

Frater Consulting Services
(trading as Frater Consulting Services)

Management Report

July 2017



FRATER

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FRATER



DISCLAIMER

THIS CONFIDENTIALITY AGREEMENT is made on: _____

BETWEEN

FRATER ENERGY ASSESSORS
(ABN: 25 154 685 677
797 RATHDOWNNE STREET, CARLTON NOTH; and

_____ [INSERT INVESTOR NAME]

_____ [ACN/ABN]

_____ [ADDRESS]



DISCLAIMER

EACH A PARTY AND COLLECTIVELY THE PARTIES.

BACKGROUND

- A.** The Company and the Investor wish to discuss a possible research collaboration relating to partial acquisition (the **Purpose**).
- B.** The Parties may wish to disclose certain confidential information to each other relating to the Purpose, and therefore enter this Agreement to protect the confidentiality of that information, on the terms set out below.

IT IS AGREED:

1. Definitions

- 1.1 **Agreement** means this Confidentiality Agreement, including any attachments and any other documents incorporated by express reference.

- 1.2 **Confidential Information** means the following information provided by the Disclosing Party or any of its Personnel to the Obtaining Party or any of its Personnel for or in connection with the Purpose:

- (a) information designated as confidential by Disclosing Party;
- (b) information imparted in circumstances of confidence; or
- (c) information that the Obtaining Party knows, or ought to know, is confidential,

- 1.3 **Commencement Date** from the time the report is disturbed to non Frater Energy Assessors management individuals.

- 1.4 **Disclosing Party** means the Party which discloses Confidential Information to the Obtaining Party.

- 1.5 **Obtaining Party** means the Party which receives Confidential Information from the Disclosing Party.

- 1.6 **Personnel** means any employee, officer, agent, contractor, subcontractor, student or volunteer of a Party, and any employee, officer, agent, contractor, subcontractor, student or volunteer of a contractor or subcontractor, but excludes the other Party and its Personnel.

2. Roles of the Parties

- 2.1 Each Party acknowledges and agrees that it may be both an Obtaining Party and Disclosing Party, and that the terms of this Deed are binding upon it as an Obtaining Party and enforceable by it as a Disclosing Party.

3. Confidentiality

- 3.1 Each Party acknowledges and agrees that the Confidential Information is valuable.

- 3.2 In consideration for the Disclosing Party providing the Confidential Information to the Obtaining Party, the Obtaining Party accepts and agrees to keep the Confidential Information confidential in accordance with terms of this Agreement.

- 3.3 Subject to clause 3.4, the Obtaining Party must:

- (a) keep the Confidential Information confidential and preserve its confidential nature; and
- (b) not use or disclose or permit the use or disclosure of Confidential Information for any purpose other than the Purpose.

Management Report

- 3.4 This Agreement does not prohibit the use or disclosure of Confidential Information:

- (a) required to be disclosed by the Obtaining Party by law or pursuant to the rules of any securities exchange;
- (b) by the Obtaining Party to its legal or other advisers, subject to the relevant adviser being subject to confidentiality obligations or a confidentiality undertaking in a form reasonably satisfactory to the Disclosing Party;
- (c) which is necessary for the Purpose, but only to the extent necessary for the Purpose;
- (d) to an auditor solely for the purposes of an audit; or
- (e) which the Disclosing Party has agreed in writing may be used or disclosed by the Obtaining Party, provided such use or disclosure is in accordance with the terms of that agreement.

- 3.5 The Obtaining Party must ensure:

- (a) its Personnel are made aware of the confidential nature of the Confidential Information and the terms of this Agreement before being provided with or having access to Confidential Information; and
- (b) its Personnel do not do or fail to do anything that, if done or not done, would amount to a breach of the Obtaining Party's obligations under this Agreement.

3.6 If the Obtaining Party becomes aware that it has or may have breached this Agreement, it must immediately notify the Disclosing Party and take all reasonable steps required to stop the breach.

4. Duration of obligations of confidentiality

4.1 Unless the Parties agree otherwise in writing, this Agreement and the obligations under this Agreement continue in full force and effect for 99 years from the Commencement Date.

5. Ownership of Confidential Information

5.1.1 The Obtaining Party acknowledges that the Confidential Information remains the property of the Disclosing Party at all times and that this Agreement does not convey to the Obtaining Party or any of its Personnel any proprietary or other interest in the Confidential Information.

6. Return of Confidential Information

6.1 The Obtaining Party must, promptly upon request by the Disclosing Party, return or destroy all material containing Confidential Information in its possession, power or control, which was either received from the Disclosing Party or which the Obtaining Party has generated.

7. Remedies

7.1 The Obtaining Party acknowledges that disclosure of any Confidential Information in breach of this Agreement would cause irreparable harm to the Disclosing Party for which damages may not be an adequate remedy.

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7.1 The Obtaining Party acknowledges that disclosure of any Confidential Information in breach of this Agreement would cause irreparable harm to the Disclosing Party for which damages may not be an adequate remedy.

7.2 The Obtaining Party consents to the grant of injunctive relief to restrain any breach of this Agreement, or specific performance to compel the Obtaining Party to perform its obligations under this Agreement, as a remedy for any breach or threatened breach of this Agreement and in addition to any other remedies available to the Disclosing Party.

