

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD
ARBN 619 754 540
A COMPANY REGISTERED IN ISRAEL

REPLACEMENT PROSPECTUS

For an offer of 25,000,000 CDIs at an issue price of \$0.20 per CDI to raise \$5,000,000.

The Company is an Israel incorporated entity registered under the Israeli Companies Law, 5759-1999, with registration number 51-426268-2. The Company is registered as a foreign company under the Corporations Act, with Australian Registered Body Number (ARBN) 619 754 540.

This is a replacement prospectus dated 29 September 2017. This replacement prospectus replaces the original prospectus dated 18 September 2017 relating to CDIs of Roots Sustainable Agricultural Technologies Ltd (ARBN 619 754 540).

Lead Manager: EverBlu Capital Pty Ltd ACN 612 793 683 (AFSL 499601)



IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. **The CDIs offered by this Prospectus should be considered highly speculative.**

CORPORATE DIRECTORY

Directors

Sharon Devir
CEO and Executive Chairman

Boaz Wachtel
*Co-Founder, R&D and Business Development,
Executive Director*

Eran Fridman
Director

Tal Youdim
Director

Proposed Directors

Adam Blumenthal
Non-Executive Director

Graeme Smith
Non-Executive Director

Tal Misch Vered
Non-Executive Director

Company Secretary

Sarah Smith

Proposed ASX Code

ROO

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Auditor

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Registered Office - Australia

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Email: roots@rootssat.com
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Australian Solicitors

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Israeli Law Firm

Shenhav & Co. Advocates & Notary
Or Towers Building
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Patent Attorneys

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Lead Manager

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Sydney NSW 2000

Share Registry

Automatic Registry Services
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Surry Hills NSW 2010
PO Box 2226
Strawberry Hills NSW 2012

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1. IMPORTANT NOTICE

1.1 Offer of CDIs

This replacement prospectus is issued by Roots Sustainable Agricultural Technologies Ltd (Israel company registration number 51-426268-2 (ARBN 619 754 540) (**Company** or **Roots**) for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) (**Corporations Act**).

The Offer contained in this Prospectus is an initial public offering to acquire CHES Depositary Interests (**CDIs**) over fully paid ordinary shares in the Company (**Shares**). Each CDI will represent one underlying Share. The Shares offered under this Prospectus will be issued to investors in the form of CDIs so that those investors may trade the Shares on ASX and settle the transactions through CHES. Note that in this Prospectus, the terms "Shares" and "CDIs" may be used interchangeably, except where the context requires otherwise.

Refer to Sections 4.7, 11.3 and 11.4 for further information regarding CDIs and Shares.

1.2 Prospectus

This replacement prospectus is dated 29 September 2017 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities may be issued on the basis of this Prospectus later than 13 months after the date of the prospectus lodged with ASIC on 18 September 2017.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

1.3 Key Offer Information

KEY DATES - Indicative timetable*

Lodgement of original prospectus with ASIC	18 September 2017
Lodgement of this Prospectus with ASIC	29 September 2017
Opening Date	3 October 2017
Closing Date	27 October 2017
Issue of CDIs and commencement of deferred settlement trading on ASX	3 November 2017
Expected despatch of holding statements	8 November 2017
Expected commencement of trading on ASX on a normal settlement basis	15 November 2017

** The above dates are indicative only and may change without notice. The Exposure Period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act. The Company, in consultation with the Lead Manager, reserves the right to vary any and all of the above dates without notice (including, subject to the Listing Rules and the Corporations Act, to extend the Closing Date or close the Offer early). The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to Applicants. If the Offer is cancelled or withdrawn before settlement, all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.*

KEY OFFER DETAILS

Securities offered under the Offer	CDIs
Ratio of CDIs per Share	1 for 1
Offer Price per CDI	\$0.20
Maximum CDIs to be issued under Offer	25,000,000
Maximum number of CDIs on issue following the Offer	25,000,000
Gross Proceeds of the Offer	\$5,000,000

1.4 Exposure Period

The prospectus lodged with ASIC on 18 September 2017 was subject to the Exposure Period. On 22 September 2017, ASIC extended the Exposure Period to fourteen days after lodgement of the prospectus lodged with ASIC on 18 September 2017. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

1.5 How to invest

Completing and lodging an Application Form is the only way to apply for CDIs. Instructions on how to apply for CDIs are set out in Section 4 and on the back of the Application Form attached to this Prospectus.

1.6 No cooling-off rights

Cooling-off rights do not apply to an investment in CDIs issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

1.7 Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.rootssat.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

1.8 Website

No document or information included on our website (www.rootssat.com) is incorporated by reference into this Prospectus.

1.9 Foreign Investors

No action has been taken to register or qualify the securities the subject of this Prospectus or the Offer, or otherwise to permit the public offering of the Company's securities, in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

1.10 Forwarding-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in item C of Section 2 and Section 6.

1.11 Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this prospectus are illustrative only and may not be drawn to scale.

1.12 Regulation of Roots Sustainable Agricultural Technologies Ltd

As the Company is not established in Australia, its general corporate activities (apart from offering securities in Australia) are not regulated by the Corporations Act or by ASIC, but are instead regulated by Israeli company law (including the Companies Law) and other applicable Israeli law and the Ministry of Justice – Corporations Authority of the State of Israel. Refer to Section 11.1 for further information.

1.13 Financial information and amounts

All financial amounts contained in this Prospectus are expressed in Australian dollars (**A\$**), unless otherwise stated. Any discrepancies between totals and sums of components in figures and tables contained in this Prospectus are due to rounding.

All NIS and US\$ currency numbers throughout this Prospectus were translated to A\$ currency on an exchange rate dated 1 July 2017 and based on: 1A\$ = NIS2.68 and 1A\$ = US\$0.7701.

The Historical Financial Information included in this Prospectus has been prepared and presented in accordance with the International Financial Reporting Standards (**IFRS**) and is expressed in US\$, except where otherwise stated.

1.14 Time

All references to time in this Prospectus are references to WST, being the time in Perth, Western Australia, unless otherwise stated.

1.15 Questions

If you have any questions about this Prospectus or how to apply for CDIs, please contact the Company's share registry, Automic Registry Services, on 1300 288 664 (if calling within Australia) or +61 2 9698 5414 (if calling from outside of Australia) from 9.00am to 5.00pm (WST) Monday to Friday.

If you have any doubt as to what to do in relation to the Offer, you should seek professional advice from a licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company.

2. INVESTMENT OVERVIEW

This section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Topic	Summary	More Information
A. Company and Business Overview		
Who is the issuer of this Prospectus?	Roots Sustainable Agricultural Technologies Ltd (ARBN 619 754 540) (Company or Roots), a company incorporated in, and registered under the laws of, Israel, with registration number 51-426268-2.	Section 5
What is the Company's business?	<p>The Company is an agricultural technology company focused on developing, producing and commercialising precision agriculture technologies that help:</p> <ul style="list-style-type: none">• plants address difficult weather conditions via root zone heating and cooling;• improve crop yields;• improve fertilization methods by the cooling and heating of roots; and• provide water from humidity, combined with roots cooling, in order to improve crop yield for irrigation purposes, in a cost effective and environmentally sustainable manner. <p>The Company's key business is the sale of root zone heating and cooling systems to greenhouse farmers and the development and commercialisation of irrigation by condensation irrigation systems with combined fertilisation and heating/cooling roots zone management.</p>	Section 5
What technologies and products does the Company offer?	<p>The Company's key technologies and products are:</p> <ul style="list-style-type: none">• root zone heating and cooling based on ground source heat exchange, operated solely by circulation pumps;• root zone heating and cooling based on hybrid systems - ground source heat exchange with a circulation pump and heat pumps;• root zone heating and cooling based solely on heat pumps;• cooling and heating water and growing solutions in hydroponics facilities;• a combination of root zone heating and cooling systems with irrigation by condensation;• a combination of root zone heating and cooling systems with managing irrigation and	Section 5.4

	<p>fertilisation; and</p> <ul style="list-style-type: none"> • multi-purpose, "all in one" pipes for heat/cool diffusion near roots, fertigation and watering. 	
What jurisdictions does the Company operate in?	<p>The Company is based in Israel and currently operates in Israel and in Spain.</p> <p>The Company's operations in Spain are limited to two pilot installations (via ADEMA 1951 SL, Almeria, Spain). A retainer based agreement which the Company did have in place with ADEMA has ended and a new agreement is in currently the subject of negotiations.</p> <p>Following Admission, the Company plans to expand to China, the USA and certain members of the European Union. These will serve as the main territories. In other territories, such as Australia, Central Europe and Mexico, expansion is planned to take place through the engagement of local dealers for the Company's products and technologies.</p>	Sections 5.3 and 5.5
Who are the people behind the Company?	<p>Sharon Devir, Boaz Wachtel, Eran Fridman and Tal Youdim are the current Israeli-based Directors of the Company.</p> <p>Upon closure of the Offer, Adam Blumenthal, Tal Misch Vered and Graeme Smith are proposed to join the Board and Messrs Fridman and Youdim will resign. Messrs Blumenthal and Smith are based in Australia. All of the Directors and key management personnel are conversant and literate in English.</p> <p>The Company is currently, and following Admission, will continue to be, advised by a Board with significant academic, industrial, business development and agronomy background.</p> <p>Roots also works with specialised industrial manufacturers for the production of its products.</p>	Sections 9.1 and 9.2
What is the Company's financial position?	<p>The Company was incorporated in April 2009 and has been operating since November 2012.</p> <p>The Company received a grant from the Israel Innovation Authority (formerly the Office of Chief Scientist, the OCS) and raised capital from an Israeli incubator as part of the OCS grant. In addition, the Company raised capital from private investors, and the Directors. The Company used most of the capital for research and development purposes, in order for the Company to develop its products, maintain its intellectual property portfolio and move toward commercialisation. As a result, the Company has incurred as of 1 July 2017 un-audited \$US431,551 operating losses (about A\$560,383).</p> <p>As of 1 July 2017, approximately A\$2,585,126 has been spent on research and development by the Company. Approximately A\$892,235 of this</p>	Section 8

	amount was financed through Israel's National Technological Innovation Authority.	
How does the Company plan to generate revenue?	<p>The Company intends to use part of the funds raised under the Offer to promote engineering and manufacturing programs, to expand international sales, to create and maintain current IP and to commercialise the irrigation by condensation (IBC) and combined heating/cooling fertilisation systems.</p> <p>Revenue is intended to be raised from the following possible sources:</p> <ul style="list-style-type: none"> (a) the Company's sales of multiple products across selected territories and distribution channels; (b) sales by international agricultural integrators' partners; (c) post sales offerings such as plastic pipe disposables and advisory services to customers; (d) monthly users' fee of control systems; and (e) via financial support programs (lease or loans) to help farmers acquire the systems. 	Sections 4.2 and 5.3
What are the Company's key expense items?	The Company expects its expenses will largely be comprised of research and development costs, development and manufacturing, marketing, business development, working capital and expenses associated with the Offer.	Section 4.2
Why is the Company seeking to raise funds?	<p>The Company is seeking to raise funds in order to:</p> <ul style="list-style-type: none"> (a) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for Admission; (b) expand marketing and sales; (c) develop engineering and manufacturing; (d) conduct additional R&D; and (e) advance and finalise sub-contract manufacturing of the Company's core products and control equipment. 	Section 4.2
Who are the Company's competitors?	The Company's competitors include manufacturers of air heating and cooling systems (evaporative cooling) and manufacturers of root zone heating for nurseries and greenhouse with boilers.	Section 5.6
B. Investment highlights		
Potential market	Attractive technology addressing a potentially large and ever-growing market given that the demand for food is fast outstripping supply and high energy costs exist – both of which the Roots' technology addresses.	Sections 5.2 and 5.4

Positive environmental and social impacts	Roots' technologies deliver positive environmental and social impact alongside financial return; in particular through its RTZO technology, which significantly reduces energy consumption, and its IBC technology, which can generate an off the grid ecosystem with minimal water and using solar power.	Sections 5.3 and 5.4
Experienced Board	The Company is currently, and following Admission, will be, advised by a Board with significant academic, industrial, business development and agronomy background.	Sections 9.1 and 9.2
Investment support to date	<p>The Company has received strong investment support from Shareholders and the OCS to date. Approximately A\$2,249,679 has been invested by current Shareholders in addition to approximately of A\$892,000 invested by the Israeli OCS and applied by the Company towards:</p> <ul style="list-style-type: none"> (a) proof of concept, alfa and beta sites in the Company testing sites and among commercial farms, followed by pilot installation and sales in Israel; (b) development and testing in alfa, beta and pilot sites, in Israel and Spain which consisted of: <ul style="list-style-type: none"> (i) two generations of prototypes leading into a commercial version: starting with testing of horizontal ground source heat exchanger and concluding in a commercial vertical ground source heat exchange architecture; (ii) across three different climatic zones; (iii) using 15 different crops and flowers; (iv) different substrates such as volcanic tuff beds, coconut beds and soil; (v) heating and cooling with off-the-shelf pipes and Roots proprietary patented pipes (insulated in segments); (vi) different infrastructure such as, greenhouse, nutrient film technology, and net shade houses; and (vii) testing smart management of heating and fertilization. (c) development of, and conducting proof of concept of, the IBC system; and (d) maintenance of the Company's current patent portfolio and application for a new patent. 	Section 5.8

Strong intellectual property position	Two USA patents have been granted in 16 countries and one new, significant patent is in the PCT stage, pending in multiple territories. The Company is contemplating additional IP filings to be undertaken post-Admission.	Sections 5.7 and 7
C. Key risks		
Prospective investors should be aware that subscribing for securities in the Company involves a number of risks and uncertainties. The risk factors set out in Section 6 and other risks applicable to all listed securities, may affect the value of the Company's securities in the future. Accordingly, an investment in the Company should be considered highly speculative. This overview summarises only some of the risks that apply to an investment in the Company and investors should refer to Section 6 for a more detailed summary of the risks.		
Risks of Israeli company	<p>The Company is incorporated and based in Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect the Company's business.</p> <p>Major hostilities involving Israel or the interruption or curtailment of trade within Israel or between Israel and its trading partners, or the mandatory military service obligations of Israeli citizens (including the Company's Israeli-based Directors and key management and scientific personnel) could materially and adversely affect the Company's business.</p>	Section 6.2(a)
Intellectual Property	Although patents for most of the existing IP owned or licensed to the Company have been granted, there is a risk that other manufacturers may decide to attack the validity of the existing or newly filed IP. In such case the Company will have to defend its IP in lengthy and costly legal procedures.	Section 6.2(b)
Israeli Government grants	<p>Roots has received grants for certain research and development activities and may receive additional grants in the future. The terms of those grants, may trigger additional payments to the Israel Innovation Authority (formerly named, the Office of Chief Scientist) (National Authority) following Roots' decision to manufacture products or transfer its IP outside of Israel, and Roots may be required to pay penalties in such cases or upon sale of IP, under the Encouragement of Research, Development and Technological Innovation Law, 5744-1984 (Israel) and the Regulations for the Encouragement of Research and Development in Industry (Rate of Royalties and Rules for their Application), 5756-1996 (R&D Law). Roots has received a total amount of US\$687,110, (i.e. A\$892,235) from the National Authority, such amount has to be repaid as 3% to 3.5% of sales of the Company.</p> <p>In addition to paying any royalty due, Roots must abide by other restrictions associated with</p>	Sections 5.8 and 6.2(d)

	<p>receiving such grants under the R&D Law that continue to apply following repayment to the National Authority. These restrictions may impair Roots' ability to outsource manufacturing, engage in change of control transactions or otherwise transfer Roots' know-how outside of Israel by requiring Roots to obtain the approval of the National Authority for certain actions and transactions and pay additional royalties and other amounts to the National Authority.</p> <p>If Roots wants to sell its IP to a non-Israeli party the repayment can be between 3-6 times of the total grants received from the National Authority (in general, if most of the Company's employees remain employed in Israel, the maximum repayment amount may be up to 3 times of the grants received from the National Authority).</p>	
Slow rate penetration	Agriculture is a conservative sector and adoption speed of new technologies is slow. Disruptive technologies, such as the Company's technology, which targets the roots and not the canopy of plants, may not be subject to such a slow rate of penetration but it's an existing risk that must be taken into account	Section 6.2(f)
Competition	There is a risk that competitors will be introduced into the market place and new and better technologies will undermine the success and penetration rate of the Company's technologies and products.	Section 6.2(g)
New technology with limited testing and feedback	The Company's technologies are new in the agricultural sector and, as such, require lengthy testing cycles (usually a year) in its own and in new territories. This may delay achieving sales and revenue forecasts contemplated by the Company.	Section 6.2(h)
Limited commercial sales to date	There are limited commercial sales to date. This is due to the experimental nature of the technology, slow adoption rate of new technologies by the agricultural sector and the limited funds available to allocate to sales efforts to date.	Section 6.2(i)
Reliance on key personnel	<p>Success of the business will depend on the Directors and the officers of the Company to develop the business and manage operations, and on the ability to attract and retain key quality staff and consultants.</p> <p>The management team is currently comprised of a team of personnel who the Directors consider can cover on a temporary basis for any other member of the team who may leave the Company, until such time as the Company engages a replacement.</p>	Section 6.2(e)

	However, the loss of multiple key persons or the inability to find new key persons (or delays in finding such key persons) could have a material adverse effect on the business.	
Liquidity risk	<p>The Company anticipates that approximately 29,661,671 Shares will be classified as restricted securities by ASX upon Admission, which will comprise approximately 48.62% of the issued share capital on an undiluted basis. In addition, the Company anticipates that all of the Performance Rights and Options will be classified as restricted securities by ASX. Accordingly, on a fully diluted basis, assuming all Performance Rights and Options vest within the escrow period and are exercised and that no other securities are issued, approximately 40.86% of the issued capital will be subject to escrow.</p> <p>These securities will be subject to an escrow period of up to 24 months from the date of Official Quotation (Escrow Period). This could be considered to be an increased liquidity risk as a portion of the Company's issued capital will not be able to be traded freely for a period of time.</p>	Section 6.2(n)
D. Offer overview		
What is the Offer?	The Offer is an initial public offering of 25,000,000 CDIs over 25,000,000 Shares (i.e. a ratio of 1 CDI for 1 Share) at an issue price of A\$0.20 per CDI to raise a total of A\$5,000,000 (before costs) (Offer).	Section 4.1
What is the Offer price?	A\$0.20 per CDI.	Section 4.1
What are CDIs?	<p>ASX uses an electronic system called CHES for the clearance and settlement of trades on ASX.</p> <p>The Company is incorporated in Israel, and the requirements of Israeli laws that registered shareholders have the right to receive a stock certificate does not permit the CHES system of holding uncertificated securities. Accordingly, to enable companies such as the Company to have their securities cleared and settled electronically through CHES, depositary instruments called CDIs are issued.</p> <p>CDIs represent the beneficial interest in the underlying shares in a foreign company such as the Company and are traded in a manner similar to shares of Australian companies listed on ASX.</p> <p>Each CDI will be equivalent to one Share.</p>	Sections 4.7 and 11.4
What rights and liabilities attach to the CDIs being offered and underlying Shares?	<p>A description of the Company's Shares, including the rights and liabilities attaching to them, is set out in Section 11.3.</p> <p>A description of the CDIs is set out in Sections 4.8 and 11.4.</p>	Sections 4.7, 11.3 and 11.4

