basis.

9.5.2 Disadvantages to Florin shareholders from the Proposed Transaction

The primary disadvantages to the shareholders of Florin in proceeding with the Proposed Transaction are as follows:

a) Dilution of Florin's current Non-Associated Shareholders

As highlighted in the table below, the interest of Florin's Non-Associated Shareholders will be diluted as a result of the Proposed Transaction (i.e. Florin's Non-Associated Shareholders collective voting interest will decline from 76.2% at the date of this Report to 51.1% post the Proposed Transaction).

Florin Non-Associated Shareholders Dilution				
Shareholder	Pre Proposed Transaction		Post Proposed Transaction	
	# shares	% Total	# shares	% Total
Non-associated shareholders	12,920,645	76.2%	6,460,323	51.1%
Associated Shareholders	4,041,124	23.8%	6,170,227	48.9%
Total shares outstanding	16,961,769	100.0%	12,630,549	100.0%
Non-Associated Shareholders Accretion/(Dilution) Factor				-33%

Source: Findex analysis

We note that on an individual basis, approximately 95% of Non-Associated Shareholders held interests of less than 2% of the Florin Shares on issue, prior to the Proposed Transaction. Accordingly, post the Proposed Transaction, the vast majority of Florin's Non-Associated Shareholders will continue to hold minority interests in their own right. Therefore, the relative dilution from a voting perspective, is minimal on an individual shareholder basis.

b) Largest Shareholder will increase relative holdings

Steven Pritchard (and his associates including the current Illuminator holding in Florin Shares) will increase his relative holdings from 22.5% (currently held in Florin) to 31.9% of the Merged Entity, post the Proposed Transaction. Thus, increasing his relative level of control and providing him the ability to block special resolutions in the Merged Entity.

We note however that given the spread of the Non-Associated Holdings previously discussed (i.e. 95% of Non-Associated Shareholders held interests of less than 2% in Florin Shares, prior to the Proposed Transaction), the relative impact of Steven Pritchard's holding in the Merged Entity is likely to be minimal regarding the individual voting power of Florin's Non-Associated Shareholders.

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c) Diluted NTA backing per share

Based on the analysis completed in the table below, the Proposed Transaction is likely to result in a dilution of the NTA backing per share for the Florin Shareholders.

Merger Entity Net Asset Dilution			
		Pre Proposed Transaction Florin	Post Proposed Transaction Merged Entity
Reported net assets as at 30 June 2022	(\$000s)	3,090	4,537
Movement in other net assets	(\$000s)	161	157
Reported net assets as at 30 September 2022	(\$000s)	3,251	4,695
Consolidation Adjustments	(\$000s)	-	(406)
Reported Net Assets	(\$000s)	3,251	4,289
Total shares outstanding	#	16,961,769	12,630,549
NTA Per Share	cps	19.17	33.96
Exchange Ratio		1.00	0.50
NTA Backing	cps	19.17	16.98
Shareholders Accretion/(Dilution) Factor			-11%

Source: Findex analysis

For completeness we note:

- The calculation above is based on the Pro Forma Merged Entity NTA backing as at 30 September 2022¹³ once adjusted for consolidation entities. Reported net assets is exposed to market volatility and therefore the comparison is subject to change.
- The Post Transaction analysis does not consider the Proposed Dividend (as this is to be paid to the Florin Shareholders prior completion of the Proposed Transaction), which although does not add to the NTA Backing Post the Proposed Transaction, does provide a benefit of 2.2 cps to the Florin Shareholders (assuming the Proposed Transaction proceeds).

d) Loss of potential superior proposal

By accepting the Offer, Florin shareholders may not be able to receive the benefits from a superior proposal which may emerge.

e) Limited capital gains tax ("CGT") roll-over relief benefits

Scrip-for-scrip CGT roll-over relief is only available to Florin Shareholders for the Scrip Component of the Proposed Consideration (i.e. capital gain tax relief is not available for the Proposed Dividend, given it is income in nature).