8. Indemnity

8.1 The Obtaining Party indemnifies the Disclosing Party against any claims, loss, damages, costs and expenses (including legal costs on a solicitor and own client basis) that the Disclosing Party incurs or suffers directly or indirectly as a result of a breach of this Agreement by the Obtaining Party, or any unauthorised use or disclosure of the Confidential Information by the Obtaining Party or its Personnel or a person who received Confidential Information from any of them.

9. Governing law

9.1 This Agreement is governed by the laws of Victoria. The Parties agree to submit to the non-exclusive jurisdiction of its courts

10. Miscellaneous

10.1 This Agreement shall be binding upon and for the benefit of the Parties, their successors and assigns.

10.2 This Agreement constitutes the entire understanding of the Parties in relation to its subject matter and supersedes all prior written or oral agreements or undertakings regarding that subject matter.

10.3 Neither Party may assign this Agreement (or any right under it) to another person without the prior, written consent of the other Party.

10.4 This Agreement may be executed in any number of counterparts. All counterparts when exchanged will be taken to constitute one document.

10.5 The termination or expiry of this Agreement for any reason will not extinguish the obligations of the Parties which, either expressly or by their nature, are intended to survive termination or expiry, including clause 7.



DISCLAIMER

EXECUTED AS DEED:

[Option A: if a Party is a corporation]

Signed, sealed and delivered by

----- [Name of Corporation]

----- [ABN] in accordance with section 127 of the Corporations Act 2001 (Cth) and in the presence of:

Signature of director

*Signature of director/
company secretary*

Signature of witness

Signature of witness

Name of director (Print)

*Name of director/ company
secretary (Print)*

Name of witness (Print)

Name of witness (Print)

EXECUTED AS DEED:

[Option B: If a Party is an individual]

Signed, sealed and delivered by

----- [name] in the presence of:

Signature of witness

Name of witness (print)

Signature of _____ [name]

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Our Future <i>(growth strategies, key investment areas)</i>	17-18

Frater Energy Assessors is one of Victoria's largest and fastest growing residential energy rating firms, according to Sustainability Victoria. In addition to residential energy ratings, Frater Energy Assessors also conducts commercial and town planning reports in various disciplines.

Range of Services



Residential Energy Ratings



Commercial Section J Assessments



ESD Assessments



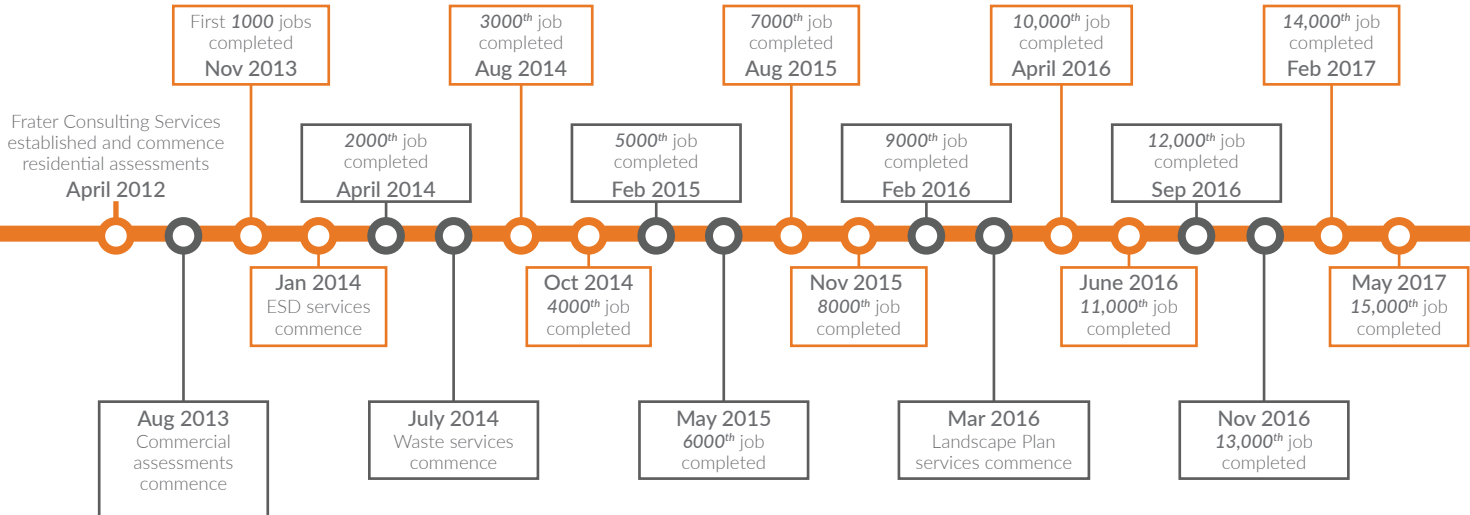
Waste Assessments



Landscaping Assessments

The life of Frater Energy Assessors is detailed below.

Life Timeline



Business Snapshot



Property Development Process (where we fit in)



Learns of the project in the initial stages before any permits are issued.



Reviews the project at a later stage before the project commences.



Awaits payment before releasing their report.



Has the ability delay the planning or building permits process, if fees are not paid by client/s.