Will the CDIs be quoted on ASX?	The Company will apply to ASX within seven days of the date of this Prospectus for Official Quotation of all CDIs on the ASX under the ticker "ROO".	
Are there any escrow arrangements?	Yes. Shares held by certain existing investors immediately prior to Admission will be subject to mandatory escrow arrangements for up to 24 months following Admission. The securities issued under this Offer are not expected to be subject to escrow.	Section 4.6
What is the Offer period?	An indicative timetable for the Offer is set in the "Key Offer Dates" section of this Prospectus.	Section 1.3
Why is the Offer being conducted?	The Offer is being conducted to: (a) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for admission to the ASX Official List; and (b) raise capital for the purposes outlined in Section 4.2.	Section 4.2
Is the Offer underwritten?	No, the Offer is not underwritten.	
What capital raising fees are payable in respect of the Offer?	EverBlu Capital Pty Ltd is the Lead Manager to the Offer. In relation to acting as Lead Manager to the Offer, the Company has agreed to pay EverBlu a: (a) capital raising fee of 4% of the gross amount raised under the Convertible Loan Trust Deed and the Offer; and (b) management fee of 2% of the gross proceeds raised by EverBlu under the Convertible Loan Trust Deed and the Offer. Proposed Director, Adam Blumenthal, is a shareholder of EverBlu and, on 23 August 2017, was appointed as the Chairman of EverBlu.	Section 10.3
What are the conditions of the Offer?	The Offer under this Prospectus is conditional upon the following events occurring: (a) the Company raising the Minimum Subscription A\$5,000,000 under the Offer; and (b) ASX providing the Company with a list of conditions which, once satisfied, will result in ASX admitting the Company to the Official List. If these conditions are not satisfied, the Offer will not proceed and the Company will repay all Application Monies in accordance with the Corporations Act.	Sections 4.1 and 4.9

E. Directors and Related Party Interests and Substantial Holders		
Who are the Directors?	The current Directors of the Company are Sharon Devir, Boaz Wachtel, Tal Youdim and Eran Fridman. Following Admission, Sharon Devir and Boaz Wachtel will be joined by Adam Blumenthal, Graeme Smith and Tal Mische Vered as directors with Messrs Youdim and Fridman to resign. Tal Mische Vered and Graeme Smith will serve as outside directors as required by Israeli law.	Sections 9.1 and 9.2
What benefits are being paid to Directors?	<p>(a) Currently Sharon Devir is the Chairman and the Chief Executive Officer of the Company, and as such is being remunerated A\$9,320 per month. Dr Devir's current employment agreement with the Company will be replaced by the arrangements set out below upon Admission.</p> <p>(b) The Company and Dr Devir have entered into the following agreements, which will be effective upon and subject to Admission:</p> <ul style="list-style-type: none"> (i) an offer letter agreement with the Company pursuant to which, upon and subject to the Company's Admission, he will be paid A\$4,000 per month for his services as Chairman of the Board; and (ii) an employment agreement with the Company pursuant to which, upon and subject to the Company's Admission, he will be paid A\$9,000 per month, inclusive of contributions to be made by the Company and Dr Devir to his study fund, and travel expenses of A\$1,500 per month for his services as the Company's Chief Executive Officer. <p>(c) Currently Boaz Wachtel is a Director and the Co-Chief Executive Officer of the Company, and as such is being remunerated A\$1,860 per month. Mr Wachtel's current employment agreement with the Company will be replaced by the arrangements set out below upon Admission.</p> <p>(d) The Company and Mr Wachtel have entered into the following agreements, which will be effective upon and subject to Admission:</p> <ul style="list-style-type: none"> (i) an offer letter agreement with the Company pursuant to which, upon and subject to the Company's Admission, he will be paid A\$3,500 	Sections 9.4, 9.5 and 10.7

	<p>per month for his services as an executive director; and</p> <p>(ii) an employment agreement with the Company pursuant to which, upon and subject to the Company's Admission, he will be paid A\$1,500 per month for his services as a business development consultant.</p> <p>(e) Tal Youdim and Eran Fridman are currently not being paid for their service as Directors.</p> <p>(f) The Company and Adam Blumenthal have entered into an offer letter agreement pursuant to which, upon and subject to Admission, he will be paid A\$3,500 per month for his services as a non-executive director.</p> <p>(g) The Company and each of Graeme Smith and Tal Misch Vered have entered into offer letter agreements pursuant to which, upon and subject to Admission, their remuneration shall be, in accordance with the Companies Law, as follows:</p> <p>(i) annual remuneration of up to NIS49,410 (about A\$18,500), to be divided into twelve (12) monthly payments; and</p> <p>(ii) participation compensation of NIS3,300 (about A\$1,200) for their participation in each meeting of the Board and/or Board committees.</p> <p>The compensation of each outside director is subject to the Israeli Companies Regulations and will be updated from time to time.</p> <p>In addition to the above the Company intends to issue Performance Rights to certain Directors (who will not serve as the Company's outside Directors) as incentive securities prior to Admission (refer to Sections 9.3 and 11.5).</p>																	
<p>What interests do Directors have in the securities of the Company?</p>	<p>As of the date of this Prospectus, the Directors and Proposed Directors hold relevant interests in the securities specified below. It is intended that the Company will issue the Performance Rights and Options specified below to the Directors (or their nominees) prior to Admission.</p> <table><tr><th>Director</th><th>Shares¹</th><th>Options²</th><th>Performance Rights³</th></tr><tr><td>Sharon Devir</td><td>1,755,967</td><td>430,490</td><td>3,000,000</td></tr><tr><td>Boaz Wachtel</td><td>4,362,525</td><td>1,069,510</td><td>1,500,000</td></tr><tr><td>Tal Youdim⁴</td><td>2,438,864</td><td>Nil</td><td>150,000</td></tr></table>	Director	Shares ¹	Options ²	Performance Rights ³	Sharon Devir	1,755,967	430,490	3,000,000	Boaz Wachtel	4,362,525	1,069,510	1,500,000	Tal Youdim ⁴	2,438,864	Nil	150,000	<p>Sections 9.5, 11.5 and 11.6</p>
Director	Shares ¹	Options ²	Performance Rights ³															
Sharon Devir	1,755,967	430,490	3,000,000															
Boaz Wachtel	4,362,525	1,069,510	1,500,000															
Tal Youdim ⁴	2,438,864	Nil	150,000															

	Eran Fridman ⁵	1,128,677	Nil	1,500,000							
	Adam Blumenthal	Nil	Nil	2,750,000							
	Graeme Smith	Nil	Nil	Nil							
	Tal Misch Vered	Nil	Nil	Nil							
	1. Prior to Admission, immediately after the CDIs are issued, the current Shareholders of the Company (including Directors who are Shareholders) shall be issued with an additional total amount of 1,500,000 bonus Shares on a pro-rata basis. Due to the conditional nature of the bonus Shares, they are not reflected in the above table. 2. Prior to Admission, Sharon Devir and Boaz Wachtel will be issued with an aggregate amount 1,500,000 Options with an exercise price of \$0.01 per Option and on the terms and condition set out in Section 11.6. 3. Refer to Section 11.5 for the terms and conditions of the Performance Rights. 4. Tal Youdim has an indirect shareholding in the Company through Youdim Pharmaceutical Ltd (formerly Abital Pharma Pipelines Ltd). 5. Eran Fridman has an indirect shareholding in the Company of 1,128,677 Shares through Yoel Fridman (his father).										
Substantial holders	Based on the information known as of the date of this Prospectus, on Admission it is anticipated that the following Shareholder will hold over 5% of the Shares on issue. <table><tr><th>Shareholder</th><th>Shares</th><th>%</th></tr><tr><td>Boaz Wachtel</td><td>4,798,778</td><td>7.87</td></tr></table>				Shareholder	Shares	%	Boaz Wachtel	4,798,778	7.87	Section 11.13
Shareholder	Shares	%									
Boaz Wachtel	4,798,778	7.87									
F. Key differences between Israeli and Australian company law											
<p>As the Company is not incorporated in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act or by ASIC but instead are regulated by the Companies Law and the Ministry of Justice – Corporations Authority of the State of Israel.</p> <p>Although there are many similarities between the two jurisdictions from a company law perspective, there are differences with respect to operation of certain laws and regulations concerning shares of publicly listed companies including but not limited to:</p> <ul style="list-style-type: none">(a) corporate procedures;(b) transactions requiring shareholder approval;(c) shareholders' right to requisition meetings, vote and appoint proxies;(d) takeovers;(e) substantial shareholders reporting;(f) related party transactions;(g) protection of minority shareholders - oppressive conduct; and(h) "two-strikes" rule in relation to remuneration reports. <p>For a detailed description of differences of the above, please refer to Section 11.1.</p>											

G. Applications and Other Information		
How do I apply?	Applications under the Offer can be made by completing the Application Form, in accordance with the instructions accompanying the Application Form.	Section 4.5
What is the minimum application under the Offer?	Applications must be for a minimum of 10,000 CDIs (A\$2,000).	Section 4.4
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisitions of CDIs under the Offer.	Section 4.14
What is the allocation policy?	<p>The Directors, in conjunction with the Lead Manager, will allocate Shares at their sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward.</p> <p>There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant has applied.</p>	Section 4.10
Who is eligible to participate in the Offer?	The Offer is open to all investors with a registered address in Australia.	Section 4.11
Can the Offer be withdrawn?	<p>The Company reserves the right not to proceed with the Offer at any time before the issue and transfer of CDIs to successful Applicants.</p> <p>If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest) in accordance with the requirements of the Corporations Act.</p>	Section 4.5
What are the tax implications of investing in CDIs under the Offer?	<p>The tax consequences of any investment in CDIs under the Offer will depend upon your particular circumstances.</p> <p>Prospective investors should obtain their own tax advice before deciding to invest.</p>	
Will the Company pay dividends?	<p>The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing business.</p> <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.</p>	

What is the cost of the Offer?	The expenses of the Offer are estimated to be approximately A\$864,237.	Section 11.11
H. Further information		
How can I obtain further information?	Further information can be obtained by reading this Prospectus and consulting your professional advisors. You can also contact the Company Secretary, Sarah Smith on +61 8 6381 0035 for further details.	

3. CHAIRMAN'S LETTER

Dear Investor

On behalf of the Company's Directors, it is my pleasure to invite you to become an investor in Roots Sustainable Agricultural Technologies Ltd.

The Company is an agricultural technology company headquartered in Israel. The Company was part of the Israeli Technological Incubator Program of the Chief Scientist Office under the auspices of Ministry of Trade and Economy from 1 November 2012 to 31 August 2014. The Company is focused on developing, producing and commercialising precision agriculture technologies. The Company's key business is the sale of root zone heating and cooling systems to greenhouse farmers and the development and commercialisation of irrigation by condensation (**IBC**) irrigation systems and smart fertilisation management integrated with root cooling and heating.

The Company's initial focus is on the development and finalisation of its existing root zone heating and cooling technologies, the advancement of research and development of its IBC irrigation systems technology. The newly granted PCT patent for the heat diffusing pipe combined with fertigation and water is also a key focus area. Registration of additional patents, development of products and fine tuning of manufacturing the process will be a key part of the Company's ongoing focus.

The purpose of the Offer is to raise \$5,000,000 (before associated costs) by the issue of 25,000,000 CHESS Depositary Interests (**CDIs**) over 25,000,000 fully paid ordinary shares in the capital of the Company (**Shares**) (i.e. a ratio of 1 CDI for 1 Share) at an issue price of \$0.20 per CDI.

The proceeds of the Offer are intended to be utilised by the Company to:

- (a) meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for Admission;
- (b) expand marketing and sales which includes: sales systems in Israel, negotiating contracts with international dealers/integrators and installing international pilot programs followed by sales;
- (c) develop engineering and manufacturing which includes: upgrading from the current small-scale setting system to the final large-scale setting;
- (d) conduct additional R&D which includes: the setting up of a beta site for the IBC product line and field tests, "all in one" heat/fertigation/water diffusing pipe, and ongoing field tests, across multiple seasons with the variety of products offered by the Company; and
- (e) advance and finalise sub-contract manufacturing of the Company's core products and control equipment.

Details on the Company's financial position are set out in Section 8. The Company has incurred operating losses for the past 3 years and generated revenue only in 2016. However, as of 1 July 2017, approximately A\$2,585,126 has been spent on research and development by the Company. Approximately A\$892,235 of this amount was financed through Israel's National Technological Innovation Authority. The Offer will assist the Company move from its research and development phase to expand marketing and sales of its products.

This Prospectus contains detailed information about the Offer and the current and proposed operations of the Company, as well as the risks pertaining to an investment in the Company. Potential investors in the Company should carefully consider those risks (detailed in Section 6).

I encourage you to read the Prospectus carefully and in its entirety before making your investment decision and if required, consult with your stockbroker, solicitor, accountant or other independent professional advisor.

On behalf of the Directors, I invite you to consider this opportunity to invest in the Company, and look forward to welcoming you as an investor.

Yours faithfully

Dr. Sharon Devir
CEO and Executive Chairman
ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD

4. DETAILS OF THE OFFER

4.1 The Offer

This Prospectus invites investors to apply for 25,000,000 CDIs over 25,000,000 Shares (i.e. a ratio of 1 CDI for 1 Share) at an issue price of A\$0.20 per CDI to raise a total of A\$5,000,000 (before costs) (**Offer**).

All CDIs offered under this Prospectus will rank equally with the existing Shares on issue. Refer to Section 11.3 for details of the rights attaching to Shares.

Successful Applicants will receive CDIs in respect of Shares applied for. The issue of CDIs is necessary to allow ASX trading of securities of a company incorporated in Israel. CDIs give a holder similar, but not identical rights, to a holder of Shares. Refer to Sections 4.7 and 11.4 for further details of CDIs. Note that references in this Prospectus to "Shares" include references to "CDIs" as appropriate.

The Offer under this Prospectus is conditional upon the following events occurring:

- (a) the Company raising the Minimum Subscription (A\$5,000,000) under the Offer; and
- (b) ASX providing the Company with a list of conditions which, once satisfied, will result in ASX admitting the Company to the Official List.

If these conditions are not satisfied, the Offer will not proceed and the Company will repay all Application Monies in accordance with the Corporations Act.

4.2 Purpose of the Offer and Use of Funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves, over the first two years following admission of the Company to the official list of ASX as follows:

Funds available	Full Subscription (A\$5,000,000)	Percentage of Funds (%)
Existing cash reserves ¹	1,003,993	17
Funds raised from the Offer	5,000,000	83
Total	6,003,993	100
Allocation of funds		
Research and Development ²	713,544	12
Development and Manufacturing ³	1,098,052	18
Marketing and Sales ⁴	1,096,693	18
Business development ⁵	740,000	12
Working Capital	1,491,467	25
Expenses of the Offer ⁶	864,237	14
TOTAL	6,003,993	100

Notes:

1. \$192,845 has already been expended towards costs of the Offer (as at 1 July 2017).
2. Research and development includes: the setting up of a beta site for the IBC product line and field tests, "all in one" heat/fertigation/water diffusing pipe, and ongoing field tests, across multiple seasons with the variety of products offered by the Company.
3. Development and manufacturing includes: upgrading from the current small-scale setting system to the final large-scale setting.
4. Marketing and sales includes: sales systems in Israel, negotiating contracts with international dealers/integrators and installing international pilot programs followed by sales.
5. Business development includes: advancement and finalisation of sub-contract manufacturing of the Company's core products and control equipment.
6. As noted above, \$192,845 has already been expended towards costs of the Offer (as at 1 July 2017). Refer to Section 11.10 for further details of expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors (including the risk factors outlined in Section 6).

The Board believes that the Company's current cash reserves, its cash flow from existing operations, plus the net proceeds of the Offer will be sufficient to fund the Company's short-term business objectives (as set out in this Prospectus) for approximately 24 months after Admission.

The Board will consider the use of further equity funding or debt if appropriate to further accelerate growth or fund a specific project, transaction or expansion.

4.3 Capital Structure

The issued and outstanding capital structure of the Company following completion of the Offer is summarised below: (assuming the Offer is fully subscribed):

Shares / CDIs

	Number
Shares currently on issue	15,000,000
CDIs to be issued pre-completion of the Offer ¹	15,000,000
Bonus Shares to be issued to all pre-Offer Shareholders ²	1,500,000
Shares to be issued to seed capitalists ³	4,500,000
CDIs to be issued pursuant to the Offer	25,000,000
Total Shares/CDIs on completion of the Offer	61,000,000

Notes:

1. Immediately prior to Admission, the Company shall convert any and all outstanding convertible loans into 15,000,000 CDIs pursuant to the Convertible Loan Trust Deed. Refer to Section 10.1(c) for a summary of the terms of the Convertible Loan Trust Deed.

2. Prior to Admission and immediately after the CDIs the subject of the Offer are issued, the current Shareholders of the Company shall be issued with an additional total amount of 1,500,000 bonus Shares on a pro-rata basis.
3. These Shares will be issued subject to the Company receiving conditional approval to list and the Company being reasonably satisfied that those conditions will be satisfied.

Options

	Number
Options currently on issue	0
Options to be issued to employees, executives and consultants ¹	700,000
Options to be issued between Sharon Devir and Boaz Wachtel ²	1,500,000
Options to be issued pursuant to the Offer	0
Total Options on completion of the Offer	2,200,000

Notes:

1. The Company will issue 700,000 Options, with an exercise price of A\$0.01 per Option, to the Company's employees, executives and consultants following, and subject to, closing of the Offer. Refer to Section 11.6 for full terms and conditions of the Options.
2. 1,500,000 fully vested Options consisting of 430,490 Options, with an exercise price of A\$0.01 per Option, to be issued to Sharon Devir and 1,069,510 Options to be issued to Boaz Wachtel following, and subject to, closing of the Offer. Refer to Section 11.6 for full terms and conditions of the Options.

Performance Rights

	Number
Performance Rights currently on issue	0
Performance Rights to be issued ¹	9,400,000
Total Performance Rights on completion of the Offer	9,400,000

Notes:

1. Consisting of 8,900,000 Performance Rights to be issued among the Directors and Proposed Director, Adam Blumenthal, and 500,000 Performance Rights yet to be allocated. Refer to Section 11.5 for full terms and conditions of the Performance Rights.

4.4 Minimum subscription

The minimum subscription under the Offer is A\$5,000,000 (being 25,000,000 CDIs) (**Minimum Subscription**).

None of the CDIs offered under this Prospectus will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within three months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

4.5 Applications

Accompanying and forming part of this Prospectus is an Application Form for use if you wish to apply for CDIs under the Offer. To participate in the Offer, the Application Form must be completed and received, together with the Application Monies, in accordance with the instructions on its reverse side. Completed Application Forms should be returned in accordance with the instructions, together with the Application Monies in full, prior to 5.00pm (WST) on the Closing Date at the relevant address as follows.