Shareholders may also incur other personal taxation implications and should consult with their independent financial adviser.

f) Alternative better outcome of liquidation of the entity compared with the Proposed Transaction

Based on a high level analysis as at the Valuation Date, Florin Shareholders may realise a marginally higher value per share under a liquidation scenario when compared to our conclusion on the value of the Proposed Consideration.

We note that however, the realisation of net funds under this scenario (i.e. a liquidation scenario) is highly dependent on the timing of the liquidation and the value of the Investment and Trading Portfolios at the time of liquidation. Given the relative volatility of Florin's Investment and Trading Portfolios, a small negative movement in the value of the portfolios may erode the higher value outcome per share under a liquidation scenario.

¹³ The Merged Entity Pro Forma Historical Financial Information is based upon Illuminator's and Florin's Historical Financial Information and pro forma adjustments, as at 30 September 2022, required to present the Merged Entity on an aggregate basis.

g) Shareholders may prefer exposure to Florin's portfolio

Florin's investment portfolio is comprised of listed securities operating predominantly in the materials (49%), energy (28%) and utilities (8%) sectors. Shareholders may have a preference to maintain exposure to these sectors (only), however this would be at the expense of the potential benefits associated with diversification and enlarged portfolio.

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10 Qualifications, Declarations and Consents

10.1 Qualifications

Findex provides corporate finance services in relation to mergers and acquisitions, capital raisings, corporate restructuring and financial matters generally. One of its activities is the preparation of company and business valuations and the provision of independent advice and expert reports concerning mergers and acquisitions, takeovers and capital reconstructions.

The executives responsible for preparing this Report on behalf of Findex are Ms Nicole Vignaroli, MAppFin, BBus, BA, F.Fin, Aff.CA. and Mr Ross Patane, BBus, FCA, FAICD, F.FIN. Nicole and Ross have significant experience in relevant corporate advisory matters and are Representatives in accordance with the Australian Financial Services Licence No. 239170 held by Findex under the Corporations Act 2001 (Cth).

10.2 Disclaimers

It is not intended that this Report be used or relied upon for any purpose other than as an expression of Findex's opinion as to whether the Proposed Transaction is fair and reasonable to the non-associated shareholders of Florin. Findex expressly disclaims any liability to any person who relies or purports to rely on the Report for any other purpose and to any other party who relies or purports to rely on the Report for any purpose.

This Report has been prepared by Findex with care and diligence and statements and opinions given by Findex in this Report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Findex or any of its officers or employees for errors or omissions however arising in the preparation of this Report, provided that this shall not absolve Findex from liability arising from an opinion expressed recklessly or in bad faith.

10.3 Declarations

Findex does not have at the date of this Report nor has had any shareholding in or other relationship with Florin, Illuminator or any of their associates thereof that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction. Findex had no part in the formulation of the Proposed Transaction. Findex's only role has been the preparation of this Independent Expert's Report. Findex considers itself independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

Findex will receive a fee in the vicinity of \$50,000 (plus GST) based on time costs for the preparation of this Report. This fee is not contingent on the outcome of the Proposed Transaction. Findex will receive no other benefit for the preparation of this Report.

Findex has agreed that to the extent permitted by law that it will indemnify Findex employees and officers in respect of any liability suffered or incurred as a result of or arising out of the preparation of this Report. This indemnity will not apply in respect of any conduct involving negligence or wilful misconduct. Florin has also agreed to indemnify Findex and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person except where Findex or its employees and officers are found liable for or guilty of conduct involving negligence or wilful misconduct in which case Findex shall bear such costs.

Advance drafts of this Report (and parts of it) were provided to Florin and its advisers. Certain changes were made to this Report as a result of the circulation of the draft Report. There was no alteration to the methodology, valuation of Florin, conclusions or recommendations made to Florin shareholders as a result of issuing the drafts.

10.4 Consents

Findex consents to the issuing of this Report in the form and context in which it is to be included in the Proposed Transaction documentation to be sent to the Florin Non-Associated Shareholders. Neither the whole nor any part of this Report nor any reference thereto may be included in any other document without the prior written consent of Findex as to the form and context in which it appears.