Client Snapshot

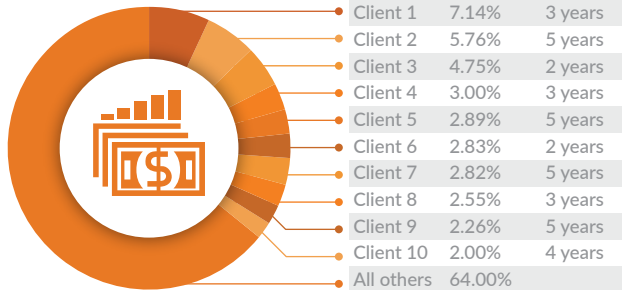


Repeat Clients (2017)

73.56%



One time Clients (2017) 26.43%



Recognised clients within the housing and architectural industry



Clients who are growing their own businesses



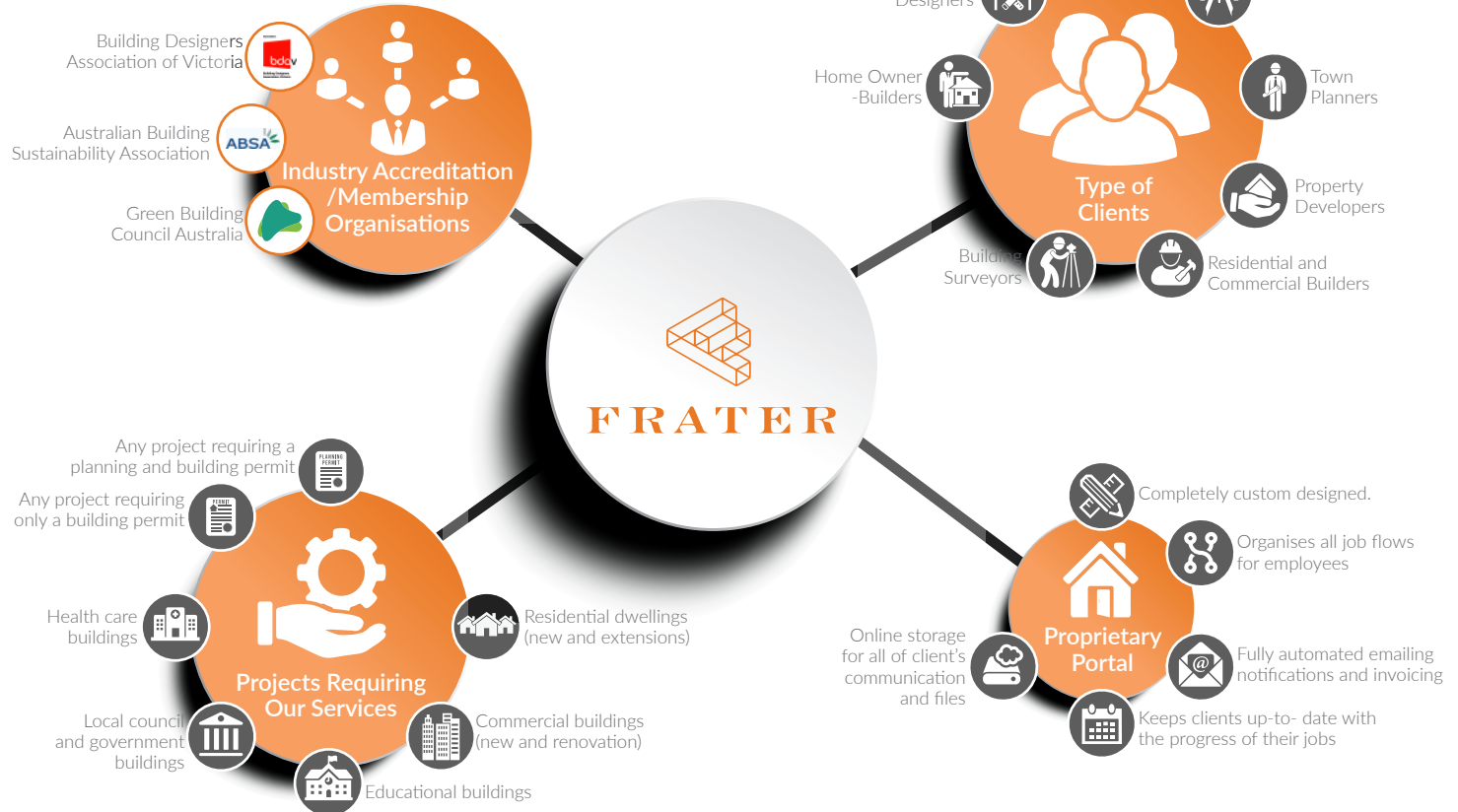
A wide spread of clients



Strong job generation through recommendations



Strong strategic relationships within the volume builder housing industry



There are different competitors for every discipline Frater Consulting Services offers, as outlined below.

Residential Energy Ratings

- Sole trader assessors
- Small residential energy ratings firms
- Small ESD firms
- Architectural firms that have residential energy raters in their office

Commercial Section J Assessments

- Sole trader assessors
- Small, medium and large scale residential and commercial energy rating firms
- Service engineers

ESD Assessments

- Medium and large scale ESD firms

Waste Assessments

- Small, medium and large scale ESD firms
- Specific waste assessment firms

Landscape Assessments

- Sole trader landscape architects
- Small, medium and large-scale landscape architectural firms