By Hand

Roots Sustainable Agricultural
Technologies Ltd
C/- Automic Registry Services
Level 3
50 Holt Street
Surry Hills NSW 2010

By Post

Roots Sustainable Agricultural
Technologies Ltd
C/- Automic Registry Services
PO Box 2226
Strawberry Hills NSW 2012

(do not use this address for mailing purposes)

Applicants should make their cheques payable in A\$, based on an issue price of \$0.20 per CDI.

Applications must be for a minimum of 10,000 Shares (i.e. \$2,000) and, thereafter, in multiples of 2,500 CDIs (i.e. \$500). Applications for less than the minimum accepted Application of 10,000 CDIs will not be accepted. No brokerage, stamp duty or other costs are payable by Applicants.

An original completed and lodged Application Form, together with a cheque for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not have to be signed to be a valid Application. An Application will be deemed to have been accepted by the Company upon issue of the Shares.

The Offer may be closed at an earlier date and time at the discretion of the Directors, in consultation with the Lead Manager, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offer or accept late Applications.

Payment by BPAY®

Applicants under the Offer wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of this Prospectus which is available online at <https://investor.automic.com.au/rootssustainable.html> and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (CRN)).

You should be aware that you will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution which supports BPAY transactions.

When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid. It is your responsibility to ensure that payments are received by **5:00pm (WST) on the Closing Date**. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY, and policies with respect to processing BPAY transactions may vary between banks, credit unions or building societies. The Company accepts no responsibility for any failure to receive Application Monies or payments by BPAY before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

4.6 Restricted Securities

The Company does not envisage that any CDIs issued pursuant to the Offer will be classified by ASX as restricted securities. However, subject to the Company being admitted to the Official List, certain Shares, Options and Performance Rights on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

It is estimated that 29,661,671 Shares will be subject to escrow as follows:

- (a) 17,585,640 Shares for 12 months from relevant issue dates; and
- (b) 12,076,031 Shares for 24 months from the date of Official Quotation (primarily held by Directors or their related entities).

All of the Performance Rights to be issued are likely to be escrowed for 24 months from the date of Official Quotation.

The Options issued to employees, executives and consultants are likely to be escrowed for 12 months from the date of issue. The Options to be issued to Messrs Devir and Wachtel are likely to be escrowed for 24 months from the date of Official Quotation.

The Company will announce to the ASX full details (quantity and duration) of the Shares, Options and Performance Rights required to be held in escrow prior to the Shares commencing trading on ASX.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

The Company's free float at the time of listing will be not less than 20%.

4.7 CHESS and CDIs

Successful Applicants should note that, as the Company is incorporated and registered in Israel, they will be issued with CDIs instead of Shares under this Prospectus. This is because the requirements of Israeli laws state that registered shareholders have the right to receive a stock certificate which does not permit the CHESS system of holding uncertificated securities.

CDIs issued pursuant to this Prospectus will allow beneficial title to the Shares to be held and transferred. CDIs are electronic depository interests or receipts issued and are units of beneficial ownership in securities registered in the name of CHESS Depository Nominees Pty Ltd (**CDN**). CDN is a wholly owned subsidiary of ASX. The main difference between holding CDIs and Shares is that the holder of CDIs has beneficial ownership of the underlying Shares instead of legal title. Legal title to the underlying Shares is held by CDN for the benefit of the CDI Holder. The Shares underlying the CDIs issued pursuant to this Prospectus will be registered in the name of CDN for the benefit of CDI Holders. Each CDI represents one underlying Share.

CDN receives no fees from investors for acting as the depository nominee in respect of CDIs.

CDI Holders have the same economic benefits of holding the underlying Shares. CDI Holders are able to transfer and settle transactions electronically on ASX.

With the exception of voting rights, the CDI Holders are generally entitled to equivalent rights and entitlements as if they were the legal owners of Shares. CDI Holders will receive notices of general meetings of Shareholders. As CDI Holders are not the legal owners of underlying Shares, CDN, which holds legal title to the Shares underlying the CDIs, is entitled to vote at shareholder meetings of the Company on the instruction of the CDI Holders on a poll, not on a show of hands. CDI Holders are entitled to give instructions for one vote for every underlying Share held by CDN. Refer to Section 11.3 for further information about CDIs.

The Company will apply to participate in the Clearing House Electronic Subregister System (**CHESS**), which is the ASX electronic transfer and settlement system in Australia, in accordance with the Listing Rules and ASX Operating Rules. Settlement of trading of quoted securities on the ASX market takes place on CHESS. CHESS allows for and requires the settlement of transactions in securities quoted on ASX to be effected electronically. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's register of CDI Holders.

The Company will not issue certificates of title to CDI Holders. Instead, as soon as is practicable after allotment, successful Applicants will receive a holding statement which sets out the number of CDIs issued to them, in much the same way as the holder of shares in an Australian incorporated ASX-listed entity would receive a holding statement in respect of shares. A holding statement will also provide details of a CDI Holder's Holder Identification Number (in the case of a holding on the CHESS sub-register) or Security holder Reference Number (in the case of a holding on the issuer sponsored sub-register).

Following distribution of these initial holding statements, an updated holding statement will only be provided at the end of any month during which changes occur to the number of CDIs held by CDI Holders. CDI Holders may also request statements at any other time (although the Company may charge an administration fee).

Prior to Admission, the Company will procure that existing Shareholders are allowed to convert their existing Shares into CDIs to enable them to trade on ASX. Upon conversion of those Shares into CDIs the share certificates which were previously issued in respect of those Shares will cease to have effect as documents of title.

4.8 ASX listing

Application for Official Quotation by ASX of the CDIs offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the CDIs are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any CDIs and will repay all Application Monies for the CDIs within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the CDIs is not to be taken in any way as an indication of the merits of the Company or the CDIs now offered for subscription.

4.9 Issue

Subject to the Minimum Subscription being reached and ASX granting conditional approval for the Company to be admitted to the Official List, issue of the CDIs offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the CDIs or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

4.10 Allocation policy and discretion regarding the Offer

The Directors, in consultation with the Lead Manager, will determine the recipients of the issued CDIs in their sole discretion. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of CDIs issued is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

The Company may, in consultation with the Lead Manager, withdraw the Offer, or any part of it, at any time before the allotment of CDIs to successful Applicants in the applicable part of the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded. No interest will be paid on unsuccessful Applications.

The Company also reserves the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer CDIs than applied or bid for.

4.11 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the CDIs or otherwise permit a public offering of the CDIs the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the CDIs pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

No action has been taken to register or qualify the offer of CDIs under this Prospectus, or to otherwise permit a public offering of CDIs, in any jurisdiction outside Australia.

4.12 Oversubscriptions

No oversubscriptions are intended to be accepted by the Company.

4.13 Lead Manager

Pursuant to a mandate, EverBlu Capital Pty Ltd has been appointed as the Lead Manager to the Offer. Refer to Section 10.3 for a summary of the terms and conditions upon which EverBlu has been appointed as the Lead Manager to the Offer.

Proposed Director, Adam Blumenthal, is the Chairman of EverBlu and a shareholder of EverBlu.

4.14 Commissions payable

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. This process will be managed by the Lead Manager. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

5. COMPANY AND BUSINESS OVERVIEW

5.1 The Company

Roots was incorporated on 20 April 2009 in Israel and commenced its operations in November 2012. Roots is an agricultural technology company focused on developing, producing and commercialising precision sustainable agriculture technologies that address and enhance plant's performance under difficult weather conditions, improve crop yields and quality and provide off-water and electricity grids water for irrigation in a cost effective and environmentally sustainable manner.

5.2 Vision and strategy

The Company's vision is to become a significant player in the global agricultural technology space by developing technologies that assist growers to meet increased global demand for food and water, mitigate the impact of extreme weather temperature conditions on both indoor and open-field crops with very little energy and small environmental signatures. The Company's vision also includes aiming to produce technologies accessible to low-income farmers around the world.

Roots seeks to address four major issues in modern agriculture:

- how to influence and optimise, in a sustainable manner, plants' root temperatures, and hence – their yield, quality and life cycles - in the most economically efficient and beneficial way;
- how to provide water for irrigation from humidity, allow food chain creation in remote locations and reduce water use in agriculture within areas with no access to water grids or wells;
- how to increase fertilisation efficiency by incorporating heating and cooling of roots zone; and
- how to reduce plastic waste and improve profitability for farmers by combining multiple functions (root zone heating/cooling, fertigation and watering) in one multi-purpose pipe.

5.3 Business Model and Objectives

Roots has developed a commercially viable root zone temperature optimization technology. The Company is seeking to gain market share and acceptance of its products in the following prioritised territories: North and Central America, Europe, South Africa, Australia and South East Asia.

The Company is developing and commercialising three technologies and products to meet the challenges of global agriculture (including the intellectual property associated with each technology) by focusing on:

- root zone temperature optimisation – the Company's key focus;
- irrigation by condensation - which provides water for irrigation from moisture in the air and soil, a continuance solution to root zone temperature optimisation (**RZTO**), currently at proof of concept (**POC**) stage; and
- decreasing fertilisation by incorporating roots zone heating and cooling; and

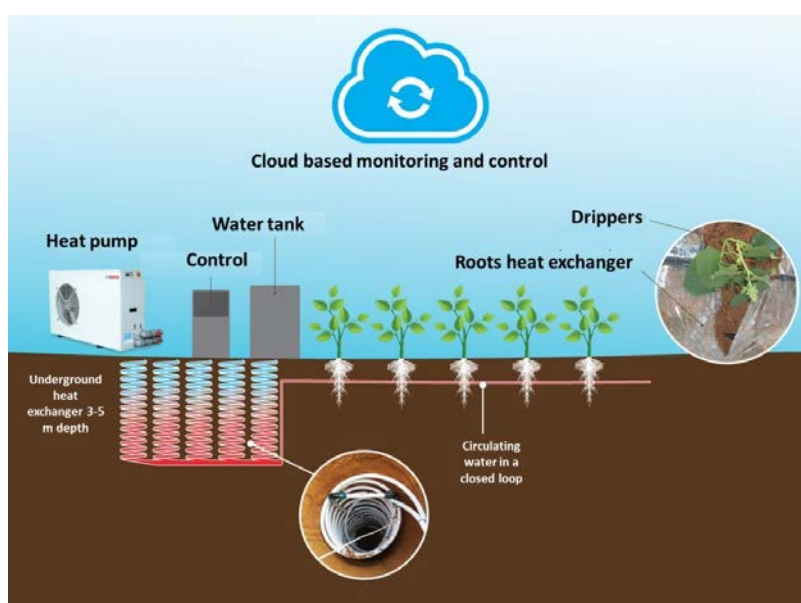
- an integrated, all in one, multi-function pipe to emit water and fertilizers coupled with root zone cooling/heating diffusion capability at root zone area.

Roots will seek to generate revenue as follows:

Up-front Sales	<ul style="list-style-type: none"> • Stand-alone heat diffusing pipes • Heat diffusing pipes with embedded water and fertilizers emitter • Ground source heat exchange coils manufactured- see Section 5.4 below) • Generic plastic parts • Excavation and labour • Heat pump (not self-manufactured) • Control systems • Solar power systems with or without batteries as a source of energy for off grid operations
Post Sales	<ul style="list-style-type: none"> • Heat pump service and warranty • After sales services - service fee, warranty and monthly usage monitor and consulting • After sales products – sales of heat dripping pipes (with or without embedded drip irrigation)

Roots intends on relying on three product configurations to generate revenue:

- Basic** - Ground source heat exchange (**GSHE**) alone (with circulation pump only).
- Hybrid** - GSHE and a heat pump. In locations where the crop requires additional and more accurate heating and cooling of root zone the Company recommends its hybrid system. This system relies on direct GSHE to produce stable water temperatures to feed the heat pump and the heat pump adds the delta in temperature required to reach the desired temperatures.



(c) **Heat pumps alone (without GSHE).**

The Company will seek to generate additional revenue from its IBC system and "heat diffuser" – a pipe developed by Roots that dissipates the heat from pipes near the roots and not in-between the roots and planned to be incorporated in later versions of the pipe fertigation and watering options from drip holes.

The Company's business model consists of marketing multiple agricultural technology products, sold via integrators and distributors, to greenhouse farmers who are seeking higher yield and access to water for irrigation.

The core offering will consist of self-installation kits (with manual) that include coils, connectors, "smart heat dripping" pipe, system "head" and control and monitoring unit.

It is proposed that the kit will be sold as well via integrators, local dealers in each country and (in some countries) directly to farmers who will use the "installation manual" based on a design that the Company will provide.

To engage with farmers, Roots intends to:

- **Work with installers, dealers & integrators in other markets** - The optimal dealer profile can include irrigation system providers, greenhouse manufacturers/installers, or relevant equipment manufacturers, such as heat pump vendors. It is intended that dealers will also work and share risk with Roots to implement the pilot and early commercialisation phases of the technology in their local market.
- **Sell directly to growers in its home market Israel** – To this end, the Company has started its first "discounted" sales. This entails clients paying a discounted price for beta systems which will support the Company in its field trials and further development tasks.
- **Enter into licensing agreements with leading global irrigation and/or greenhouse infrastructure players and/or with agriculture suppliers** – Based on discussions with companies to date, the Company expects to be able to enter into at least 1 strategic agreement before 2018.

The Company's business model also includes post-sale profit centres such as: payment for the use of the data terminals, re-sale of "smart heat pipe" and agronomical consultation over the phone.

As noted above, the initial focus is on developed countries with moderately hot summers and cold winters, such as Israel, southern and central Europe, Australia, North America and south-east Asia (including certain areas in China). In Israel, sales will be direct. It is intended that other markets will be penetrated primarily with international integrators and dealers/installers, who will be responsible for local installation and maintenance.

5.4 Technology and Products

Since 2013, Roots has developed, tested and installed a number of technologies, the most advanced being the root zone temperature optimisation technology based on ground source heat exchange principles. To date, twelve (12) installations have taken place across Israel and two (2) in Spain. "Irrigation by condensation" has been tested on two crops to support the proof of concept of an ability to irrigate crops with only humidity from the air.

Crop Type	Location	Facility	Yield increase	Comments
Basil	Jordan Valley	Low tunnels, Tuff beds	30%	
Strawberry	Hasahron	Greenhouse, hanged insulates beds	25%	Shortening growing cycle in 3 weeks, approved quality, eliminating of additional air heating
Cucumbers	Hasahron	Greenhouse, Soil	100%	Conducted by Netafim, Magal experimental site
Lettuce	Jordan Valley	Net house, Tuff beds	45%	
Flowers	Hasharon	Greenhouse, Tuff beds	Quality increase	Shortening time to market
Melons	Arava Desert	Greenhouse tunnel, Soil	10%	Increase in export quality
Crop Type	Location	Facility	Yield increase	Comments
Cucumbers	Hasharon	Greenhouse, Soil	25%	Hot Winter
Cherry Tomatoes	Jourdan Valley	Greenhouse, Tuff beds	20%	Heat pump
Tomatoes, type 870	Jourdan Valley	Net house Tuff beds	30%	Planting on mid summer, post summer harvest, Heat pump
Cherry Tomatoes	Jourdan Valley	Greenhouse, Tuff beds	20%	Heat pump
Lettuce	Jourdan Valley	Net house Tuff beds	50%	Shortening growing overdoing from 10 weeks to 5 weeks

Figure 1 Yield Results for Root zone pilots for heating (in orange) and cooling (in blue) for various crops in different geographical zones in Israel

Orange – Heating results / Blue – Cooling results

(a) Root Zone Temperature Optimisation

Root temperature influences all parameters of the plant's physiology and is as critical to plant's performance as canopy temperatures. An optimum root temperature range, (generally between 16-28°C), is essential for a plant's robust growth, increased productivity and quality.

Roots' RTZO system is a patented agricultural system that relies on ground source heat exchange (GSHE) principles and equipment to cool or heat root zone temperatures (relative to seasonal temperatures) which strive for stability within the optimum temperature range. Whereas, usually separate systems are used for air heating and cooling, Roots' innovation is the use of one system both for cooling and heating of the root zone area, with low energy input, water temperatures and pressure in pipes.

The RZTO solution consists of the following components:

- **Pipes/coils embedded at 6-7-metre depth** – Specially developed coils take advantage of GSHE by installing pipes at the bottom of a pit dug to an optimum depth. After covering the pit, the soil's constant temperature charges water that flows through the pipes. Constant temperature at depth of approximately 7 meters is maintained by the flowing of water in pipes placed near the roots and which reduces root zone temperatures (RZT) during the summer and increase RZT during the winter, thus stabilizing RZT year round.



- **System head: Comprised of controlled valves and a circulation pump with sometimes buffer tanks** – This off-the-shelf hardware circulates and controls the water flow in the closed RZTO system. When needed, the water is pumped through the pipes in the root zone. At times, an additional heat pump is incorporated with the GSHE loop to achieve greater reduction or increase of temperatures of the root zone.
- **Pipes in the root zone** – Roots has developed a "heat dripping" pipe that will dissipate/absorb the heat from the pipes near the roots and not in-between the roots. The pipes could be utilized alongside commercial embedded dripping systems or as an integrated embedded irrigation to offer farmers a unified solution for optimal root temperatures and root zone irrigation. It is in concept very similar to water dripping pipes extensively used in agriculture and city landscaping.
- **Control system** – Provides the overall remote control of the system and provides to the grower system performance information with a friendly user interface.

Based on Roots' own field testing, the results from the RZTO system have shown: increased yield and quality, shortening of the growing cycle, preservation of fertilisers, the ability to plant off season and substantial energy savings by heating the root zone area only during the winter and cooling it during the summer with one system. This keeps the optimal or semi optimal temperature range constant year-round and throughout the whole day.

About Ground Source Heat Exchange

GSHE is based on the fact that heat from the sun is stored in the soil and, at a depth of several metres. The soil temperature remains relatively constant, uninfluenced by daily or seasonal air temperature fluctuations.

The soil temperature at several metres' depth is always warmer during the winter and colder during the summer than the soil temperature at or near the surface.

Roots' RZTO system takes advantage of GSHE by installing (in-house produced) coil shaped pipes placed in vertically drilled pits dug to an optimum depth. After covering the pits, the soil's heat charges water flowing in the coils with the soil's stable temperature at depth. The water charged with the stable temperature is circulated, in a closed cycle by a pump towards pipes installed at the root zone area, where the heat/cool is discharged. The result is heating the root zone during the winter and cooling it during the summer, thus keeping the root zone temperature range at stable and favourable ranges throughout the year.

The only energy needed to operate the system is the water pump that circulates the water in the closed loop. The product also works in greenhouses and under shade nets. Based on Roots' field tests results in greenhouses, the system significantly reduces energy expenditures on air heating and in some cases, could replace air heating/cooling altogether. In places of extreme heat and cold climates, or where drilling pits for GSHE-based system is not feasible, highly energy efficient, custom made, heat pumps are used to maintain the optimum root zone temperatures.



Figure 2 - Cucumbers-Heated root zone on the right bed vs. control on the left bed.