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Appendix 1 – Financial Services Guide

Dated of issue: 1 June 2022

Findex Corporate Finance (Aust) Ltd ABN 95 001 508 363 (“we” or “us” or “our” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

Before we provide general financial product advice we are required to provide certain information about us to you. This Financial Services Guide (FSG) is designed to outline the types of products we can provide to you under our financial services license.

The FSG contains the following sections and will provide you with key information including:

1. Who is Findex Corporate Finance (Aust) Ltd?
2. What kinds of financial services are you authorised to provide to me?
3. General Financial Product Advice
4. Does Findex Corporate Finance (Aust) Ltd have any relationships or associations with financial product issuers?
5. How is Findex Corporate Finance (Aust) Ltd paid to produce a report?
6. Does Findex Corporate Finance (Aust) Ltd get paid for referring clients to invest in the products associated with your reports?
7. Do I pay for the financial services provided?
8. Compensation arrangements
9. Who can I complain to if I have a complaint about the financial services provided?

1. Who is Findex Corporate Finance (Aust) Ltd?

Although you may only see the local face of our business, we are part of Findex Group Limited operating in city and regional areas.

Findex Corporate Finance (Aust) Ltd (FCF) ABN 95 001 508 363 which holds Australian Financial Services Licence number 239170 is owned by Findex Group Limited (Findex).

Our contact details are as follows:

Findex Corporate Finance (Aust) Ltd
Level 42, 600 Bourke Street
Melbourne VIC 3000
Ph: (03) 9292 0101

2. What kinds of financial services are you authorised to provide to me?

We are authorised to carry on a financial services business to, amongst other things; provide financial product advice for the following classes of financial products:

- Derivatives; and
- Securities

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person or entity. Our report will include a description of the circumstances of our engagement and identify the person or entity who has engaged us. You have not engaged us directly but will be provided with a copy of the report because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

3. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because the advice has been prepared without taking into account your personal objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs.

4. Does Findex Corporate Finance (Aust) Ltd have any relationships or associations with financial product issuers?

Findex Corporate Finance (Aust) Ltd operates as part of the business advisory and professional accounting practice of Findex, which is a part of the Findex Group.
Findex Group Limited is our ultimate holding company.
Findex Corporate Finance (Aust) Ltd and any of its associated entities may at any time provide professional or financial services to financial product issuers in the ordinary course of our business.

5. How is Findex Corporate Finance (Aust) Ltd paid to produce a report?

We will receive a fee for the preparation of the report. This fee will be paid by the person or entity which engages us to provide the report. The fee has not affected the opinion we have expressed in the report.
Except for the fee referred to above, neither Findex Corporate Finance (Aust) Ltd, nor any of its partners, employees or related entities, receives any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Does Findex Corporate Finance (Aust) Ltd get paid for referring clients to invest in the products associated with your reports?

We do not pay commissions or provide any other benefits to any person for referring clients to us in connection with the reports that we are engaged to provide.
We do not receive commissions or any other benefits for referring clients in connection with the underlying financial product and/or financial service that is the subject of the reports we are engaged to provide.

7. Do I pay for the financial services provided?

You do not pay us a fee for the production of a report. It is the responsibility of the person or entity which has engaged us to produce the report to meet this cost.

8. Compensation arrangements

We have professional indemnity insurance in place that satisfies the requirements for compensation arrangements under section 912B of the Corporations Act.

9. Who can I complain to if I have a complaint about the financial services provided?

Internal complaints resolution process

As a holder of an AFSL, we are required to have a system for handling complaints from persons to whom we provide financial product advice. If you have any complaint about the service provided to you, please contact us and tell us about your complaint.