Portal Advertising

- Online advertising firms
- Print advertising firms
- Industry magazine firms

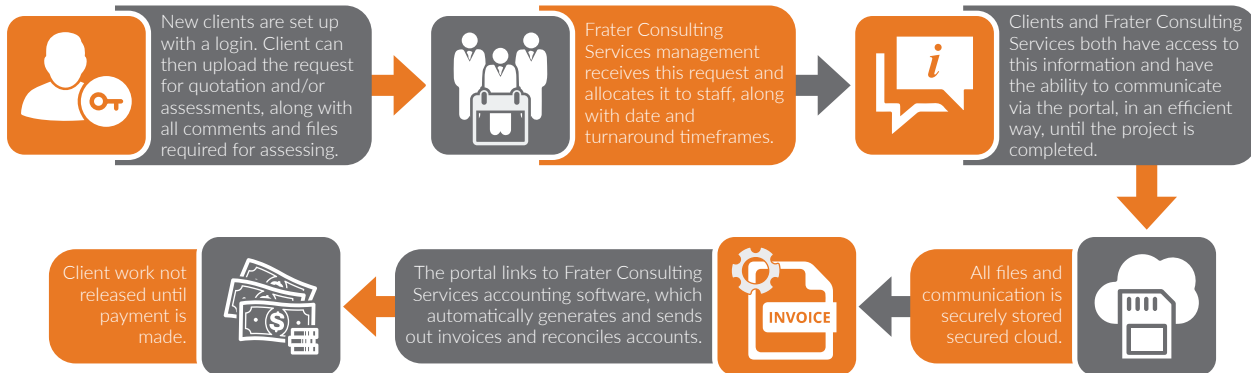
Our proprietary portal



What is it?

Developed by Frater Consulting Services, the proprietary portal is a cloud-based interface that connects clients, employees and Frater Consulting Services management. The portal is integrated with the accounting software.

How does it work?



Security

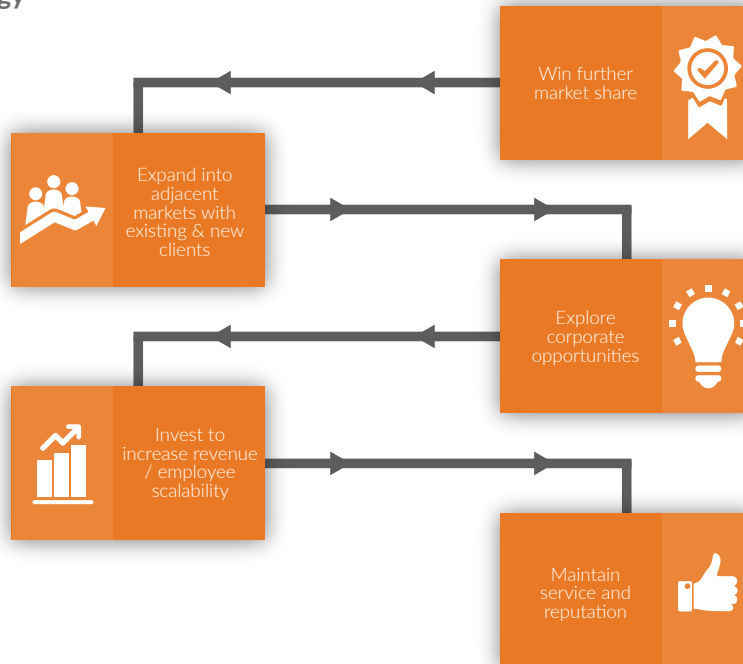
All data is stored continuously and in multiple locations around the world, making it highly secure.



Advertising

The portal derives revenue from selling advertising space to suppliers within the construction industry. To date, these companies have advertised specific supply products within Frater Consulting Services (solar panels, insulation, glazing) reports. In the future, the revenue stream can be increased significantly by expanding the number of advertising spaces and broadening the supplies that can be advertised.