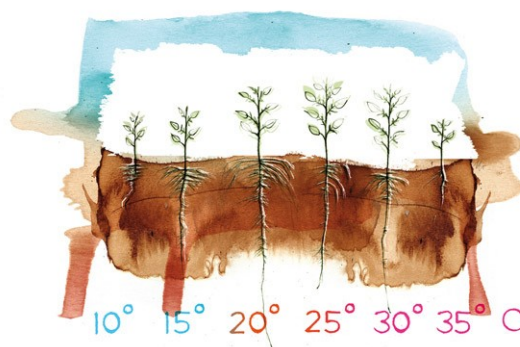
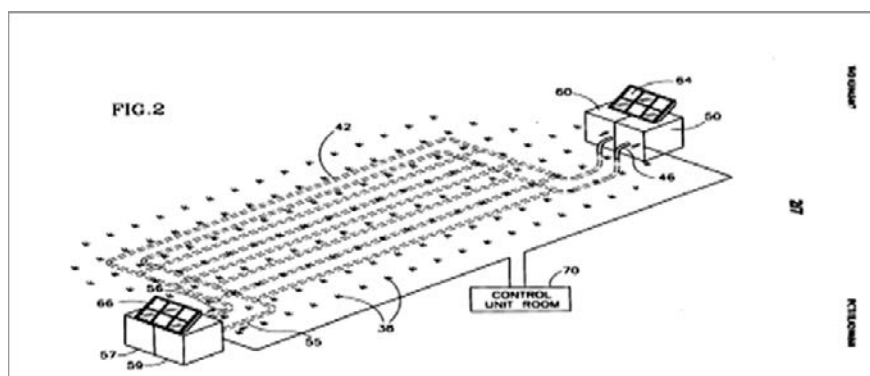


Figure 3: Illustration of the effects of extreme root zone temperatures on root and shoot growth

(b) **Irrigation by Condensation (IBC)**

IBC is a standalone, closed loop, solar (or other energy source) operated system which irrigate crops by condensing air/soil humidity on the external surface of pipes (by running cold water in them) for irrigation.

Water is cooled in an insulated water tank to below dew point temperatures. Then the chilled water is circulated in pipes in the field or greenhouse to condense the humidity on the pipes. The pipes are placed on the ground surface and/or in the soil at the plant's average root depth. As the humidity/water condenses around the pipes with the cold water, it flows by gravity to the soil, irrigating the plants, cooling them, thus resulting in higher yields in some crops.



Basic out line of an Irrigation by Condensation System

As far as the Company is aware, Roots' closed loop, stand alone, solar operated system is the only known system that can facilitate food production (and positively impact on the entire food chain) completely independent of either existing water or electricity grids.

(c) **Coupling/combining roots zone micro climate management with underground drip irrigation and fertilisers – a multi-purpose pipe**

The Company has developed and applied for a patent (PCT stage) a heat dripping pipe that diffuses the heat/cold only near the roots of plants and not between them. Roots' proprietary and registered IP (PCT stage), is based on the development of multi-purpose "smart pipes" for micro climate control management (heating or cooling) at root zone, combined with underground embedded watering (such as dripping) and liquid fertilisation via drip holes in the pipe. The Company's proof of concept tests have demonstrated that heating the roots zone during the winter positively affects plant's nutrient uptake, hence, reduce its fertigation needs and improves its performance.

The multi-purpose nature of the pipe saves the farmer the need to outlay funds on two separate irrigation and root zone heating/cooling pipe systems. Therefore, it may also assist reduce plastic use in agriculture and energy needed to operate two separate systems.

5.5 Sales & Marketing of Technology and Products

As the Company's products development progresses, the Company plans to achieve sales and revenues relying on a number of sales channels, basic and post-sale marketing activities as set out below.

(a) **Sales channels and early profit centres**

- (i) The Company's own sales force targeting major irrigation/agricultural companies in Israel and the European Union.
- (ii) Sales and installations via integrators of agricultural technologies and distribution channels.
- (iii) Potential strategic sales to international agencies (such as the United Nations, the World Bank, governments, etc.) for technology transfer and enhancing farming in less developed countries.
- (iv) In countries where new agricultural technologies are subsidised, such as in the European Union, United States of America and in Israel, the Company will seek to expedite market penetration rates.

(b) **Post-sale services and revenues**

- (i) Sale of disposables (such as "smart" heat dripping pipes).
- (ii) Ongoing consultation with consumers.
- (iii) Offerings of extended warranties.
- (iv) Data stream monitoring systems collection and analysis.

(c) **Marketing**

The Company plans to implement a multi-layer marketing strategy that includes:

- (i) Attendance at trade shows.
- (ii) Website and trade magazine printed media advertising.
- (iii) Development of a social media presence.
- (iv) Endorsement by key opinion customers.
- (v) Ongoing development of additional or improved products to address evolving market needs.
- (vi) Customer's feedback to improve product offerings.

5.6 Competitors

The Company considers that the following offerings are the main competitors to Roots' technology and products. The market within which the Company operates is made up of various-sized providers. It is the Directors' understanding that there are no larger providers of systems similar to the Company's.

One competitor produces air and soil cooling equipment. The principle of soil cooling is that the soil is cooled using cold water pumped through the soil in a network of hoses. In mechanical cooling, the greenhouse cooling system is connected to a cooling machine. In soil cooling with well water, cold well water is pumped up. Aquifers are required for this latter technique. In contrast, the

Company's cooling of roots is based on ground source heat exchange temperatures that are always colder during the summer than soil temperatures in the greenhouse. The Company does not invest (in direct GSHE) any energy (as its competitor does) in cooling the water (just in circulating the water) – which can result in energy savings. To the best of our knowledge, direct ground source heat exchange with a circulation pump alone (without heat pump) is the Company's proprietary product which is not sold by any other company.

Another competitor uses infrared heating, a system or appliance that provides heat by thermal radiation. A gas fired infrared heating system emulates the efficiency of the sun by generating energy that is converted into heat when absorbed by objects in its path. Once the infrared energy is absorbed by floors, machinery, stock and people, it is then re-radiated to warm the surrounding air. Roots uses low temperature heating solutions as opposed to high temperature inputs which are derived from boilers using fossil energy (gas, oil etc.). The Company's technology heats the soil or substrate that the plant grows in as opposed to heating surfaces that radiate heat to the air.

5.7 Intellectual Property

Roots has an extensive patent portfolio as illustrated below. Further details regarding the Company's intellectual property are contained in the Patent Attorney's Report in Section 7.

Irrigation method and system

Patents & Applications

Official Number	Country	Status
6,419,422	United States	Granted
6,709,198	United States	Granted
2002302944	Australia	Granted
2006230755	Australia	Granted
161589	Israel	Granted
203984	Israel	Granted
270395	Mexico	Granted
765/KOLNP/2006	India	Awaiting First Office Action
1463404	Spain	Granted
1463404	France	Granted
1463404	Germany	Granted
1463404	Italy	Granted
1463404	Netherlands	Granted
1463404	Turkey	Granted
1463404	United Kingdom	Granted

Heat delivery system and method

Patents & Applications

Official Number	Country	Status
15/301,236	United States	Awaiting First Office Action
2015246007	Australia	Examination requested; Awaiting First Office Action
2015800305587	China	Examination requested; Awaiting First Office Action
15776976.1	EPO	Examination requested; Awaiting First Office Action
MX/a/2016/013215	Mexico	Awaiting First Office Action

5.8 Israeli Government Grants

Roots has received grants as part of its research and development programs approved by the National Authority. The requirements and restrictions for such grants are found in the R&D Law. Under the R&D Law, royalties of approximately 3% to 3.5% of the revenues derived from sales of products or services developed in whole or in part using this National Authority grant are payable to the Israeli government. The maximum aggregate royalties paid generally cannot exceed 100% of the grant made to Roots, plus annual interest generally equal to the 12-month LIBOR applicable to dollar deposits, as published on the first business day of each calendar year. The total gross amount of the grants received by Roots from the National Authority, excluding accrued LIBOR interest, is US\$460,362 (approximately A\$597,795) granted pursuant to grant number 46595, plus US\$226,748, (approximately A\$294,439) granted pursuant to grant number 53792. As of the date of this Prospectus, Roots has paid royalties to the National Authority in the sum of 2,202NIS (approximately A\$821).

In addition to paying any royalty due, Roots must abide by other restrictions associated with receiving such grants under the R&D Law that continue to apply following repayment to the National Authority. These restrictions may impair Roots' ability to outsource manufacturing, engage in change of control transactions or otherwise transfer Roots' know-how outside of Israel by requiring Roots to obtain the approval of the National Authority for certain actions and transactions and pay additional royalties and other amounts to the National Authority. Such amounts may be up to six times the total of the grants actually received, however this is typically reduced by several factors which may be applicable to Roots. In addition, any change of control and any change of ownership of Shares that would make a non-Israeli citizen or resident an "interested party", as defined in the R&D Law, require prior written notice to the National Authority. If Roots fails to comply with the R&D Law, Roots may be subject to criminal charges. In keeping with its obligations to the National Authority, Roots will notify the National Authority with respect to the Offer prior to the Closing Date.

In the event of manufacturing outside of Israel, the maximum repayment can be equal to up to 300% of the grants actually received from the National Authority (assuming all manufacturing is outside of Israel – if only part of the manufacturing is outside of Israel then the maximum repayment amount may be lower). In addition, if Roots wants to sell its IP to a non-Israeli party the repayment can be between 3-6 times of the total grants received from the National Authority (in

general, if most of the Company's employees remain employed in Israel, the maximum repayment amount may be up to 3 times of the grants received from the National Authority, and up to 6 times of the grants received from the National Authority if the employees are not employed in Israel). The statements above are maximum amounts, there are some exceptions and also a depreciation concept which can reduce the payments.

6. RISK FACTORS

6.1 Introduction

The CDIs offered under this Prospectus are considered highly speculative. An investment in our Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for CDIs and to consult their professional advisers before deciding whether to apply for CDIs pursuant to this Prospectus.

There are specific risks which relate directly to our business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Company specific

(a) Risks of Israeli company

The Company is incorporated and based in Israel. Accordingly, economic and military conditions in Israel and the surrounding region, and national, company, consumer and other boycotts, may directly affect the Company's business. Major hostilities involving Israel or the interruption or curtailment of trade within Israel or between Israel and its trading partners, or the mandatory military service obligations of Israeli citizens (including the Company's Israeli-based Directors and key management and scientific personnel) could materially and adversely affect the Company's business.

(b) Intellectual Property

Roots' interest in its technologies is protected by a portfolio of issued and pending patents. Whilst this provides Roots with protection, there is no guarantee that other companies will not legally challenge the patents or that they might knowingly or unknowingly infringe the Roots' patents. Any such action may adversely affect the business, operating results and financial condition of the Company. The Company could also be subject to claims by employees and service providers under the Israeli Patent Law, 5727-1967 with respect to intellectual property developed by them.

(c) Applicability of Israel Law

Your rights and responsibilities as a Shareholder will be governed by Israeli law which differs in some material respects from the rights and responsibilities of shareholders of Australian companies. It may be difficult to enforce a judgment of an Australian court against Roots, its officers and directors in Israel or elsewhere, to assert Australian securities laws claims in Israel or to serve process on Roots' officers and directors. Provisions of Israeli law and Roots' Articles may delay, prevent or otherwise impede a merger with, or an acquisition of, Roots even when the terms of such a transaction are favourable to Roots and its Shareholders.

(d) **Israeli Government Grants**

Roots has received grants for certain research and development activities and may receive additional grants in the future. The terms of those grants, may trigger additional payments to the National Authority following Roots' decision to manufacture products or transfer its IP outside of Israel, and Roots may be required to pay penalties in such cases or upon sale of IP, under the R&D Law. Roots has received a total amount of US\$687,110, (i.e. A\$892,235) from the National Authority, such amount has to be repaid as 3% to 3.5% of sales of the Company.

In addition to paying any royalty due, Roots must abide by other restrictions associated with receiving such grants under the R&D Law that continue to apply following repayment to the National Authority. These restrictions may impair Roots' ability to outsource manufacturing, engage in change of control transactions or otherwise transfer Roots' know-how outside of Israel by requiring Roots to obtain the approval of the National Authority for certain actions and transactions and pay additional royalties and other amounts to the National Authority. Such amounts may be up to six times the total of the grants actually received, however this is typically reduced by several factors which may be applicable to Roots.

In the event of manufacturing outside of Israel, the maximum repayment can be equal to up to 300% of the grants actually received from the National Authority (assuming all manufacturing is outside of Israel – if only part of the manufacturing is outside of Israel then the maximum repayment amount may be lower). In addition, if Roots wants to sell its IP to a non-Israeli party the repayment can be between 3-6 times of the total grants received from the National Authority (in general, if most of the Company's employees remain employed in Israel, the maximum repayment amount may be up to 3 times of the grants received from the National Authority).

Refer to Section 5.8 for further information on Israeli government grants.

(e) **Reliance on Key Management Personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel (including the Directors). There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment or if one or more of the Directors cease to be directors of the Company.

Success of the business will depend on the Directors and the officers of the Company to develop the business and manage operations, and on the ability to attract and retain key quality staff and consultants.

The management team is currently comprised of a team of personnel who the Directors consider can cover on a temporary basis for any other member of the team who may leave the Company, until such time as the Company engages a replacement. However, the loss of multiple key persons or the inability to find new key persons (or delays in finding such key persons) could have a material adverse effect on the business.

(f) **Slow Penetration Rate**

Agriculture is a segment known for slow penetration rates of new technologies. Unless the new technology is disruptive then usually in nature agricultural technology's penetration rates are usually slow, in comparison to high technology or transportation technology. This slow penetration rate needs to be taken into account in the context of Roots' technology.

(g) **Competition**

There is significant competition in the agricultural technology industry generally, more so in greenhouse heating technologies and less in cooling technologies. In particular, Roots is in competition with other drip irrigation companies, particularly in relation to its IBC product. There is no assurance that competitors will not succeed in developing products that are more effective or economic than the products manufactured or developed by Roots, or which would render the products obsolete and/or otherwise uncompetitive.

The Company may be unable to compete successfully against future competitors where aggressive policies are employed to capture market share. Such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's future business, operating results and financial position.

(h) **New Technology with Limited Testing and Feedback**

The Company is relying on Roots' ability to develop and commercialise its technologies. A failure to successfully develop and commercialise the technologies could lead to a loss of opportunities and adversely impact on the Company's operating results and financial position.

(i) **Limited Commercial Sales to Date**

Roots started its activity in November 2012. Since then, the Company has installed in Israel, in three different climatic zones, twelve (12) systems. It takes at least one calendar year to prove the efficiency of the technology. Sometimes extreme cooler summers or extreme hotter winters can diminish the system effectiveness. Due to restricted resources, Roots has concentrated on several crops such as herbs, leafy vegetables flowers, strawberries and cucumbers. Only after first four (4) years POC, did Roots start its first penetration sales. In Israel, Roots is in its fifth year of activity. In parallel the Company started two first pilot installations in Spain. It will take at least another year until POC in Spain will mature to start first penetration sales. The Company's gross revenues in 2015 and 2016 were negligible. Revenue figures for the year 2016 are not yet available but were also negligible.

(j) **Limited Purchasing Power**

Although Roots has started penetration sales, the quantity of these sales is still small. At this stage, it is more economical to produce a part of Roots' products such as ground source heat coil exchangers, dripping pipes and controls in small amounts. Once sales increase, the Company will seek to sign a long-term manufacturing agreement with sub-contractors.

(k) **Cost of technology**

Although the Company will eventually seek to market Roots' technology into mid and low-income countries the costs of implementing the technologies may prove too expensive for consumers in these countries. Should this prove to be the case this could result in reduced gross margins and loss of potential market share, either of which could materially adversely affect the Company's future business, operating results and financial position.

(l) **Small company with limited resources**

Currently, due to limited financial resources, Roots is small with limited resources. This may hamper expansion efforts in various countries and may require greater dependence on local dealers and integrators to capture market share.

(m) **Lack of Market**

There is currently no public market for the Shares, the price of Shares is subject to uncertainty and there can be no assurance that an active market for the Shares will develop or continue after the Offer. Whilst the Company may ultimately list on ASX, there is no certainty that this will occur.

(n) **Liquidity**

The Company anticipates that approximately 29,661,671 Shares will be classified as restricted securities by ASX upon Admission, which will comprise approximately 48.62% of the issued share capital on an undiluted basis. In addition, the Company anticipates that all of the Performance Rights and Options will be classified as restricted securities by ASX. Accordingly, on a fully diluted basis, assuming all Performance Rights and Options vest within the escrow period and are exercised and that no other securities are issued, approximately 40.86% of the issued capital will be subject to escrow. These securities will be subject to an escrow period of up to 24 months from the date of Official Quotation. This could be considered to be an increased liquidity risk as a portion of the Company's issued capital will not be able to be traded freely for a period of time.

6.3 Industry specific

(a) **Decreasing energy costs**

Roots' technology uses the ground as one of its main resources of energy and high Coefficient of Performance (**CoP**) heat pumps. Compared with systems that use fossil resources, Roots' routine energy costs are very low. Decreased global energy costs, might lower the attractiveness of Roots' technology.

(b) **Extreme weather conditions**

Roots' technology uses the ground as one of its main sources of energy and temperature exchange to maintain stable water temperature year-round. Roots' technology performs better under extreme cold or hot weather in moderate climates such as Israel and Spain. After a year of extreme cold winter or hot summer, Roots may sell its systems at

relatively higher prices. However, after a year of extreme hot winter or cooler summer, Roots may have to sell its systems at relatively lower prices due to time lapses from last extreme weather crop loss.

(c) **Price sensitive market**

Prices of agricultural crops are very volatile due to unexpected climatic changes, diseases and global crop availability and deficiency. This affects Roots' target customers. Approaching a farmer after a year with low income from its crops, might lower the chance that they will invest in new technology.

(d) **Conservative market**

Farmers are known to be a conservative customer. For example, they may adopt new technology only after viewing it at another's farm or on a recommendation from a local extension service or academic institute. Roots cannot perform pilot installation in each county and it might be that additional marketing efforts will be needed, which will therefore incur more costs.

6.4 General risks

(a) **Economic**

General economic conditions, introduction of tax reform, including to the Law for Encouragement of Capital Investments 5719-1959, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

(b) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. The Company will require further financing in addition to amounts raised under the capital raising pursuant to this Prospectus. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its proposed operations and scale back its expansion programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(c) **Regulatory**

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance, financial position and activities of the Company.

(d) **Liquidity**

There is no guarantee that the Company will be admitted to the Official List or that there will be an ongoing liquid market for the Company's securities. Accordingly, there is a risk that should an ASX listing not be achieved or should the market for the Company's securities become

illiquid, Shareholders will be unable to realise their investment in the Company.

(e) **Taxation**

The acquisition and disposal of CDIs will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring CDIs from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for CDIs under this Prospectus

(f) **No representation or warranty as to the accuracy or completeness of the information**

The information in this Prospectus may not be complete and may be changed, modified or amended at any time by the Company, and is not intended to, and does not, constitute representations and warranties of the Company. Neither the Company, nor any other advisor of the Company intends to update this Prospectus or accepts any obligation to provide the recipient with access to information or to correct any additional information or to correct any inaccuracies that may become apparent in this Prospectus or in any other information that may be made available concerning the Company. Investors should conduct their own due diligence investigations regarding the Company and the prospects of the Company's proposed activities.