If your complaint is not satisfactorily resolved within five business days, please write to:

Dispute Manager
Findex Group Limited
PO Box 1608
Mildura, VIC 3502
complaints@findex.com.au

Referral to external dispute resolution scheme

If we have not resolved your complaint within 30 days, or the issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA).
AFCA provides fair and independent financial services complaint resolution that is free to consumers. They can be contacted on 1800 931 678, www.afca.org.au, via email at info@afca.org.au or in writing to Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001.

Contact Details

If you have any further questions about the financial services Findex Corporate Finance (Aust) Ltd provides, please contact our head office on (03) 9292 0101.

Findex Corporate Finance (Aust) Ltd
Level 42, 600 Bourke Street
Melbourne VIC 3000
Ph: (03) 9292 0101

This FSG was issued on 1 June 2022 by Findex Corporate Finance (Aust) Ltd ABN 95 001 508 363 | AFSL No. 239170

Appendix 2 – Glossary

Defined Term	Meaning
Act	Corporations Act 2001
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUD	Australian Dollar
CAGR	Compound annual growth rate
CAPM	Capital asset pricing model
cps	Cents per share
ETF	Exchange traded fund
Exchange Ratio	Under the Proposed Transaction Florin shareholders will receive one Illuminator Share for two Florin Shares currently held, which equates to an exchange ratio of 0.5 (i.e. $1/2 = 0.5$)
Florin	Florin Mining Investment Company Limited
Florin Shares	16,961,769 ordinary shares issued by Florin
FY	Years ended 30 June
Findex	Findex Corporate Finance (Aust) Ltd
Illuminator	Illuminator Investment Company Limited
Illuminator Shares	4,299,766 ordinary shares issued by Illuminator
Merged Entity	The merged operations of Florin and Illuminator, post the Proposed Transaction
MRP	Market risk premium
Non-Associated Shareholders	All shareholders who are not associated with the Bidder
NSX	National Stock Exchange of Australia
NPV	Net present value
NTA	Net tangible asset
Proposed Consideration	The Proposed Consideration includes the value of the Scrip Component and the Proposed Dividends
Proposed Dividend	As part of the Proposed Transaction, Florin is proposing to pay a dividend of 2.2 cents per share to the Florin Shareholders, prior to completion of the Proposed Transaction.
Proposed Transaction	The board of Illuminator is contemplating the acquisition of 100% of the outstanding ordinary shares of Florin by way of an off-market takeover bid and (if successful) delist Florin from NSX.

P/TBV	Price to tangible book value
Regulatory Guide 111	Regulatory Guide 111 'Content of Expert Reports'
Regulatory Guide 112	Regulatory Guide 112 'Independence of Experts'
Regulatory Guide 170	Regulatory Guide 170 'Prospective Financial Information'
Report	Independent Expert's Report
Scrip Component	Illuminator are offering one Illuminator share for every two Florin shares currently held
Section 638	Section 638 of the Act
Section 640	Section 640 of the Act
Section 648A	Section 648A of the Act
SRP	Specific risk premium
The Industry	Financial Asset Investing Industry in Australia
Valuation Date	30 September 2022
VWAP	Volume weighted average price

Appendix 3 – Sources of Information

Sources of information utilised and relied upon in the preparation of this Report include:

Transaction Documentation

- Draft Illuminator Bidder's Statement;
- Draft Florin Target's Statement; and
- Florin Managements acquisition scenarios and balance sheet consolidation as at 30 September 2022.

Other Items

- For each of Florin and Illuminator:
 1. Audited financial statements for financial years 2019-2022;
 2. Management accounts for YTD2023 as at 30 September 2022;
 3. NSX announcements;
 4. Portfolio valuation as at 30 September 2022;
 5. Share registry as at 30 September 2022;
 6. Deferred tax calculations for financial years 2019-2022; and
 7. Management fee calculations for financial years 2019-2022.
- Other business and financial information provided by the Independent Directors of Florin; and
- Discussions & email correspondence with the Independent Directors of Florin between 22 November 2021 and 14 November 2022.