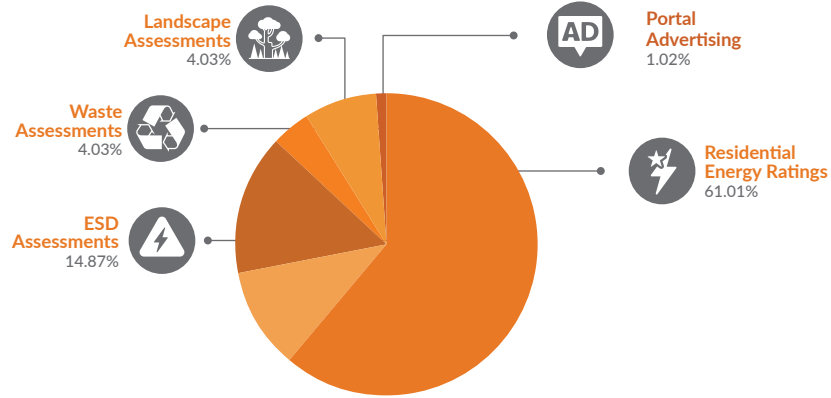
Company Growth Strategy



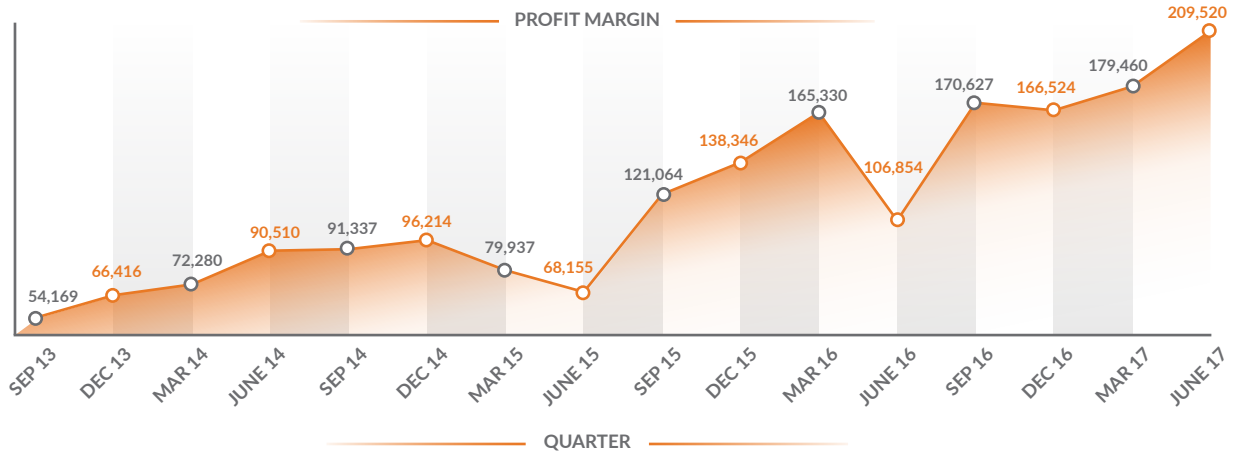
Frater Consulting Services plan to adopt the above process to create an all-round planning and construction consulting firm that specialises in providing all necessary support services to small, medium and large-scale projects from inception through to completion.

OUR FINANCIAL OVERVIEW

Revenue Snapshot



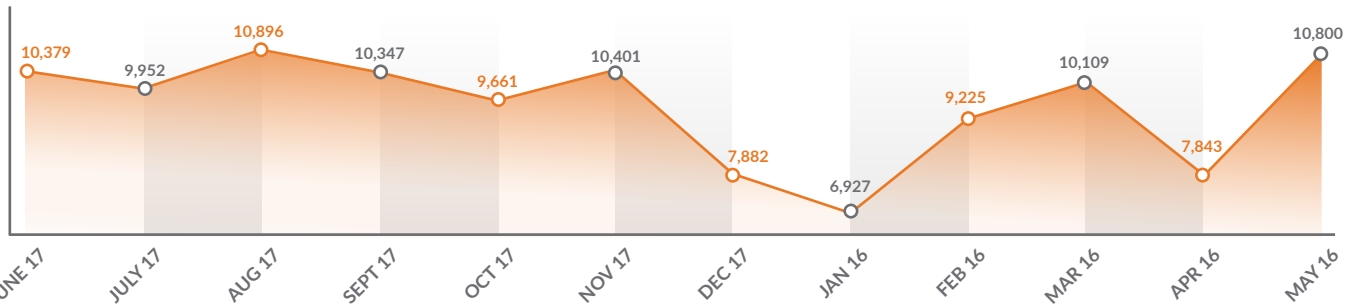
Quarterly Financial Table



OUR FINANCIAL OVERVIEW

The number of dwellings (houses) approved in new residential buildings between June 16 – May 17 was 114,422.

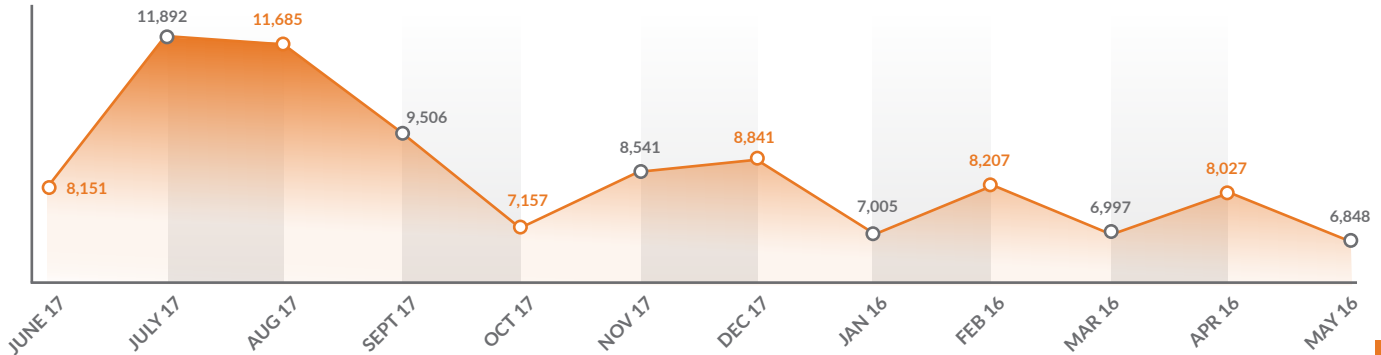
2016	New Houses	NEW SEMIDETACHED, ROW OR TERRACE HOUSES, TOWNHOUSES, ETC, OF			NEW FLATS, UNITS OR APARTMENTS IN A BUILDING OF				Total new other residential building	One or two Storeys
		One Storey	Two or more Storeys	Total	One or two Storeys	Three Storeys	Four or more Storeys	Total		
June	10,379	756	1,768	2,524	356	310	4,961	5,627	8,151	18,530
July	9,952	713	2,000	2,713	135	254	8,790	9,179	11,892	21,844
August	10,896	709	2,265	2,974	234	304	8,173	8,711	11,685	22,581
September	10,347	701	2,298	2,999	79	347	6,081	6,507	9,506	19,851
October	9,661	626	2,186	2,812	324	262	3,759	4,345	7,157	16,818
November	10,401	735	1,987	2,722	244	682	4,893	5,819	8,541	18,942
December	7,882	444	2,356	2,800	149	311	5,581	6,041	8841	16,723
2017										
January	6,927	490	1,202	1,692	177	241	4,895	5,313	7,005	13,932
February	9,225	822	1,908	2,730	289	266	4,922	5,477	8,207	17,432
March	10,109	1,145	2,266	3,411	643	307	2,636	3,586	6,997	17,106
April	7,843	617	1,981	2,598	269	510	4,650	5,429	8,027	15,870
May	10,800	980	1,787	2,767	565	330	3,186	4,081	6,848	17,648



OUR FINANCIAL OVERVIEW

The number of dwelling (units) approved in new residential buildings between June 16 – May 17 was 102,857.