6.5 **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

For personal use only

September 14, 2017

Roots Sustainable Agricultural Technologies Ltd.
PO Box 3577
Kefar Netter, 4059300
Israel

Dear Sirs,

Re: Patent Attorneys' Report
Our Ref: 193106-2

This report has been prepared for inclusion in the Prospectus of Roots Sustainable Agricultural Technologies Ltd. (hereinafter 'Roots').

Background

Reinhold Cohn Group is the largest, earliest established intellectual property firm in Israel offering premiere intellectual property expertise in filing, prosecution, renewals, protection, oppositions, opinions, due diligence, enforcement, litigation, licensing, commercialization and evaluation, portfolio management and strategic counseling in all areas of intellectual property such as patents, trademarks, designs, copyrights, plant breeders' rights, and other IP rights. The firm was established in 1934, and has a long history in servicing the intellectual property needs of both Israeli and overseas clients.

The Group includes the patent attorneys firm **Reinhold Cohn & Partners** and the law firm **Gilat, Bareket & Co.**

Reinhold Cohn Group and its team of professionals are internationally renowned for excellence and are continually ranked amongst the top tiers in leading international and local guides such as: Managing Intellectual Property (MIP), Expert Guides, Legal 500, Who's Who Legal, European Legal Experts, Chambers & Partners, IAM1000, IAM300, WTR1000, Corporate INTL, D&B Israel and BDI.

The **Reinhold Cohn Group** has expertise in the planning and implementation of optimized strategies for building up and protecting IP assets of its clients worldwide. Where an advantage can be gained, the group works in close collaboration with leading firms around the world.

Several of the Group's patent attorneys are qualified to represent clients before the United States Patent and Trademark Office. Additionally, the Group's patent attorneys and lawyers have wide-ranging expertise in the procurement and protection of IP rights in developed markets as well as in emerging markets such as China, India and Brazil.

Executive Summary

Section 2.0 provides general comments on patent protection, patent procedures, and requirements for patentability.

Section 3.0 provides general comments regarding potential limitations of patent protection.

Section 4.0 describes the patent applications/registrations in which Roots has an interest.

Section 5.0 describes the limitations of this report.

Section 6.0 provides a statement of independence regarding preparation of this Report.

2.0 General Comments on Patent Protection

Patent rights constitute an important component of intellectual property, and provide protection for new, non-obvious and useful inventions for a limited period. Patents may be granted in respect of new or improved products, compositions and processes in almost all areas of current scientific, commercial and industrial activities. Patent rights are essentially national rights rather than trans-national rights. A patent must be obtained in each country where protection of an invention is required.

2.1 Patent Validity

A fundamental requirement of the patent system is that all patents are assessed for their validity. This happens during a process of examination of a patent application; a precursor to a granted patent. Validity of a patent application is assessed by a range of criteria.

Relevantly, all inventions must be ‘new’ at the time of lodging a patent application. Newness is judged in relation to what was publicly known or used at the date of the application. In addition, all inventions must display or possess a distinct inventive advance over what was previously known. This means that valid patent protection cannot be obtained for trivial or obvious developments.

A further requirement is that an invention must present suitable subject matter for the grant of a patent. For example, patent protection for gene technology, computer implemented technology and so-called “business method” inventions may be difficult to obtain.

2.2 Patent Process

Pursuant to the Paris Convention, the filing of an initial patent application, for example, in the US establishes a priority date for the invention(s) in the US and all other countries that are a party to this Convention, including countries such as Australia, Canada, New Zealand, Europe and Japan. One of the usual steps towards obtaining a patent in the above and other patent jurisdictions (i.e., countries and regions) in respect of an invention begins by filing a first application (e.g., US provisional patent application, US Utility patent application). The filing of the first application establishes the priority date in respect of the invention(s) disclosed in the specification thereof. Within twelve months from the date of the filing of the first application, in order to obtain protection in other jurisdictions, the applicant may file separate national or regional patent applications in which patent protection is required. Alternatively, the applicant may file a single international application under the provisions of the Patent Cooperation Treaty (generally referred to as a ‘PCT’ application or an ‘International’ application) in which it is possible to designate countries or regions in which protection is required. The International application itself does not mature into a worldwide patent, but at the end of the international phase, steps must be taken to file the application into all of the national countries or regions designated in the original International application that are of interest to the applicant.

Regional patent applications, such as a European regional application, may also be filed. A European application may designate any or all countries that are a party to the European Patent Convention. The European patent application is processed centrally and in a single language and, if ultimately successful, can mature into a granted European patent, which must then be validated in each country in which protection is sought, some of which require translation into that country's native language. The term 'European patent' thus actually constitutes a bundle of national patent rights, each of which can be enforced separately through national Courts.

All national and regional applications undergo a process of patent examination. It is during this process that the patent application is assessed for its validity. If during examination the validity of a patent application is challenged by a particular patent office, the applicant can file a response to that office either amending the claims or rebutting a patent office's views of the application. Assuming that the patent applicant is able to overcome or address the questions concerning the validity of the application, the application will proceed to grant.

In some jurisdictions, like the European Patent Office, the US and Australia, once the application is accepted it is opened up for third party opposition. Assuming the application is not challenged by a third party or it survives a third party challenge, the application proceeds to becoming a granted patent.

In most of the jurisdictions, patent rights may be kept in force for a period of 20 years from the date of filing of the complete application on which the patent is granted, and while the patent is in force the owner has the exclusive right to exploit the invention.

3.0 Potential Limitations of Patent Protection

As noted above, in most of the jurisdictions, a patent application is subjected to examination for novelty and obviousness (and other grounds) before a patent is granted. There can be no assurance that each of the patent applications set out in Section 4.0 will result in the grant of a patent, or that the scope of protection provided by any granted patent will be identical to the scope of the application as originally filed or that the granted patent will effectively block competition. Furthermore, the scope of protection provided by a granted patent in one jurisdiction may differ from that provided by a granted patent in another jurisdiction, due to differences in examination between countries and regions and scope of available protection.

It should be noted that the grant of a patent does not guarantee validity of that patent since it may be revoked by a court on the grounds of invalidity at any time during its life. If none of the claims of a granted patent are valid, then the patent is unenforceable. For example, relevant prior disclosures may be discovered that were not raised during examination, which may limit the scope of patent protection sought, perhaps to a very narrow field. In the preparation of this report, we have not assessed the validity of the granted patents or the likelihood that the pending applications will grant with commercially effective patent claims.

Further, it should also be noted that the granting of a patent does not guarantee that the patentee has freedom to operate the invention claimed in the patent. It may be that 'working' of a patented invention is prevented by the existence of another patent. In the preparation of this report, we have not assessed whether or not the commercialization of the technology embodied by the patent applications listed in Section 4.0 will infringe third party patent rights.

4.0 Patent Portfolio of Roots

For the purposes of the present Prospectus, Roots has requested that Reinhold Cohn summarize the status of patents and patent applications in which it has indicated that it has acquired an interest. Those patents and patent applications are set out in Section 4.1.

In preparing this Report, we have only been asked to confirm the status of the identified patents and patent applications. We have not looked into matters of infringement or Roots's right to the Intellectual Property Rights created by these patents and patent applications.

The status summary of patents and patent applications provided in this Report are correct to the best of our knowledge after conducting reasonable due diligence and research, at the date of this Report. The patents and patent applications set out in this Section are currently in force, although they are subject to the payment of periodic (mainly annual) fees in order to maintain them in force.

4.1 Summary of Patents

Patent Family 1:

Irrigation method and system

PCT Number: WO03/043407 (PCT/IL02/00368)
Applicant: INTERNATIONAL WATER AND ENERGY SAVERS LTD.
International Filing Date: 14 May 2002
Inventors: WACHTEL BOAZ

Outline of Technology

This patent family relates to systems and methods for irrigation by condensation, and temperature optimization of the root zone. According to these systems and methods, water is recovered from moisture contained in the soil or air by condensation over pipes buried in the soil at a depth corresponding with depths of roots of agricultural growth or laid on the ground. By condensing water from the soil or air over chilled pipes, this technology attempts to alleviate both water and food shortage problems. It offers the ability to produce agricultural crops in most hot and humid climates by watering plants with condensation from environmental moisture, and by multiplying the number of crops that can be obtained per season. The production of water condensation over pipes' surfaces irrigates the plants' roots, cools the roots, and accelerates the plants' growth.

An example of a system related to this patent family is a standalone, closed loop, solar operated, one-time water fill-up system, used to irrigate crops by condensing water over the external surface of pipes, with cold water generated from moisture/humidity contained in the air or soil. Water is cooled by the system in an insulated water tank to below dew point temperature and the chilled water is circulated in pipes laid in the field or greenhouse to condense the humidity on the pipes. The pipes are placed on the ground surface and/or in the soil at the plant's average root depth. As the humidity/water condenses around the pipes with cold water, it flows by gravity to the soil, irrigating the plants.

The International Search Report issued with respect to the international PCT application in this family, found that the invention was novel and inventive in light of the prior art, but that the international PCT application does not comply with the requirements of unity of invention. The report concluded that independent Claims 1 and 10 of the international application related to an irrigation system comprising an energized cooling system, whereas independent Claims 14, 24 and 25 were directed to an irrigation system comprising using a cooling ground zone, and therefore there were two inventions claimed in the PCT application. In view of this objection, Divisional patent applications were filed in the United States, Australia and Israel

The patent rights of this patent family were assigned from **International Water and Energy Savers Ltd.** to **Roots** on November 12, 2012 by a Deed of Assignment of Patent Rights.

Patents & Applications in Family 1

Official Number	Country	Status
6,419,422	United States	Granted
6,709,198	United States	Granted
2002302944	Australia	Granted
2006230755	Australia	Granted
161589	Israel	Granted
203984	Israel	Granted
270395	Mexico	Granted
765/KOLNP/2006	India	Awaiting first Office Action
1463404	Spain	EP Patent – Validated – in force
1463404	France	EP Patent – Validated – in force
1463404	Germany	EP Patent – Validated – in force
1463404	Italy	EP Patent – Validated – in force
1463404	Netherlands	EP Patent – Validated – in force
1463404	Turkey	EP Patent – Validated – in force
1463404	United Kingdom	EP Patent – Validated – in force

Patent Family 2:

Heat delivery system and method

PCT Number: WO2015/155763 (PCT/IL2015/050359)
Applicant: ROOTS SUSTAINABLE AGRICULTURAL TECH LTD.
International Filing Date: April 2, 2015
Inventors: DEVIR SHARON; FRIDMAN ERAN; WACHTEL
 BOAZ; WEISMAN YAKOV; ZIMHONI EREZ

Outline of Technology

This patent family relates to two different inventions.

The first invention is directed to a heat delivery system configured with piping having alternate heat insulated segments and heat transferring segments. The heat delivery system is configured for fluid flow through the piping for delivering heat accommodated therewith, through sidewalls of the heat transferring segments of the piping to surroundings thereof. The heat delivery system is configured for use in conjunction with a plurality of heat consumers (e.g., roots of plants) by placing the heat

transferring segments in proximity to the heat consumers, so as to deliver heat thereto. The heat transferring segments are disposed along the piping according to a predetermined arrangement, so that the location of each heat transferring segment is corresponding to the location of a respective heat consumer in proximity to which the heat transferring segment is to be disposed.

The heat delivery system can be applied, for example, in an agricultural field for growing plants, and configured for delivering heat to roots of the plants, growing in an agricultural soil. The heat delivery system is configured for influencing root zone temperature (i.e., the temperature at the surroundings of the roots) and facilitating control of the temperature of the soil accommodating the roots. Influencing and controlling of the temperature of roots of plants is important, for example, in areas characterized by a significant temperature difference, e.g. warm climate during the daytime and cold climate during the nighttime. The heat delivery system can function for both cooling or heating of the soil (or any substrate or growing media or fluid) accommodating the roots so as to maintain substantially permanent temperature thereof. Permanent and more stable temperature of the soil accommodating the roots, or at least moderate changes of temperature during the day improves the growth of the plants.

The heat insulated segments of the system are configured for decreasing heat exchange between the fluid and surroundings of the pipe to a minimum, while the heat transferring segments are configured for increasing the heat exchange to a maximum. This kind of arrangement facilitates optimal use of the heat delivered to the fluid (for example, from a heat exchanger), because it focuses the heat delivery to the heat consumers, i.e. to the soil accommodating the roots on one hand, and prevents or limits heat delivery from the fluid to areas not occupied by heat consumers.

The second invention is directed to a ground source heat delivery system and method. The system comprising: a first piping configured to be buried within the soil, facilitating flow of a heat accommodating fluid therein and transferring heat from the soil thereto through sidewalls of the first piping; a second piping in fluid communication with the first piping for facilitating flow of the heat accommodating fluid therethrough and transferring heat of said heat accommodating fluid to at least one heat consumer through sidewalls of the second piping; a fluid pump in fluid communication with said first piping and said second piping, configured for propelling said heat accommodating fluid; and a fluid emitting system comprising at least one emitting pipe configured to be buried within said soil and to extend at least partially along said first piping, said emitting pipe being configured with a plurality of emitters configured for emitting fluid at the soil surrounding the first piping.

In operation, the fluid emitted from the emitters is wetting the soil surrounding the first piping so as to increase heat conductivity of the soil and to improve heat transfer from the soil to the first piping, and in particular to the heat accommodating fluid flowing therein. It is known that heat conductivity of soil depends on the type of the soil and on its wetness. Although the type of the soil is uncontrollable, the wetness of the soil can be changed by wetting the soil in a controlled manner, as performed by the system of this invention. This allows improving the heat conductivity of the soil and improving transfer of heat from the soil to the heat accommodating fluid.

The PCT application filed in this matter included 30 claims, of which Claims 1-19 are related to the first invention, and Claims 20-30 are related to the second invention. In the International Search Report issued in respect of the PCT application, the Examiner raised an objection of lack of inventive step in Claims 1-3 and 6-18 of the first invention in view of combination of the following references: CN 202043502 (D1) and JP 2013172707 (D2). However, the Examiner determined the dependent Claims 4, 5, 19 and 20 of the first invention are novel and inventive in light of the prior art. Claims 5 and 20 are dependent on Claims 4 and 19, respectively, while Claims 4 and 19 are defining a particular structure of the heat insulated segments, according to which, their sidewalls are configured with one or more lateral protrusions projecting from internal or external surfaces of the sidewalls. However, the Examiner did not raise an objection of lack of unity with respect to the claims of the application, and determined that all the claims of the second invention, i.e., Claims 20-30 are novel and inventive over the prior art.

In support of his above lack of inventive step objection, the Examiner stated that D1 discloses a soil heating and watering system for agricultural purposes, D2 discloses piping with heat insulating layers, and that it would have been obvious for a skilled person in the art to combine there publications and to obtain the invention of independent Claims 1, 15 and 18.

In our view, these objections, if raised by any national patent office, stand a reasonable chance to be overcome by arguing that the above objection of lack of inventive step is unjustified, or by performing suitable amendments to the claims (for example, limiting the scope of independent Claims 1, 15 and 18 to the subject matter of dependent Claims 4 and 19, which are acceptable, as mentioned above).

Patents & Applications in Family 2

Official Number	Country	Status
20170013790 (15/301,236)	United States	Awaiting first Office Action
2015246007	Australia	Examination requested; Awaiting first Office Action
2015800305587	China	Examination requested; Awaiting first Office Action
3128830 (15776976.1)	EPO	Examination requested; Awaiting first Office Action
MX/a/2016/013215	Mexico	Awaiting first Office Action

5.0 Limitations of This Report

This Report is not to be construed as a legal opinion as to the registrability of patent applications. It should also be appreciated that the Report is not a patent validity opinion.

No conclusions on the validity of the Roots patent portfolio should be made from this Report. Moreover, the Report does not provide any guarantee that the subject inventions may be commercially exploited without risk of infringement of earlier rights of these patents.

Examination Reports in One Country Not Binding In Other Countries

In most countries, patent applications undergo an independent search and examination by the local Patent Office, the results of which are not binding in other jurisdictions. Similarly, international PCT search and examination reports are not binding on national patent applications during subsequent examination in the national phase. Such reports should therefore be regarded as indicative only and not determinative of patentability. It should also be appreciated that the grant of a patent in one country provides no guarantee that patents will be granted in other jurisdictions.

Scope of Claims May Vary during Examination

It is often necessary during the examination of a patent application to define the invention more specifically by amendment of the claims, so as to distinguish relevant prior art. As a result of this process, there may be variations in the claims between countries, reflecting in part the different examination procedures and threshold requirements for patentability, according to national laws. Whilst this is a relatively

It is often necessary during the examination of a patent application to define the invention more specifically by amendment of the claims, so as to distinguish relevant prior art. As a result of this process, there may be variations in the claims between countries, reflecting in part the different examination procedures and threshold requirements for patentability, according to national laws. Whilst this is a relatively

standard procedure, in certain circumstances, such amendments may affect the scope and hence the commercial significance of the resultant patent protection.

6.0 Statement of Independence

The **Reinhold Cohn Group**, established in 1934, is a leading IP firm in Israel, proudly representing a significant number of Israeli and international businesses. Neither the Reinhold Cohn Group nor any of its Partners and Principals has any entitlement to any securities in Roots, or has any other interest in the promotion of Roots. Furthermore, the payment of fees to the **Reinhold Cohn Group** for the preparation of this Report, is not contingent upon the outcome of the Prospectus.

We have given and, at the date of this Report have not revoked, our consent to the issue of the Prospectus by Roots with this Report appearing therein in the form which it now appears.

Yours very truly,
REINHOLD COHN AND PARTNERS
By:



David DE VRIES,
Patent Attorney, Senior Partner



Dima Litvak,
Patent Attorney

DD/DLI

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**ROOTS SUSTAINABLE AGRICULTURAL
TECHNOLOGIES LIMITED**
Investigating Accountant's Report

29 September 2017

29 September 2017

The Directors
Roots Sustainable Agricultural Technologies Ltd
C/- Mirador Corporate Pty Ltd
Level 4, 11 Ventnor Avenue
West Perth WA 6005

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('BDO') has been engaged by Roots Sustainable Agricultural Technologies Ltd ('Roots' or 'the Company') to prepare this Investigating Accountant's Report ('Report') in relation to the historical financial information and pro forma historical financial information of Roots for inclusion in a prospectus ('Prospectus') to be issued by the Company in respect of the proposed Initial Public Offering ('IPO') and listing on the Australian Securities Exchange ('ASX').

Roots is an Israel incorporated entity registered under the Israeli Companies Law 5759-1999, with registration number 51-426268-2. The Company is registered as a foreign company under the Corporations Act, with Australian Registered Body Number (ARBN) 619 754 540. Accordingly, applicants should note that because the Company is incorporated and registered in Israel, they will be issued with CHESS Depository Interests ('CDIs') instead of shares under this Prospectus. The main difference between holding CDIs and shares is that the holder of CDIs has beneficial ownership of the underlying shares instead of legal title. CDI holders have the same economic benefits of holding the underlying shares and can transfer and settle transactions electronically on ASX. Refer to the Prospectus for more information about CDIs.