Industry & Economic Research

- IBISWorld industry report on the following:
 1. Financial Asset Investing in Australia, dated July 2022;
 2. Automotive Industry in Australia, dated February 2022;
 3. Consumer Goods Retailing in Australia, dated November 2022; and
 4. Pharmaceutical Product Manufacturing in Australia, dated July 2022;
- Department of Industry, Science, Energy and Resources, 2022 critical minerals strategy, dated March 2022;
- RSM - *"Control Premium Study - A 2021 Report in Partnership with Curtin University"*
- S&P/ASX 300 Resources Index Factsheet, dated 31 October 2022;
- S&P/ASX 300 Index Factsheet, dated 31 October 2022; and
- S&P Capital IQ financial research.

Appendix 4 – Discounts for Lack of Control

Equity interests of 100% are inherently more valuable than equity interests of less than 100%, as a 100% shareholder can exert a greater level of control over day-to-day and strategic decision making, including:

- Appointing and removing Directors from the Board;
- Influencing the strategic decision making of a business by voting to enforce resolutions at a Board or shareholder level;
- Preventing other shareholders or shareholding groups from exerting influence by blocking resolutions at a Board or shareholder level; or
- Declaring dividends to access cash flows from their investment when they desire (or preventing other shareholders / shareholder groups from doing likewise).

In other words, the value of an equity interest increases the greater the level of influence attaching to the interest. In the absence of special rights granted through a shareholders agreement, or in relation to a specific class of share, the level of a shareholders influence is generally related to the quantum of their percentage shareholding. For example, a portfolio interest (say an interest of less than 10% in a company) commands less influence than a 20% shareholder, whereas a 25.1% shareholder can block special resolutions and therefore has an even greater influence (and value). By comparison, a 75.1% shareholder can control decision making and pass special resolutions.

Appendix 5 – Comparable Trading Multiples

Summarised below are the trading multiples of ASX listed comparable companies:

Comparable Company Trading Multiples				
Company Name	Mkt Cap (AUDm)	Trading Income	Implied P/TBV	
		Current (Hist / Est)	Minority Basis	Control Basis
		(AUDm)	(x)	(x)
Spheria Emerging Companies Limited	114	(16.1)	0.9 x	1.1 x
Sandon Capital Investments Limited	95	(27.5)	0.9 x	1.1 x
Salter Brothers Emerging Companies Limited	63	(8.3)	0.7 x	0.9 x
NAOS Ex-50 Opportunities Company Limited	38	(23.2)	0.9 x	1.2 x
Katana Capital Limited	37	0.7	1.0 x	1.2 x
WCM Global Long Short Limited	22	(3.5)	0.9 x	1.2 x
ECP Emerging Growth Limited	18	0.4	0.9 x	1.1 x
BentleyCapital Limited	5	0.0	0.7 x	0.9 x
Average			0.8 x	1.1 x
Median			0.9 x	1.1 x
Min			0.7 x	0.9 x
Max			1.0 x	1.2 x

Source: Capital IQ & Findex Calculations

In regards to the above trading multiples:

- Shares in the listed entities above trade on a minority interest basis;
- Regarding the implied P/TBV Control Basis multiples, we have adjusted the market capitalisation of each entity by 30% to calculate these multiples on a control basis;
- Reflect marketable securities;
- Reflect the level of liquidity relevant to each company;
- Reflect businesses typically larger and more diversified than either Florin or Illuminator; and
- Reflect a range of growth and associated risk profiles.

Summarised below are descriptions of the trading companies described above:

Comparable Company Descriptions	
Company name	Business description
Spheria Emerging Companies Limited	Spheria Emerging Companies Limited operates as an investment company in Australia. It provides investors with access to a managed portfolio of Australian small-cap securities, as well as New Zealand small and micro-cap companies portfolio. The company was incorporated in 2017 and is based in Sydney, Australia.
Sandon Capital Investments Limited	Sandon Capital Investments Limited is a publicly owned investment manager. The firm invests in equity markets of Australia. It will primarily invest in securities listed on ASX. The firm invests in under-value securities. It follows an activist approach towards investment. Sandon Capital Investments Limited was formerly known as Global Mining Investments Limited. Sandon Capital Investments Limited was formed on January 28, 2004 and is based in Melbourne, Australia.
Salter Brothers Emerging Companies Limited	Salter Brothers Emerging Companies Limited, an investment company, focuses on a portfolio of investment opportunities, primarily in Australian listed and unlisted securities. The company was incorporated in 2020 and is based in Melbourne, Australia.
NAOS Ex-50 Opportunities Company Limited	NAOS Ex-50 Opportunities Company Limited is a listed investment company launched and managed by NAOS Asset Management Limited. It seeks to invest in the public equity markets across the globe with a focus on Australia. It invests in the value stocks of small and mid-cap companies. NAOS Ex-50 Opportunities Company Limited is domiciled in Australia.
Katana Capital Limited	Katana Capital Limited is a publicly owned investment manager. It invests in the public equity markets of Australia. Katana Capital Limited was founded on September 19, 2005 and is based in Perth, Australia.
WCM Global Long Short Limited	Contango Income Generator Limited is a listed investment company launched and managed by Contango Funds Management Limited. It invests in public equity markets of Australia. It benchmarks its performance against ASX All Ordinaries Accumulation Index. Contango Income Generator Limited was formed in August 2015 and is domiciled in Australia.
ECP Emerging Growth Limited	ECP Emerging Growth Limited operates as an investment company in Australia. It invests in Australian small and mid-cap growth companies. The company was formerly known as Barrack St Investments Limited and changed its name to ECP Emerging Growth Limited in November 2019. ECP Emerging Growth Limited was incorporated in 2014 and is based in Sydney, Australia.
Bentley Capital Limited	Bentley Capital Limited is a publicly owned investment manager. The firm invests in the public equity markets of Australia. It focuses on technologies and services, especially in resources and mining, fast growing creative and information-based businesses, distressed / turnaround / pre or post insolvency situations, energy and metals. It was formerly known as BT Global Asset Management Limited and changed its name to Bentley Equities Limited in 2003, and then to Bentley Capital Limited in March 2004. Bentley Capital Limited was founded in 1986 and is based in West Perth, Australia.

Source: Capital IQ

Appendix 6 – Proposed Consideration - Condensed Calculation

The following table includes a condensed calculation of the Proposed Consideration compared to the value of a Florin Share on a control basis before the Proposed Transaction.

Proposed Consideration - Condensed Calculation (\$'000s)						
Refer Section	Low Scenario		High Scenario		Merged Entity	
	Florin	Illuminator	Florin	Illuminator	Low	High
Reported net assets as at 30 June 2022	3,090	1,447	3,090	1,447	4,537	4,537
Movement in other net assets	161	(4)	161	(4)	157	157
Consolidation Adjustment - cash & cash equivalents	(373)	7	(373)	7	(367)	(367)
Consolidation Adjustment - Illuminator Investment Portfolio	-	(39)	-	(39)	(39)	(39)
Reported net assets as at 30 September 2022					4,289	4,289
Add / (less):						
Adjustments to market value of trading & investment portfolios	1	3	1	3	4	4
Value of carried forward income tax losses	-	-	351	369	-	719
Fair market value of net assets - Merged Entity (Control Basis)					4,293	5,012
Discount for lack of control - Minority Interest					25.0%	20.0%
Value of a Minority Interest - Merged Entity					3,220	4,010
Merged Entity - Issued Shares					12,630,549	12,630,549
Merged Entity - Assessed Value per share (Minority Basis)					25.5	31.7
Exchange Ratio					0.5	0.5
Assessed Value - Scrip Component					12.7	15.9
Assessed Value - Proposed Dividend					2.2	2.2
Value of Consideration	9.3.4	cps			14.9	18.1
Fairness Assessment						
Value per Florin Share (Control Basis)	8.3.2	cps			19.2	21.2
Value differential - surplus/(deficit)	9.4	cps			(4.2)	(3.2)

Source: Findex Calculations