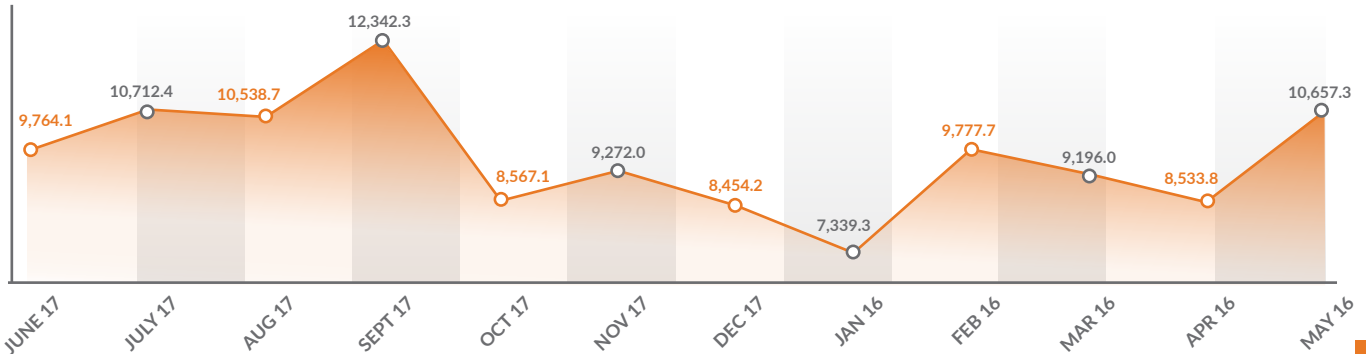
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April	7,843	617	1,981	2,598	269	510	4,650	5,429	8,027	15,870
May	10,800	980	1,787	2,767	565	330	3,186	4,081	6,848	17,648



OUR FINANCIAL OVERVIEW

The value of building approvals between June 16 – May 17 was **\$114,154.6**

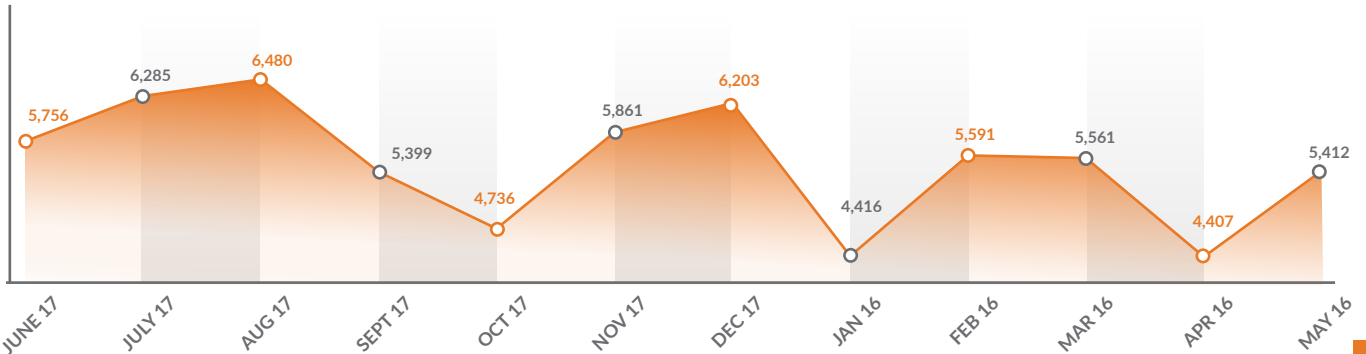
2016	New Residential building (\$m)	Alteration and additions including conversions to residential buildings (\$m)	Total Residential building (\$m)	Non-Residential building (\$m)	Total building (\$m)
June	5,358.0	694.0	6,052.0	3,712.1	9,764.1
July	6,496.2	658.5	7,154.8	3,557.7	10,712.4
August	6,595.4	669.5	7,264.8	3,273.8	10,538.7
September	6,185.5	657.4	6,842.9	5,499.4	12,342.3
October	4,959.9	680.3	5,640.2	2,926.9	8,567.1
November	5,388.0	654.9	6,042.9	3,229.4	9,272.0
December	4,829.1	632.7	5,461.8	2,992.4	8,454.2
2017					
January	4,456.6	440.8	4,897.5	2,441.8	7,339.3
February	5,835.0	665.5	6,500.5	3,277.3	9,777.7
March	5,036.9	757.1	5,794.0	3,402.0	9,196.0
April	4,860.0	515.1	5,375.1	3,158.7	8,533.8
May	5,289.8	724.2	6,013.9	4,643.4	10,657.3



OUR FINANCIAL OVERVIEW

The number of dwelling (houses) approved between June 16 –t May 2017 in VIC was **66,107**.