The Prospectus will offer 25 million CDI's at an issue price of \$0.20 each to raise \$5 million before costs ('the Offer'). This is the minimum subscription under the Offer.

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a review engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the **‘Historical Financial Information’**) of Roots included in the Prospectus:

- the audited historical Statements of Profit or Loss and Other Comprehensive Income for the years ended 31 December 2014, 2015 and 2016
- the reviewed historical Statement of Profit or Loss and Other Comprehensive income for the period ended 30 June 2017;
- the audited historical Cash Flow Statements for the years ended 31 December 2014, 2015 and 2016
- the reviewed historical Cash Flow Statements for the years ended 31 December 2014, 2015 and 2016; and
- the reviewed historical Statement of Financial Position as at 30 June 2017.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in International Financial Reporting Standards (**‘IFRS’**) and the company’s adopted accounting policies. The Historical Financial Information has been extracted from the financial report of Roots for the years ended 31 December 2014, 2015 and 2016, which was audited by BDO Ziv Haft in accordance with Israeli Auditing Standards which are consistent with International Auditing Standards. BDO Ziv Haft issued an unmodified audit opinion on the financial report. The Historical Financial Information in respect of the half years ended 30 June 2017 and 30 June 2016 has been extracted from the 30 June 2017 Interim Financial Statements. BDO Ziv Haft conducted a review on the 30 June 2017 Interim Financial Statements in accordance with International Standard on Review Engagements 2410, BDO Ziv Haft expressed an unmodified review opinion.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the **‘Pro Forma Historical Financial Information’**) of Roots included in the Prospectus:

- the pro forma historical Statement of Financial Position as at 30 June 2017.

The Pro Forma Historical Financial Information has been derived from the historical financial information of Roots, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report.

The stated basis of preparation is the recognition and measurement principles contained in IFRS applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 6 and Section 7 of this Report, as if those

events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the events or transactions described in Section 6 and Section 7 of this Report on the Company's financial position as at 30 June 2017. As part of this process, information about the Company's financial position has been extracted by the Company from its reviewed financial statements for the period ended 30 June 2017.

3. Directors' responsibility

The directors of Roots are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our review procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our review engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- the audited historical Statements of Comprehensive Income and Cash Flows of Roots for the years ended 31 December 2014, 2015, 2016 and the reviewed for the half year ended 30 June 2017; and
- the Statement of Financial Position of Roots as at 30 June 2017,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our review engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, and comprising:

- the pro forma historical Statement of Financial Position of Roots as at 30 June 2017, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Subsequent Events

The pro-forma statement of financial position reflects the following events that have occurred subsequent to the period ended 30 June 2017.

To the best of our knowledge and belief no other material transaction or event outside of the ordinary business of the Company nor described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 2. This has been prepared based on the financial statements as at 30 June 2017, and the following transactions and events relating to the issue of CDI's under this Prospectus:

- The issue of 25 million CDI's at an offer price of \$0.20 each to raise A\$5 million before costs pursuant to the Prospectus (USD \$3.953 million at an exchange rate of A\$1: USD\$0.791), based on the minimum subscription; and
- Costs of the Offer are estimated to be A\$864,237 (USD \$665,549) which are to be offset against the contributed equity;
- On April 5, 2017 the Company and Roots Agricultural International Pty Ltd (ACN 616 367 938) ('Roots Aus') entered into a convertible loan trust deed (Convertible Loan Trust Deed) pursuant to which Roots Aus agreed to act as trustee of the trust constituted by the Convertible Loan Trust Deed for the purpose of the Company collecting up to A\$1,200,000 in funds pursuant to a convertible loan. Subject to the satisfaction of the condition in the Convertible Loan Trust Deed, the loan funds shall be used for the subscription of 15,000,000 CDI's by the lenders at a price equal to A\$0.08 per CDI prior to admission, of this balance \$900,132 USD had been received pre 30 June 2017, the balance is treated as a pro forma adjustment.
- Prior to admission, immediately after the CDI's the subject of the offer are issued, 1,500,000 shares will be issued to all Pre-Offer Shareholders on a pro-rata basis.
- 4,500,000 shares will be issued to seed capitalists at a cost of A\$0.01 per share.
- Issue of performance rights

The Board and shareholders of the Company have approved the issue of the following performance rights:

Name	Number of performance rights
Sharon Devir	3,000,000
Boaz Wachtel	1,500,000

Adam Blumenthal	2,750,000
Eran Fridman	1,500,000
Tal Youdim	150,000
Unallocated	500,000
Total	9,400,000

A performance right in the relevant class will be able to be converted into a share by a holder subject to the satisfaction of:

- Class A - upon the 12-month anniversary of the Company having been admitted to the Official List of ASX; (Milestone A). These performance rights have been valued at A\$626,667 (USD\$482,596) using the Black Scholes option pricing model, as the vesting condition is non-market related. No adjustment has been made to the pro-forma consolidated historical statement of Financial Position based on the issue of Class A performance rights as the shares/CDI's will not be issued until the 12-month anniversary following admission to the ASX.
- Class B - upon the Company's share price being traded at not less than \$0.40 for 5 consecutive trading days; (Milestone B). These performance rights have been valued at A\$515,433 (USD\$396,935) using the Binomial barrier up and in option pricing model, in conjunction with a Parisian Barrier.
- Class C - the Company's total sales, starting as of its first day of listing on the ASX, exceeds \$500,000 Australian Dollars; (Milestone C). These performance rights have been valued at A\$626,667 (USD\$482,596) using the Black Scholes option pricing model, as the vesting condition is non-market. We have been advised by Roots that there is a 75% chance of Milestone C being achieved, therefore we have made an adjustment to the pro-forma consolidated historical statement of financial position to reflect the issue of all of these CDI's.
- Prior to admission, Sharon Devir and Boaz Wachtel will be issued with a total of 1,500,000 options between them ('Director Options'), which will be fully vested and will have an exercise price of A\$0.01. The Director Options were valued using the Black Scholes option valuation methodology and the valuation was converted at an exchange rate of A\$1:USD\$0.7701
- An additional 700,000 options will be granted to employees, executives and consultants. 360,000 of these options are not yet allocated and will be retained to be granted at a future date, with vesting conditions to be determined. Should these options be granted and vest during the year an amount of \$53,507 (based on an exchange rate of A\$1:USD\$0.7701), should be expensed immediately. As these options are not currently vested we have not made an adjustment in the pro-forma consolidated historical statement of financial position.
- The remaining 340,000 options are subject to a range of vesting conditions as set out in section 11.6 of the prospectus. For those options that have the possibility of vesting in FY2018, the Company has assessed the likelihood of each of the milestones being achieved prior to 30 June 2018. We have been advised that that for all milestones, the likelihood of achievement is greater than 50%. We have therefore valued 180,000 options using the Black Scholes option valuation methodology and made an adjustment in the the pro-forma consolidated historical statement of financial position. The remaining options vest on a time basis after 30 June 2018 so we have not adjusted for these.

8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report for which professional fees will be received.

9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd



Adam Myers

Director

APPENDIX 1

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed for the		Audited for the	Audited for the	Audited for the
	6 months ended	6 months ended	Year ended	Year ended	Year ended
	30-Jun-17	30-Jun-16	31-Dec-16	31-Dec-15	31-Dec-14
	USD\$	USD\$	USD\$	USD\$	USD\$
Revenues	-	5,694	5,728	-	-
Gross Profit	-	5,694	5,728	-	-
Expenses					
Research and development, net	87,669	213,819	291,556	580,536	247,371
General and administrative expenses	16,972	12,905	36,737	39,015	26,825
Operating loss	(104,641)	(221,030)	322,565	619,551	274,196
Finance expense	39,817	66,358	155,401	41,864	8,544
Loss before income tax	(144,458)	(287,388)	477,966	661,415	282,740
Income tax benefit (expense)	-	-	-	-	447
Net Loss for the period	(144,458)	(287,388)	477,966	661,415	283,187
Items that will not be reclassified to profit or loss					
Adjustment arising from translation of financial statements of foreign operations	(52,309)	(4,374)	7,671	(2,089)	9,944
Total comprehensive loss	(196,767)	(291,762)	485,637	659,326	293,131

This statement of profit or loss and other comprehensive income shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3 and the prior year financial information set out in Appendix 4. Past performance is not a guide to future performance.

APPENDIX 2
ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD
PRO FORMA STATEMENT OF FINANCIAL POSITION

	Notes	Reviewed as at 30-Jun-17 USD\$	Subsequent events USD\$	Pro-forma adjustments USD\$	Pro-forma after issue USD\$
CURRENT ASSETS					
Cash and cash equivalents	2	753,359	23,988	3,219,606	3,996,953
Restricted cash		22,886			22,886
Other account receivables		185,208	-	-	185,208
TOTAL CURRENT ASSETS		961,453	23,988	3,219,606	4,205,047
NON CURRENT ASSETS					
Property plant & equipment		9,948	-	-	9,948
TOTAL NON CURRENT ASSETS		9,948	-	-	9,948
TOTAL ASSETS		971,401	23,988	3,219,606	4,214,995
CURRENT LIABILITIES					
Trade payables		12,651			12,651
Borrowings	3	919,908	23,988	(943,896)	-
Other account payables		174,391	-	-	174,391
TOTAL CURRENT LIABILITIES		1,106,950	23,988	(943,896)	187,042
NON CURRENT LIABILITIES					
Government liabilities on grants received		538,562	-	-	538,562
TOTAL NON CURRENT LIABILITIES		538,562	-	-	538,562
TOTAL LIABILITIES		1,645,512	23,988	(943,896)	725,604
NET ASSETS/(LIABILITIES)		(674,111)	-	4,163,502	3,489,391
EQUITY					
Contributed equity and capital reserve	4	1,007,509	-	4,163,502	5,171,011
Reserves	5			1,129,228	1,129,228
Accumulated losses	6	(1,681,620)	-	(1,129,228)	(2,810,848)
TOTAL EQUITY		(674,111)	-	4,163,502	3,489,391

The pro-forma statement of financial position after the Offer is as per the statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4.

APPENDIX 3
ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES
HISTORICAL STATEMENT OF CASH FLOWS

Statement of cash flows	Reviewed for the six months ended 30-Jun-17 USD\$	Six months ended 30-Jun-16 USD\$	Audited for the year ended 31-Dec-16 USD\$	Audited for the year ended 31-Dec-15 USD\$	Audited for the year ended 31-Dec-14 USD\$
Cash flows from operating activities					
Net loss for the year	(144,458)	(287,388)	(477,966)	(661,415)	(283,187)
Adjustments to reconcile net loss to net cash used in operating activities:					
Depreciation	610	-	1,148	1,182	810
Share based compensation expenses	-	-	-	159,944	-
Loss (gain) from changes in fair value of embedded derivative	-	1,363	13,424	(1,705)	-
Finance expense, net	39,267	61,483	141,884	38,066	10,000
Change in liability for grants received from the OCS	(74,043)	181,746	61,517	248,812	132,661
Increase in other account receivable	(169,791)	5,077	(18,632)	(170,338)	(164,015)
Increase (decrease) in trade payable	(25,479)	(796)	(4,008)	25,076	(9,868)
Increase (decrease) in other accounts payable	140,869	(88,287)	(10,483)	4,339	11,755
Net cash used in operating activities	(233,025)	(126,802)	(293,116)	(356,039)	(301,844)
Cash flows from investing activities					
Purchase of property, plant and equipment	(8,267)	-	-	(27)	(2,720)
Proceeds from sale of property and equipment	(10,922)	-	-	152	-
Increase in restricted cash	-	-	-	-	(11,168)
Net cash used in investing activities	(19,189)	-	-	125	(13,888)
Cash flows from financing activities					
Receipt of grants from the OCS	-	54,098	99,698	127,051	155,698
Advance upon share capital	-	76,884	-	-	-
Exercise of options by employees	-	24	24	-	-
Issuance of convertible loans	900,132	1,749	1,749	48,746	-
Embedded derivative	-	3,498	3,498	97,491	-
Proceeds from issuance of ordinary shares	-	-	243,722	-	283,330
Net cash provided by financing activities	900,132	136,253	348,691	273,288	439,028
Translation differences on cash and cash equivalents	(3,454)	(646)	1,501	54	20,017
Increase in cash and cash equivalents	651,372	10,097	54,074	(82,680)	103,279
Cash and cash equivalents at beginning of the year	101,988	47,914	47,914	130,594	27,315
Cash and cash equivalents at end of period	753,360	58,011	101,988	47,914	130,594

APPENDIX 4
ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD
NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of the financial information, on a consistent basis, are:

A. Basis of preparation:

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, except of embedded derivative that measured at fair value through profit or loss.

B. Estimates and assumptions:

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenue and expenses. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the end of the reporting period and the critical estimates used by the Company that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in note 3.

C. Functional and reporting currency:

The majority of the revenues of the Company are generated in New Israeli Shekel (hereafter "NIS"). In addition, a substantial portion of the Company's costs are incurred in NIS. Thus, the functional currency of the Company is NIS.

The reporting currency of the financial statements are presented in US dollars since the company is in an IPO process of listing on the Australian Securities Exchange (ASX).

Assets and liabilities are translated at the closing rate at each reporting date. Profit or loss items are translated at average exchange rates for all periods presented. The resulting translation differences are recognized in other comprehensive loss.

D. Foreign currency transactions:

Transactions denominated in foreign currency (other than the functional currency) are recorded on initial recognition at the exchange rate as of the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate as of that date. Exchange

differences, other than those capitalized to qualifying assets are recognized in profit or loss. Non-monetary assets and liabilities measured at cost are translated at the exchange rate as of the date of the transaction.

E. Governmental liabilities on grants received:

Grants received from the OCS for Research and Development Foundation (henceforth "OCS") as support for a research and development projects include an obligation to pay back royalties conditional on future sales arising from the project. Grants received from the OCS on or after January 1, 2009, are accounted for as forgivable loans, in accordance with IAS 20, pursuant to the provisions of IAS 39. Accordingly, when the liability for the loan is first recognized, it is measured at fair value using a discount rate that reflects a market rate of interest. The difference between the amount of the grants received and the fair value of the liability is accounted for upon recognition of the liability as a grant and recognized in profit or loss as a reduction of research and development expenses. After initial recognition, the liability is measured at amortized cost using the effective interest method. Changes in the projected cash flows are discounted using the original effective interest and recorded in profit or loss in accordance with the provisions of IAS 39.

At the end of each reporting period, the company evaluates, based on its best estimate of future sales, whether there is reasonable assurance that the liability recognized, in whole or in part, will not be repaid. If there is such reasonable assurance, the appropriate amount of the liability is derecognized and recorded in profit or loss as an adjustment of research and development expenses. If the estimate of future sales indicates that there is no such reasonable assurance, the appropriate amount of the liability that reflects expected future royalty payments is recognized with a corresponding adjustment to research and development expenses.

F. Cash equivalents:

Cash equivalents are considered by the Company to be highly-liquid investments, including, inter alia, short-term deposits with banks and the maturity of which do not exceed three months at the time of deposit and which are not restricted.

G. Restricted cash:

Restricted cash is considered by the Company to be deposits with banks which are used mainly as a security for guarantees provided against payable payments in advance.

H. Deferred taxation:

Deferred tax asset or liability is recognized where the carrying amount of an asset or liability in the statement of financial position differs from its tax base.

Recognition of deferred tax asset is restricted to those instances where it is probable that such difference can be utilized.

As of December 31, 2016 and 2015, there is no temporary difference and tax assets since it is not probable that taxable profit will be available in the foreseen future therefore no tax assets recognized.

I. Financial assets:

The Company classifies its financial assets depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Loans and receivables: Loans and receivables are investments with fixed or determinable payments that are not quoted in an active market and they are initially recognized at fair value plus directly

attributable transaction costs. After initial recognition, loans are measured based on their terms at amortized cost plus directly attributable transaction costs using the effective interest method and less any impairment losses.

J. Impairment of financial assets:

The Company assesses at the end of each reporting period whether there is any objective evidence of impairment of a financial asset as follows.

Financial assets carried at amortized cost:

There is objective evidence of impairment of loans and receivables if one or more events have occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows. Evidence of impairment may include indications that the debtor is experiencing financial difficulties, including liquidity difficulty and default in interest or principal payments. The amount of the loss recorded in profit or loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate (the effective interest rate at initial recognition). If the financial asset has a variable interest rate, the discount rate is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. In a subsequent period, the amount of the impairment loss is reversed if the recovery of the asset can be related objectively to an event occurring after the impairment was recognized. The amount of the reversal recorded in profit or loss.

K. Impairment of non-financial assets:

Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of the non-financial asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to dispose), the asset is written down and impairment charge is recognized accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the smallest group of assets to which the asset belongs that generates cash inflow that are largely independent of cash inflows from other assets).

During the years 2016, 2015 and 2014 no impairment charges of non-financial assets were recognized.

L. Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability, or
2. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Classification of fair value hierarchy

The financial instruments presented in the statement of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

Level 3 - Inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

M. Financial Liabilities:

The Company financial liabilities are mostly governmental liabilities, convertible loans, trade payables and other accounts payable, the governmental grants measured at amortized cost using the effective interest rate method. The convertible loans are initially recognized at Fair value and subsequently measured at amortized cost using the effective interest rate method.

The convertibles loans include embedded derivative which measured as follow:

Derivatives, including separated embedded derivatives, classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss.

N. Property, plant and equipment:

Property and equipment are stated at cost, net of accumulated depreciation and net of impairment.

Depreciation is calculated by the straight-line method over the estimated useful lives of the assets at the following rates:

	%
Computer equipment	33
Machinery and equipment	7-20

O. Employee benefits:

1. Short-term employee benefits: Short-term employee benefits are benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. These benefits include salaries, paid sick leave, recreation, and social security contributions and are recognized as expenses as the services are rendered. A liability in

respect of a cash bonus or a profit-sharing plan is recognized when the Company has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made, actuarial measurements was not applied due to immaterial amount.

2. Post-employment benefits: The plans are normally financed by contributions to insurance companies and classified as defined contribution plans.

The Company has defined contribution plans pursuant to Section 14 to the Severance Pay Law under which the Company pays fixed contributions to a specific fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods.

Contributions to the defined contribution plan in respect of severance or retirement pay are recognized as an expense simultaneously with receiving the employee's services and no additional provision is required in the financial statements except for the unpaid contribution.

P. Share-based payments:

Where equity settled share options are awarded to employees, the fair value of the options calculated at the grant date based on the share fair price is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense charged is not adjusted for failure to achieve a market vesting condition.

Q. Research and Development:

Costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

1. The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
2. Its intention to complete and its ability and intention to use or sell the asset.
3. How the asset will generate future economic benefits.
4. The availability of resources to complete the asset.
5. The ability to measure reliably the expenditure during development.

During the years 2016, 2015 and 2014 the company didn't stand in the following criteria therefore all research and development recognized as expenses.

R. Operating Segment

The company currently conduct its operation through one operating segment.

