

INDICATION OF INTENT

19 August 2019

Adrian Prosenco
East Coast Business Broking
Level 14, 88 Phillip Street
Sydney, NSW, 2000

Dear Adrian,

Following on from our recent telephone conversations and our email correspondence dated 4 August 2019, this letter sets forth a non-binding preliminary indication of interest by Premium Elite Office Services (“PEOS”) in acquiring Greenspace Pty Ltd (“Greenspace” or “Company”).

As discussed, PEOS is looking to acquire new businesses that allow us to expand the number of services we offer our clients. We have a strong presence in the office cleaning, building maintenance, window cleaning, and office waste removal space in the Sydney market, and we believe office-plant leasing and maintenance would deliver an extra level of service to our existing and future customers.

Together with you and the owners of Greenspace, I look forward to exploring ways to keep Greenspace a successful, ongoing concern under the umbrella of Premium Elite Office Services. I believe together, we can determine if PEOS is the right buyer for the Company.

For your consideration, the outline of our proposal is as follows:

Enterprise value: Based on Greenspace’s projected and adjusted EBITDA for the twelve months ended 30 June 2019 of approximately \$800,000, we would value the company at 4x EBITDA, or \$3.2 million on a total enterprise debt-free, cash-free, and tax-liability-free basis. Our valuation assumes that the financial condition of the Company is reasonable as presented in the Offering Memorandum provided by your business on 14 July 2019 and that the additional plant equipment and vehicles described on page 15 of the memorandum are included in the purchase to help accommodate the increased demand for Greenspace’s services that the acquisition would create. PEOS and Greenspace would agree to pay for their own outside expenses relating to the transaction, including legal, banking, and advisory fees.

Form of consideration: PEOS would create a new company (“PEOS Plant”) to purchase 100% of the shares or net assets of the Company for cash and other consideration. While it is our preference to structure the transaction as a purchase of assets, we are prepared to consider a purchase of the Company’s shares.

In our contemplated structure and sale and purchase agreement, PEOS would require Greenspace to agree to an earn-out clause equal to \$800,000 in total for a twelve month period from settlement date.

Working capital: The purchase price would be subject to the Company having a mutually agreed upon level of working capital at closing. The target working capital would be determined after a review of the monthly working capital balances over the last year. Working capital would be defined as current assets (excluding cash and tax-related assets) less current liabilities (excluding debt and tax-related liabilities).

Financing: PEOS will fund the required equity for the transaction from its own funds. We would introduce our financing sources early into the process in order to establish our capital structure. PEOS may also raise senior debt sourced through customary financial institutions.

Timing and approvals: We anticipate closing the transaction within 60 to 90 days of signing a letter of intent. By request of Greenspace and with full cooperation to speed the due-diligence process, PEOS can make every effort to close by 31 December 2019. The decision to consummate a transaction will be made solely by PEOS. There are no other outside approvals required.

Management: It is the intention of PEOS to retain certain employees of Greenspace. However, we have not had any discussions with management to determine if there would be any employees who would not be part of the transaction. A Key Managers' Equity Options Plan would be put in place to allow the management team to earn additional equity interests in the form of PEOS Plant common stock.

Due-diligence requirements: Our indication of interest is subject to customary operational, financial and legal due diligence as well as reaching mutually satisfactory arrangements with the key managers of the Company and the execution of sale and purchase agreements. At the appropriate time, PEOS would also perform due diligence on the Company's major customers and suppliers. To assist us during due diligence, we would expect to engage outside advisors in the areas of legal, accounting, environmental, insurance, and employee benefits.

Background: The directors of PEOS have significant operational, strategic, and financial experience to lead and grow Greenspace. We would encourage Greenspace to speak to our group of advisors during the engagement to understand our qualifications, backgrounds, and objectives.

Contact:

Susan Hamilton
CEO Premium Elite Office Services
350 Gardeners Road,
Roseberry, NSW, 2018
0404 XXX XXX

Sincerely,

Susan Hamilton
CEO Premium Elite Office Services