2016	NSW no.	Vic no.	Qld no.	Sa no.	Wa no.	Tas no.	Nt no.	ACT no.	Aust no.
June	5,365	5,756	4,138	1,178	1,681	158	111	248	18,635
July	7,892	6,285	4,300	907	2,036	151	66	532	22,169
August	8,166	6,480	4,486	920	1,771	187	73	627	22,710
September	6,470	5,399	4,127	998	1,767	162	126	912	19,961
October	5,948	4,736	3,229	871	1,567	151	131	346	16,979
November	5,911	5,861	3,255	1,148	2,132	172	70	536	19,085
December	4,946	6,203	2,832	791	1,576	191	43	442	17,024
2017									
January	4,744	4,416	2,308	749	1,355	144	99	168	13,983
February	5,821	5,591	3,278	761	1,566	161	47	345	17,570
March	5,213	5,561	3,224	979	1,653	223	59	409	17,321
April	5,238	4,407	3,624	916	1,242	168	76	300	15,971
May	4,981	5,412	3,663	1,427	1,661	264	60	258	17,726

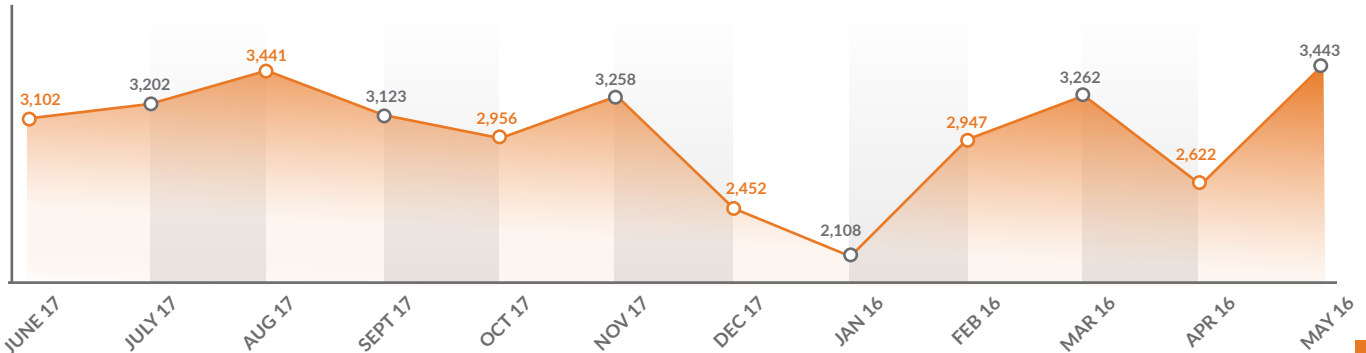


OUR FINANCIAL OVERVIEW

The number of dwelling (units) approved between June 16 – May 2017 in VIC was 35,916.

2016	NSW no.	Vic no.	Qld no.	Sa no.	Wa no.	Tas no.	Nt no.	ACT no.	Aust no.
June	2,464	3,102	2,442	748	1,282	139	85	147	10,409
July	2,364	3,202	2,083	638	1,357	139	55	133	9,972
August	2,799	3,441	2,128	727	1,440	172	64	142	10,913
September	2,590	3,123	2,206	744	1,341	144	105	121	10,374
October	2,453	2,956	2,061	621	1,304	126	77	73	9,671
November	2,592	3,258	2,152	688	1,392	162	62	123	10,429
December	1,988	2,452	1,568	565	1,079	165	39	65	7,921

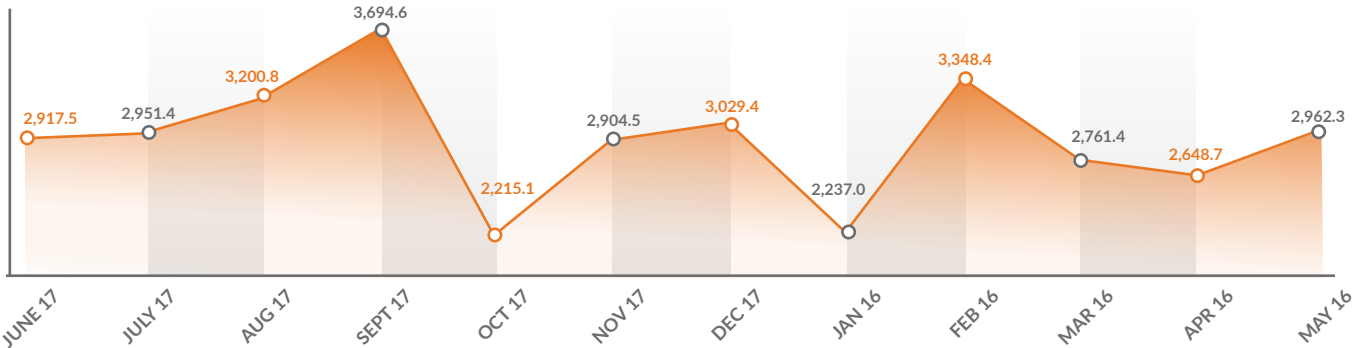
2017	NSW no.	Vic no.	Qld no.	Sa no.	Wa no.	Tas no.	Nt no.	ACT no.	Aust no.
January	1,569	2,108	1,615	473	972	102	59	48/	6,946
February	2,423	2,947	1,965	574	1,122	114	34	64	9,243
March	2,634	3,262	1,950	676	1,361	134	45	73	10,135
April	1,925	2,622	1,444	646	960	133	76	62	7,868
May	2,716	3,443	2,306	774	1,255	207	58	79	10,838