S. New IFRSs in the period prior to their adoption:

IFRS 9 Financial Instruments:

In July 2014, the IASB issued the final and complete version of IFRS 9, "Financial Instruments" ("IFRS 9"), which replaces IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 mainly focuses on the classification and measurement of financial assets and it applies to all assets in the scope of IAS 39. According to IFRS 9, all financial assets are measured at fair value upon initial recognition. In subsequent periods, debt instruments are measured at amortized cost only if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect the contractual cash flows.
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement of all other debt instruments and financial assets should be at fair value. IFRS 9 establishes a distinction between debt instruments to be measured at fair value through profit or loss and debt instruments to be measured at fair value through other comprehensive income. Financial assets that are equity instruments should be measured in subsequent periods at fair value and the changes recognized in profit or loss or in other comprehensive income (loss), in accordance with the election by the Company on an instrument-by-instrument basis. If equity instruments are held for trading, they should be measured at fair value through profit or loss.

According to IFRS 9, the provisions of IAS 39 will continue to apply to de-recognition and to financial liabilities for which the fair value option has not been elected.

According to IFRS 9, changes in fair value s of financial liabilities which are attributable to the change in credit risk should be presented in other comprehensive income. All other changes in fair value should be presented in profit or loss. IFRS 9 also prescribes new hedge accounting requirements.

IFRS 9 is to be applied for annual periods beginning on January 1, 2018. Early adoption is permitted.

The Company is evaluating the possible impact of IFRS 9 but does not anticipate having a material impact on the financial statements.

IFRS 15 - "Revenue from Contracts with Customers" (hereafter - IFRS 15):

Upon first time application, IFRS 15 shall replace other IFRS provisions relating to revenue recognition. The core principle of IFRS 15 is that an entity will recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 sets out a single revenue recognition model, according to which the entity shall recognize revenue in accordance with the said core principle by implementing a five-step model framework:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when the entity satisfies a performance obligation.

IFRS 15 provides guidance about various issues related to the application of the said model, including:

recognition of revenue from variable consideration set in the contract, adjustment of the price of transaction set in the contract in order to reflect the effect of the time value of money and costs to obtain or fulfil a contract. IFRS 15 extends the disclosure requirements regarding revenue and requires, among other things, that entities disclose qualitative and quantitative information about significant judgments made by management in determining the amount and timing of the revenue. The standard shall be applied retrospectively for annual reporting periods starting on January 1, 2018 or thereafter, taking into account the reliefs specified in the transitional provisions of IFRS 15. Under these provisions, early adoption of the standard is allowed. The Company is still assessing if the implementation of IFRS 15 will have material impact on the financial statements.

	Reviewed 30-Jun-17 USD\$	Pro-forma after Offer USD\$
NOTE 2 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	753,359	3,996,953
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Roots at 30 June 2017		753,359
<i>Subsequent events:</i>		
Cash raised from issue of convertible note		23,988
		23,988
<i>Pro-forma adjustments:</i>		
Proceeds from CDI's issued under this Prospectus		3,850,500
Capital raising costs		(665,549)
		3,184,951
Issue of shares to seed capitalists		34,655
Pro-forma Balance		3,996,953

	Reviewed 30-Jun-17 USD\$	Pro forma after Offer USD\$
NOTE 3. BORROWINGS		
Borrowings	919,908	-
Reviewed balance of Roots at 30 June 2017		919,908
<i>Subsequent events:</i>		
Borrowings from issue of convertible note		23,988
		23,988
<i>Pro-forma adjustments:</i>		
Conversion of convertible note to equity		(943,896)
		(943,896)
Pro-forma Balance		-

NOTE 4 CONTRIBUTED EQUITY AND CAPITAL RESERVE		Pro-forma after Offer USD\$
Contributed equity and capital reserve	-	5,171,011
	Number of shares/CDI's	\$
Fully paid ordinary share capital as at 30 June 2017	15,000,000	1,007,509
<i>Pro-forma adjustments:</i>		
CDI's issued under this Prospectus	25,000,000	3,850,500
Capital raising costs		(665,549)
Conversion of convertible loan	15,000,000	943,896
Bonus shares issued to pre-offer shareholders	1,500,000	-
Shares issued to seed capitalists	4,500,000	34,655
	46,000,000	4,163,502
Pro-forma Balance	61,000,000	5,171,011

Note 5 Reserves		USD\$
Reserves		
Reviewed balance of Roots at 30 June 2017		-
<i>Subsequent events:</i>		
<i>Pro-forma adjustments:</i>		
Issue of 1,500,000 Director Options		222,944
Issue of 180,000 Employee, executive & consultants options		26,753
Issue of Class A Performance Rights		-
Issue of Class B Performance Rights		396,935
Issue of Class C Performance Rights		482,596
Pro-forma Balance		1,129,228

The fair value of the director options to be issued has been calculated using the Black Scholes option valuation methodology. The following inputs were used:

Options to be issued	Director Options
Number of options	1,500,000
Underlying share price (A\$)*	\$ 0.20
Exercise price (A\$)	\$ 0.01
Expected volatility	90%
Expiry date (years)	5.00
Risk free rate	2.16%
Value per option (A\$)	0.193
Value of tranche (A\$)	\$ 289,500
Value of tranche (USD\$)	\$ 222,944

The fair value of the employee options to be issued has been calculated using the Black Scholes option valuation methodology. The following inputs were used:

Options to be issued	Employee, executive and consultants Options
Number of options	180,000
Underlying share price (A\$)*	\$ 0.20
Exercise price (A\$)	\$ 0.01
Expected volatility	90%
Expiry date (years)	5.00
Risk free rate	2.16%
Value per option (A\$)	0.193
Value of tranche (A\$)	\$ 34,740
Value of tranche (USD\$)	\$ 26,753

The fair value of the Class A and Class C performance rights was calculated using the Black Scholes option valuation methodology. This methodology was used as the vesting conditions are not market related. The fair value of the Class B performance rights was calculated using the using the Binomial barrier up and in option pricing model, in conjunction with Hoadley's Parisian Barrier. The following inputs were used:

Performance rights	Class A	Class B	Class C
Item	Class A		
Underlying share price	\$0.20	\$0.20	\$0.20
Exercise Price	nil	nil	nil
Barrier price	-	0.40	-
Risk free rate	1.91%	1.91%	1.91%
Valuation date	14-Aug-17	14-Aug-17	14-Aug-17
Expiry date	14-Aug-20	14-Aug-20	14-Aug-20
Remaining time (years)	3.00	3.00	3.00
Volatility	90%	90%	90%
Conditions	Non-market	Market	Non- Market
Number	3,133,333	3,133,333	3,133,333
Value per Right	\$0.200	\$0.165	\$0.200
Value per Tranche (A\$)	\$626,667	\$515,433	\$626,667
Value per Tranche (USD\$)	\$482,596	\$396,935	\$482,596

	Reviewed 30-Jun-17 USD\$	Pro forma after Offer USD\$
NOTE 6. ACCUMULATED LOSSES		
Accumulated losses	(1,681,620)	(2,784,095)
Reviewed balance of Roots at 30 June 2017		(1,681,620)
<i>Subsequent events:</i>		
Subsequent events:		-
<i>Pro-forma adjustments:</i>		
Issue of Class A Performance Rights		-
Issue of Class B Performance Rights		(396,935)
Issue of Class C Performance Rights		(482,596)
Issue of Director Options		(222,944)
Issue of employee, executives and consultants options'		(26,753)
		(1,102,475)
Pro-forma Balance		(2,784,095)

NOTE 7: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

NOTE 8: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

9. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

9.1 Directors

Sharon Devir **CEO and Executive Chairman**

Dr Devir is a Co-Founder and Chief Executive Officer of Roots. He previously co-founded Sailcrop, an abiotic stress seed treatment technology as well as Rimonim, an Agri-Tech fund. Dr Devir was the former Chief Executive Officer of NGT, a technology incubator which sold a company Flourinex to Colgate for US\$100 million. He was also the Former Chief Scientific Officer of AFIMILK dairy management systems and he has lectured at The Hebrew University, Israel on behalf of the Agriculture Faculty. Dr Devir's achievements led to being awarded the "Man of the Year" award by Israeli TV Channel 2 and the Daily "Yediot Acharonot" newspaper for his Unique Social Contribution.

Dr Devir holds a Ph.D in Agriculture and Environmental Sciences from Wageningen University, the Netherlands, a Bachelor of Science and a Masters of Science from the Technion Institute of Technology, Israel.

Dr Devir will not be an independent director.

Boaz Wachtel **Co-Founder, R&D and Business Development, Executive Director**

Mr Wachtel is the Co-Founder and Executive Director of Roots. Mr. Wachtel is the inventor of irrigation by condensation (NASA Tech Brief magazine- Technologies of the Month) and root zone heating and cooling - ROOTS's core technologies. He has published 25 publications focussing on water and he is a frequent lecturer on agricultural technology, Middle East water issues and sustainability. He is a former assistant army attaché to the Israeli Embassy in Washington DC and has lectured at the UN conflict resolution conference. Mr Wachtel holds a Masters in Management and Marketing from the University of Maryland.

Mr Wachtel co-founded two ASX listed medical cannabis companies; MMJ Phytotech Limited and Creso Pharma Limited, which he is currently Non-Executive Chairman of. The Directors do not consider that Mr Wachtel's other directorship will affect his ability to act as an Executive Director of the Company.

Mr Wachtel will not be an independent director.

Tal Youdim **Director**

Currently, Mr Youdim is the Chief Operating Officer and Chief Technology Officer at Youdim Pharmaceuticals Ltd. His position combines business development activities and an active role in Youdim Pharmaceuticals Ltd.'s subsidiaries, mainly, BioShai Ltd., a company actively developing diagnostic biomarker kits for Parkinson's disease, and, Curewize Ltd., a clinical research and commercialisation company aiming to advance the personalized treatment of cancers common to children, adolescents, and young adults.

Mr Youdim holds a B.Sc. in mechanical engineering from the Technion, Israel Institute of Technology in Haifa, Israel. Mr Youdim will not be an independent director.

Mr Youdim will resign from the Board prior to Admission.

Eran Fridman
Director

Mr Fridman joined Roots from its inception. Mr Fridman is part of the Weisman Friedman Industry Development Ltd (**WFI**) group, which specialises in providing high-quality plastic conduit and cellular confinement systems. Mr Fridman has extensive experience in logistic, purchasing and marketing. Currently, he serves as the Chief Executive Officer of WF industries.

Mr Fridman holds a, Bs.C. in Management Information Systems, from the University of Haifa, Israel and an MBA from the Tel Aviv University, Israel. Mr Fridman will not be an independent director.

Mr Fridman will resign from the Board prior to Admission.

9.2 Proposed Directors

Mr Adam Blumenthal, Mr Graeme Smith and Ms Tal Misch Vered will join the Board prior to Admission. The profiles of each of the Proposed Directors are set out below.

Adam Blumenthal
Non-Executive Director

Mr Blumenthal has 10 years' experience in investment banking and corporate finance. He has deep exposure to Australian and international markets, having provided capital raising and financing solutions to an extensive number of unlisted and listed companies. Mr Blumenthal has played a lead role in advising and supporting multiple organisations across a broad spectrum of industries. Using his experience and extensive network of international contacts to provide corporate advisory and capital markets input, he has successfully brought to market several companies and is actively involved in mining, cyber security, agricultural technology, medicinal cannabis, pharmaceutical and information technology sectors.

Mr Blumenthal is a shareholder of EverBlu, the Lead Manager to the Offer and, on 23 August 2017, was appointed as the Chairman on EverBlu.

Mr Blumenthal holds a Bachelor of Commerce, a Masters of International Relations and a Masters of Business Administration. Mr Blumenthal will not be an independent director.

Graeme Smith
Outside Director and Non-Executive Director

Mr Smith is a Melbourne-based, world agriculture and horticulture expert, consultant and lecturer. Mr Smith is a Certified Practicing Agriculturist (CPAG), from the Australian Institute Agricultural Science and Technology. Graeme Smith Consulting has (beginning with Hydroponic Designs Pty Ltd), delivered over 40 protected cropping projects around Australia since 1995. These projects have largely delivered modern greenhouse food production systems ranging from 400m² to 160,000m² in poly tunnels through to modern glasshouses. Most of Mr Smith's food production projects involved full return on, system design, costings, project management, as well as commissioning and ongoing crop advisory services.

Mr Smith is a former Chairman of 'Protected Cropping Working and Advisory Group' for Horticulture Australia Ltd (HAL) and AusVeg Inc. He was the former Chair of UWS Industry Consultative Committee and oversaw the \$3.3 million partnership with HIA which delivered an R&D and training glasshouse to the Hawkesbury, NSW campus. During 2015-2016 he was a Partner in the iFarmGROUP which developed leafy green production systems fully automated from seed to truck. In 2015, Mr Smith was the honoured congress guest speaker at the Greenhouse Growers Conference in Toluca, Mexico. That year he joined as an Equity Partner and Greenhouse Horticultural Technical Advisor for Nectar Farms with plans for 40 hectares of climate resilient glasshouses at both Stawell, Victoria. Mr Smith has been appointed as a Life Member of Protected Cropping Australia, the peak Australian industry body for commercial greenhouse and hydroponics, for his 20 years of committee and board service, including 13 years as President and Chairman.

Tal Misch Vered

Outside Director and Non-Executive Director

Ms Misch Vered is a Certified Public Accountant since 1994. She is currently a board member of four Israeli public companies and an institutional investor as follows: Telsys Ltd. (Chairperson of the financial statements and the compensation committee), Medipower (Overseas) Public (Chairperson of the financial statements committee and the compensation committee), Opal Balance Investments, Ltd. (Chairperson of the financial statements committee and the compensation committee), and Mordechai Aviv, Keren Hishtalmut le Ovdei Medina (Chairperson of the audit committee). The Directors do not consider that Ms Vered's other board memberships will affect her ability to act as a Non-Executive Director of the Company.

Ms Vered holds a BA in Accounting & Economics, and Master's Degree, Magna Cum Laude in Philosophy of Science, both from Tel Aviv University. She is a former co-Chief Executive Officer of Gmul Real Estate Ltd., Emed Real Estate Development and Investment Ltd., and former Chief Financial Officer of Gmul Investment Company Ltd.

9.3 Management, Consultants and Advisers

The Company is aware of the need to have sufficient management to properly supervise its development and research programmes. The Board along with relevant advisers will continually monitor the management roles in the Company.

Currently, in addition to the Board, the Company has appointed the following management, consultants and advisers.

Ehud Raivitz

Head of R&D, Engineering and Manufacturing

Mr Raivitz was until recently the Chief Executive Officer of Elcam Medical, a leading original equipment manufacturer global supplier to medical device and pharmaceutical companies. Mr Raivitz has more than a 20 year track record of revenue and profit growth through organic and merger and acquisition strategies. Mr Raivitz has vast international experience working with global and local companies and deep knowledge in product development and commercialisation processes. Mr Raivitz was the winner of the Manufacturer Association of Israel prize in 2014. Prior to that, he obtained extensive agricultural experience in technology and fertigation. Mr Raivitz received a B.Sc. in

mechanical engineering, Summa Cum Laude, from the Technion and an MBA from Tel Aviv University.

Aviv Hanien
Chief Operating Officer

Aviv Hanien is an experienced Chief Operating Officer and project manager with leading international agricultural and industrial turn-key companies such as LR Group, which has been operating worldwide in the initiation, development, financing, construction, and management of medium and large scale projects in high growth economies. He obtained a Masters of Science in Biology from Hebrew University in Jerusalem. The Directors believe Mr Hanien's experience in leading agricultural projects to successful and timely completion in developing countries and his managerial skills will benefit the Company in his capacity as Chief Operating Officer.

Administration, Customer Care, Mega installation head, Agricultural Research

Gil Atiya
Field Installation and Ales IL

As Roots' installation manager, Gil's experience in computer control and irrigation systems, coupled with his education as a practical Engineer will help Roots achieve its technical goals as well as its sales & marketing goals. Gil is a qualified landscape architect, with managerial and mechanical experience in agricultural machinery, plastic manufacturing and project designs. He is a qualified skipper with proven and unmatched technical and human skills. He speaks fluent Hebrew, English and Arabic.

As the Company's projects require an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company's projects.

The aggregate consideration to be paid by the Company with respect to the engagement of Ehud Raivitz, Aviv Hanin and Gil Atiya is as follows:

- (a) approximately A\$37,000/month for service fees, and up to A\$43,000/month depending upon the achievement of certain milestones; and
- (b) a total 340,000 of Options (of the 700,000 Options to be issued amongst employees of the Company).

9.4 Remuneration of Directors and Proposed Directors

Details of the Directors' and Proposed Directors' remuneration upon completion of the Offer are set out in the table below.

Name	Role/Position	Annual Salary (A\$)
Sharon Devir	Executive Director	A\$48,000
Sharon Devir ¹	CEO	A\$126,000
Boaz Wachtel	Executive Director	A\$42,000
Boaz Wachtel	Strategic consultant	A\$18,000
Tal Youdim ²	Director	Nil

Eran Fridman ²	Director	Nil
Adam Blumenthal	Non-Executive Director	A\$42,000
Graeme Smith	Non-Executive Director	A\$23,300 ^{3,4,5}
Tal Misch Vered	Non-Executive Director	A\$23,300 ^{3,4,5}

Notes:

1. Inclusive of all contributions to be made by the Company and Dr Devir to his study fund,
2. Current Directors Tal Youdim and Eran Fridman will resign from the Board prior to Admission and will therefore not be paid any remuneration following completion of the Offer. Upon Closing of the IPO, Eran Fridman will be engaged to provide plastic development, logistics and business development services to the Company for up to 35 hours per month for a fee of A\$3,500 per month. Refer to Section 10.7(j) for further details.
3. In accordance with the Companies Law and the Companies Honorary Regulations and subject to the Company's Board and shareholders' approval, outside director remuneration will be: (A) Annual compensation of NIS49,410 (about A\$18,500), to be divided into twelve (12) monthly payments; and (B) a participation compensation of NIS3,300 (about A\$1,200) for participation in each meeting of the Board and/or Board committees. These amounts are the maximum remuneration for an expert outside director. This calculation is based on estimation that about four (4) meetings will take place annually, therefore, annual remuneration of each of the outside directors is estimated in about A\$23,300.
4. In accordance with the Companies Law, the Company's Audit Committee will be comprised of at least 3 board members with all the outside directors (Graeme Smith and Tal Misch Vered) serving on the Committee. An outside director will serve as the Chairman of the Committee. The Audit Committee shall supervise the financial and business conduct of the Company.
5. In accordance with the Companies Law the Company's Remuneration Committee will be comprised of at least 3 board members with all the outside directors (Graeme Smith and Tal Misch Vered) serving on the Committee. The outside directors shall constitute the majority of the directors serving on the Remuneration Committee. An outside director will serve as the Chairman of the Committee. The Remuneration Committee shall recommend a remuneration policy to the Company's board.

Please refer to Section 10.7 for further details of the service agreements between the Company and the Directors and Proposed Directors.

9.5 Interests of Directors and Proposed Directors in securities of the Company

The table below sets out the interests of the Directors in the securities of the Company immediately prior to completion of the Offer.