OUR FINANCIAL OVERVIEW

The value of building approvals between June 16 – May 17 was \$34,871.1

2016	NSW \$m	Vic \$m	Qld \$m	SA \$m	WA\$m	Tas \$m	NT \$m	ACT \$m	Aust \$m
June	3,156.5	2,917.5	2,067.0	419.0	900.0	87.2	87.2	115.7	9764.1
July	3,806.1	2,951.4	1,766.0	630.8	1,135.9	67.2	67.2	184.4	10712.4
August	3,687.9	3,200.8	2,003.7	332.1	915.0	144.5	144.5	204.0	10538.7
September	5,124.1	3,694.6	1,854.5	372.4	881.8	70.4	70.4	251.7	12342.3
October	2,651.8	2,215.1	2,215.2	388.1	782.3	72.5	72.5	143.3	8567.1
November	2,872.6	2,904.5	1,493.2	549.2	1,081.5	86.6	86.6	221.1	9272.0
December	2,288.4	3,029.4	1,251.7	637.9	950.1	106.7	106.7	138.0	8454.2
2017									
January	2,609.6	2,237.0	1,124.8	422.8	710.2	58.8	53.8	122.6	7,339.3
February	2,699.9	3,348.4	2,300.6	275.3	777.3	147.0	34.5	194.9	9,777.7
March	3,303.6	2,761.4	1,499.4	415.7	847.6	108.6	75.2	157.6	9,196.0
April	2,869.2	2,648.7	1,595.1	433.2	681.4	80.3	74.3	151.6	8,533.8
May	3,045.9	2,962.3	2,619.5	645.1	1,007.8	92.0	99.6	185.1	10,657.3



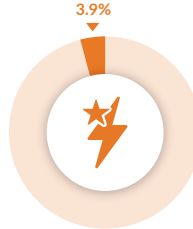
Definitions: House: a detached building primarily used for long-term residential purpose consisting of one dwelling unit. Includes detached residences with a non-residential building, and kit and transportable homes.
Flats, units or apartments: dwellings not having their own private grounds and usually sharing a common entrance, foyer or stairwell.

Current & Potential Market Share

The potential in the market for further market share locally and nationally is significant. As Frater Energy Assessors continues to grow, there is an opportunity to absorb more of that market share.

Residential Potential In Victoria is 102,023

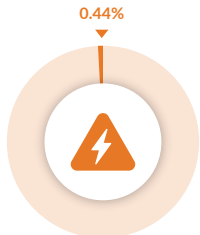
Report Type	Total Current Market Share	Potential Market Share
Energy Rating	3.9%	96.10



Energy Rating

Residential Potential In Victoria is 55,286

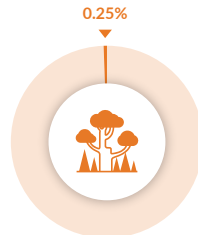
Report Type	Total Current Market Share	Potential Market Share
ESD	0.44%	99.56%
Waste	0.13%	99.87%
Landscape	0.25%	99.75%



ESD

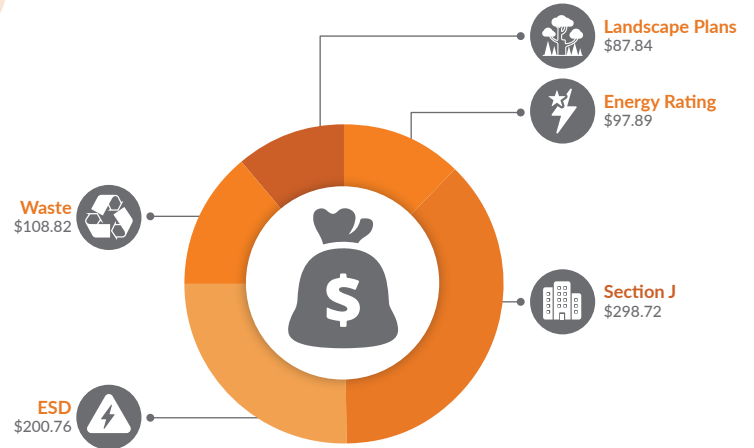


Waste



Landscape

Resources vs Revenue (weekly)



Growth Strategies



As **town planning requirements and building regulations** continue to expand and tighten, this provides a firm like Frater Consulting Services with a platform to expand its range of services and offer those services to the national market.



Frater Consulting Services is monitoring the **evolution of upcoming ESD reporting standards** within the residential housing market. This impending legislative development will open a new market for assessing dwellings post-construction process, as a secondary report to the first assessment.



Frater Consulting Services also has the corporate structure to enable **expansion into interstate markets** and therefore to reach expanding markets in Australia's major cities. All operations can be run from one head office, based in Melbourne, with micro offices in the larger interstate cities.



A frontier of future growth is the **merging or acquisition (entirely or part thereof) of established firms** in various other town planning disciplines that relate to projects on which we currently work or for which our existing clients have needs.



Frater Consulting Services can implement one or more of these strategies simultaneously, if opportunities arise in the market or, alternatively, during the course of implementing one at a time. With its solid foundation of various revenue streams and a loyal client base bringing in repeat business, the option of simultaneously implementing these strategies will require a greater capital investment but will also ensure a fast track to achieving the company's on-going vision.

Key Investment Areas



Key staff in senior / management position for each discipline



General brand recognition marketing & direct sales marketing



Targeted industry marketing



Mergers & acquisitions



Workplace facilities



Technology for field assessments