Name	Shares / CDIs ¹	Performance Rights ²	Options ³
Sharon Devir ²	1,755,967	3,000,000	430,490
Boaz Wachtel	4,362,525	1,500,000	1,069,510
Tal Youdim ⁴	2,438,864	150,000	Nil
Eran Fridman ⁵	1,128,677	1,500,000	Nil
Adam Blumenthal	Nil	2,750,000	Nil
Graeme Smith	Nil	Nil	Nil
Tal Misch Vered	Nil	Nil	Nil

Notes:

1. Prior to Admission, immediately after the CDIs are issued, the current Shareholders of the Company (including Directors who are Shareholders) shall be issued with an additional total amount of 1,500,000 bonus Shares on a pro-rata basis. Due to the conditional nature of the bonus Shares, they are not reflected in the above.
2. Prior to Admission, Sharon Devir and Boaz Wachtel will be issued with an aggregate amount of 1,500,000 Options with an exercise price of \$0.01 per Option and on the terms and condition set out in Section 11.6.
3. Refer to Section 11.5 for the terms and conditions of the Performance Rights.
4. Tal Youdim has an indirect shareholding in the Company of 2,438,864 Shares through Youdim Pharmaceutical Ltd (formerly Abital Pharma Pipelines Ltd).
5. Eran Fridman has an indirect shareholding of 1,128,677 Shares through Mr Yoel Fridman (his father).

9.6 Corporate Governance

This Section explains how the Board will manage the Company's business.

The Board oversees the Company's business and is responsible for the overall corporate governance of the Company. It monitors the operational, financial position and performance of the Company and oversees its business strategy, including approving the strategy and performance objectives of the Company.

The Board is committed to maximising performance and generating value and financial returns for Shareholders. To further these objectives, the Board has created a framework for managing the Company, including the adoption of relevant internal controls, risk management processes and corporate governance policies and practices which the Board believes are appropriate for the business and which are designed to promote the responsible management and conduct of the Company.

The main policies and practices adopted by the Company, which will take effect from Admission, are summarised below. There are also important governance requirements set out in the Articles of Association (see Section 11.3 for further details).

Composition of the Board of directors

Following Admission, the Board shall be comprised of one (1) non-executive Director two (2) executive Directors (one of them is the Company's Chief Executive Officer and the Chairman) and two (2) outside non-executive Directors. Biographies of the Directors and Proposed Directors are set out in Section 9.1.

Sharon Devir shall serve as an executive Director, Chairman of the Board as well as the Company's Chief Executive Officer. Boaz Wachtel shall serve as an executive Director. Adam Blumenthal shall serve as a non-executive Director. Graeme Smith and Tal Misch Vered shall serve as outside Directors.

Each Director and Proposed Director has confirmed to the Company that he anticipates being available to perform his or her duties as a Director, without constraint from other commitments.

Independence of the Board

The Board is responsible for the overall governance of the Company. The Board considers issues of substance affecting the Company, with advice from external advisers as required. Each Director must bring an independent view and judgement to the Board and must declare all actual or potential conflicts of interest on an ongoing basis. Any issue concerning a Director's ability to properly act as a Director must be discussed at a Board meeting as soon as practicable, and a Director may not participate in discussions or resolutions pertaining to any matter for which the Director has a material personal interest.

Board Charter

The responsibilities of the Board are set out in the Company's Board Charter, which has been prepared having regard to the ASX Corporate Governance Principles and Recommendations.

Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration arrangements

In accordance with the requirements of the Companies Law, the Company must establish a separate remuneration committee, which must include all outside Directors then serving on the Board. The outside Directors must also comprise a majority of the Remuneration Committee, and an outside Director must serve as the chair.

In addition to the requirements under the Companies Law, the Remuneration Committee is governed by the Remuneration Committee charter established by the Board, which is subject to review by the Board at any time. The Remuneration Committee is charged with the responsibility of, amongst other things:

- (a) reviewing and approving the executive remuneration policy, in accordance with the Companies Law, to enable the Company to attract and retain executives and Directors who will create value for Shareholders;
- (b) ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- (c) recommending to the Board the remuneration of executive Directors in accordance with the remuneration policy;

- For personal use only
- (d) fairly and responsibly rewarding executives having regard to their performance of the Company, the performance of the executive and the prevailing remuneration expectations in the market;
 - (e) reviewing the Company's recruitment, retention and termination policies and procedures for senior management;
 - (f) reviewing and approving the remuneration of Director reports to the Chief Executive Officer, and as appropriate the remuneration of other senior executives; and
 - (g) reviewing and approving any equity based plans and other incentive plans.

The Remuneration Committee must also recommend to the Board a policy regarding the terms of engagement of Directors and of specified members of senior management, which is referred to as a "remuneration policy". That remuneration policy must be adopted by the Board, after considering the recommendations of the remuneration committee, and will need to be brought for approval by Shareholders.

Compensation of an outside Director is determined prior to his or her appointment.

Diversity Policy

This policy sets out the Company's objectives for achieving diversity amongst its Board of Directors, management and employees.

Continuous Disclosure Policy

Once listed on the ASX, the Company will need to comply with the continuous disclosure requirements of the ASX Listing Rules to ensure that the Company discloses to the ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the CDIs. As such, this policy sets out certain procedures and measures that are designed to ensure that the Company complies with its continuous disclosure obligations.

Securities Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

External audit

In accordance with the requirements of the Companies Law, the Company must establish a separate Audit Committee, which must include all outside Directors then serving on the Board. The outside Directors must also comprise a majority of the Audit Committee, and an outside Director must serve as the chair.

In addition to the requirements under the Companies Law, the Audit Committee is governed by the audit and risk committee charter established by the Board, which is subject to review by the Board at any time.

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Company from time to time will review the scope, performance and fees of those external auditors.

9.7 ASX Corporate Governance Principles

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released corporate governance principles and recommendations for ASX listed entities in order to promote investor confidence and to assist companies to meet stakeholder expectations. The recommendations are not prescriptive, but are guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the recommendations in the reporting period. Where it has not followed a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

The Board anticipates that it will follow all of the recommendations of the ASX Corporate Governance Council following admission to the Official List, except as follows:

Recommendation 1.5

The Company has adopted a Diversity Policy, however due to the Company's current stage of development and its number of employees, the Company may face particular issues in relation to setting, reviewing, assessing and reporting on certain diversity measures. Consequently, the Company will not comply with Recommendation 1.5 in full.

Recommendations 2.1, 7.3

Immediately following the Offer the Board will appoint an Audit Committee, and a Remuneration Committee. The roles and responsibilities of these Committees are outlined in the Companies Law. The Board will devote time to discuss Board succession issues and to fulfil the roles and responsibilities associated with both maintaining the Company's internal audit functions and arrangements with external auditors. The Board will devote time to discuss setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive. All members of the Board are involved in the Company's nomination process to the maximum extent permitted under the ASX Listing Rules. Due to the magnitude of the Company's operations, the Company does not currently have an internal audit function. The Audit and Risk Committee Charter of the Company's Corporate Governance Plan provides for a future internal audit function of the Company in the Audit and Risk Committee charter.

Recommendation 2.4

Sharon Devir, Boaz Wachtel and Adam Blumenthal are not considered to be independent directors due to their respective executive roles on the Board. As such, the majority of the Board (including the Chairman) are not independent Directors as required by Recommendation 2.4. The Board, having regard to the Company's stage of development and the collective experience and expertise of the Directors, considers the current composition of the Board appropriate. The

Board will also look to appoint additional independent outside Directors once the Company's operations are considered to be of sufficient magnitude to warrant such appointments.

10. MATERIAL CONTRACTS

Key terms and conditions of contracts which may be material in terms of the Offer, or the operation of the business of the Company, are summarised below.

10.1 Investment Agreements

(a) **Founders Investment Agreement by and between Youdim, Company, Sharon Devir and Boaz Wachtel dated 28 October 2012**

- (i) The Company was founded as required by the Rules and Regulations of the Chief Scientist of the Ministry of Industry, Trade and Labor, in the matter of operations at an Incubator (Youdim Pharmaceutical Ltd.).
- (ii) The Company shall operate on the premises of the incubator commencing on November 2012, for a period of 24 months.
- (iii) All rights to the know-how that is required for the development and commercialisation of the product are held by International Water & Energy Savers Ltd., a company owned by Boaz Wachtel, and they shall be assigned to the Company upon the commencement of the operations in the Incubator.
- (iv) Youdim shall provide the supplementary financing, in the amount of NIS300,000 (about A\$112,000) and shall be divided into equal instalments throughout the 24-month term.
- (v) The Company paid to Youdim a monthly fee of 20% of the employees' salaries on the basis of the Chief Scientist's approved budget; this monthly fee was for services provided by Youdim to the Company, these services included but were not limited to, rent, electricity, water and cleaning services.
- (vi) A right of first refusal with regard to equity financings, selling holdings and joint partnerships was granted to Sharon Devir, Boaz Wachtel and Youdim Pharmaceutical Ltd.

(b) **Investment Agreement by and between the Company and each of Yoel Fridman, Eran Fridman, Tomer Weisman, and Yacov Weisman (the "WF Investors") dated 15 August 2013**

- (i) The WF Investors invested in the Company an aggregate amount of NIS800,000 (about A\$298,000) in 4 separate equal instalments of NIS200,000 (about A\$74,500).
- (ii) The Company issued each of WF Investors an equal amount of Shares, with a price per share of NIS 12 (about A\$4.20), which represented 32% of the issued Share capital of the Company at the time.
- (iii) Weisman-Friedman Industry WFI Development Ltd. (**WFI**) serves as the preferred supplier of some of the Company's services and products and the Company has undertaken to confer upon WFI a first right to sell to the Company's products and services provided by WFI, as follows:

- (A) Products sold by WFI shall be sold to the Company at market prices and in competitive terms with the same quality compared to the alternatives.
 - (B) Should the Company find another supplier, at a lower price with the same quality, the Company shall be entitled not to order such products from WFI, but purchase them from a third party, after giving WFI the opportunity to match the price and terms offered.
- (c) **Convertible Loan Trust Deed dated 5 April 2017**
 - (i) The Company and Roots Agricultural International Pty Ltd (ACN 616 367 938) entered into a convertible loan trust deed pursuant to which Roots Aus agreed to act as trustee of the trust constituted by the Convertible Loan Trust Deed for the purpose of the Company collecting up to A\$1,200,000 in funds pursuant to a convertible loan (**Convertible Loan Trust Deed**).
 - (ii) Upon Admission, and subject to the satisfaction of the condition in the Convertible Loan Trust Deed, the loan funds shall be used for payment for the subscription of CDIs by the lenders at a price equal to A\$0.08 per CDI. The Company shall allot and issue the relevant CDIs as soon as practicable after satisfaction of the condition - that ASX approval for the Company to be admitted to the Official List on terms acceptable to the company is received on or before 31 December 2017 (**Condition**) - and, in any event, no later than five (5) business days after the satisfaction of the Condition.
 - (iii) In the event that the Condition is not satisfied on or prior to the 31 December 2017 (or such later date as is agreed in writing between the Company and Roots Agricultural International Pty Ltd. (the **Trustee**), the Company shall, at its sole discretion:
 - (A) at any time prior to 31 January 2019 repay the convertible loan plus simple interest at a rate of 3% per annum calculated from 31 December 2017 until the date of repayment; or
 - (B) upon the closing of an investment round for which a term sheet providing for the investment in the Company of US\$1,000,000 or more was entered into before 31 January 2019 (a **Qualifying Round**) (provided that the closing of the investment round must have occurred before 30 April 2019 and US\$1,000,000 or more must be invested) convert any part of the convertible loan into Shares on the same terms as the Qualifying Round, (and simultaneously repay the remainder of the convertible loan, if any, plus simple interest at a rate of 3% per annum calculated from 31 December 2017); or
 - (C) if no Qualifying Round term sheet is entered into before 31 January 2019, convert any part of the convertible loan into Shares at a price per Share of A\$0.12, and simultaneously repay the remainder of the convertible

loan, if any, plus simple interest at a rate of 3% per annum calculated from 31 December 2017,

provided that any Shares issued pursuant to the above Convertible Loan Trust Deed shall be issued to the Trustee and held by the Trustee for the benefit of the lenders.

The trust will terminate, on the earlier of the date of one month after the conversion of all of the loan funds and the payment of all costs, charges and expenses incurred by the Trustee.

10.2 Material Business Contracts

(a) Lease Agreement by and between the Company and Preger Galily dated 1 February 2013, as amended on 5 September 2017

- (i) The Company is party to a lease agreement for its offices in Israel which commenced in 2013 and has, most recently, been extended, including an option for further extensions until 4 September 2022.
- (ii) Prior to Company's Admission, the monthly rent payable by the Company is NIS4,000 (about A\$1500).
- (iii) Subject to the Company's Admission, the Company will lease additional space for its offices, pursuant to such the monthly rent payable by the Company will increase to NIS4,500 (about A\$ 1700)

(b) Services Agreement by and between the Company and Gview Financial Services Ltd. effective as of 8 June 2017

- (i) This agreement outlines the services to be provided by Gview Financial Services Ltd.
- (ii) Pursuant to the agreement, Gview Financial Services Ltd. will provide certain financial and bookkeeping services to the Company for a fee of US\$5,000 (approximately A\$6,500) per month. Post-Admission, this fee will increase to US\$6,000 (approximately A\$7,800) per month and A\$1,066 per month for bookkeeping services.
- (iii) Pursuant to the agreement, and from the date of commencement of trading, the liability of Gview Financial Services Ltd. shall not exceed an amount equal to two monthly fees.

10.3 Mandate with EverBlu Capital

- (a) The Company has entered into an exclusive lead manager mandate (**Mandate**) with EverBlu Capital Pty Ltd (**EverBlu**) pursuant to which EverBlu has agreed to provide services to the Company including acting as Lead Manager in relation to the Offer. A summary of the key terms of the Mandate are set out below:

- (i) (**Term**): The Mandate is effective from 1 February 2017 and will continue for a period of 18 months from Closing of the IPO unless terminated earlier in accordance with its terms.

- (ii) **(Termination):** The Mandate may be terminated by either party by 30 days' prior notice.
- (iii) **(Fees):** The Company has agreed to pay EverBlu the following fees and issue EverBlu the following securities under the Mandate;
- (A) **(Monthly Marketing & Corporate Advisory Fee)** – Upon successful listing, and in consideration for corporate advisory services until completion of the engagement, the Company will pay EverBlu a monthly retainer of A\$10,000.
 - (B) **(Capital Raising Fees)** - A capital raising fee of 4% of the gross proceeds raised in connection with the Convertible Loan Trust Deed and the Offer.
 - (C) **(Management Fee)** – A management fee of 2% of the gross proceeds raised in connection with the Convertible Loan Trust Deed and the Offer.
- (iv) **(Expenses):** EverBlu will also be entitled to reimbursement of its reasonable travel and other out of pocket expenses incurred in respect of the Offer. EverBlu must obtain the Company's consent prior to incurring any single expenses greater than \$1,000.

The Mandate contains various other terms and conditions that are considered standard for an agreement of this nature.

As noted elsewhere in this Prospectus, Proposed Director, Adam Blumenthal, is a shareholder of EverBlu and, on 23 August 2017, was appointed as the Chairman on EverBlu.

10.4 Services Agreement by and between the Company and Mirador Corporate Pty Ltd. ("Mirador")

- (a) The agreement was effective from 1 April 2017.
- (b) Mirador will provide:
 - (i) company secretarial services to the Company including, but not limited to, appointing a Company Secretary, providing guidance to directors, coordinating and organising board meetings and preparing documents for ASIC filing;
 - (ii) administrative and limited bookkeeping services;
 - (iii) services in relation to, and act as, the local agent for the Company pursuant to the Corporations Act.
- (c) The Company shall pay Mirador a fee of A\$20,000 for all pre-Offer services and a monthly retainer of A\$6,000 following completion of the Offer.
- (d) The following one-off fees will be payable should the following events occur during the engagement:

- (i) management and completion of the Company's annual and half-year financial report based on Roots CFO data in accordance with the ASX Listing Rules: \$A2,000/report;
 - (ii) extraordinary general meetings (excluding the annual general meeting): \$A2,500;
 - (iii) placements: \$A2,000; and
 - (iv) rights issues: \$A3,500 annually .
- (e) The services will continue unless terminated by mutual agreement or by either party giving 60 days' notice in writing.

10.5 Documents pertaining to the Israel Innovation Authority (formerly the Office of the Chief Scientist)

Roots has engaged with the Israeli Innovation Authority (formerly the OCS) via the following two programs:

- 1) Under the Technological Incubator Program #46595 (initial approval dated 1 November 2012).
- 2) Pursuant to Sections 17 (d) and 50 of the Law for the Encouragement of Industrial Research and Development, 5744-1984 – Program # 53792 (approval dated 1 September 2014).

The summaries of agreements set out below relate to these two programs.

(a) **Letter of Undertaking by and between the Company and Office of the Chief Scientist dated 1 November 2012, Technological Incubator program # 46595**

- (i) Pursuant to this letter, the Company is obligated to notify the OCS of the following:
 - (A) any change of control of the Company;
 - (B) any change of the holdings of the Company which makes any non-Israeli citizen or non-Israeli resident or foreign company acquire personal interest in the Company.
- (ii) The Company will pay the OCS from any income received due to its products developed in the incubator program, or any by-product developed from the product including related services until the government funding is fully repaid.
- (iii) The Company will not transfer knowledge or production means in relation to its products without the OCS's approval.
- (iv) Any substantial change to the project must be reported to the OCS.

(b) **Letter of Undertaking by and between the Company and Office of the Chief Scientist dated 1 September 2014, program # 35792**

- (i) Pursuant to this letter, the Company:

- (A) must not transfer the know-how, the rights arising therefrom and manufacturing rights deriving from the research and development, without the approval of the Research Committee of the OCS; and
 - (B) must pay royalties and file all reports in accordance with the provisions of the Law and the Regulations for the Encouragement of Research and Development in Industry (Rate of Royalties and Rules for their Application), 5756-1996.
- (ii) Royalties are to be paid from all Company's revenues.
 - (iii) The Company has undertaken to comply with intellectual property laws, as applicable from time to time in Israel.

10.6 Agreements with Directors and Related Parties

The following forms and terms of engagement have been approved by the Board and Shareholders of the Company and have been executed but are subject to the Closing of the IPO.

- (a) **Director Offer Letter by and between the Company and Sharon Devir to act as an Executive Director**
 - (i) The agreement will commence upon the Closing of the IPO.
 - (ii) The Company will pay Dr Devir total fees of A\$4,000 per month. Dr Devir will also be reimbursed for all expenses incurred in the performance of his duties.
 - (iii) The Company will issue to Dr Devir 3,000,000 Performance Rights prior to Admission.
- (b) **Employment Agreement by and between the Company and Sharon Devir to act as Chief Executive Officer**
 - (i) The agreement will commence upon the Closing of the IPO.
 - (ii) The Company will pay Dr Devir total fees of A\$9,000 per month based upon a part-time capacity of 90% per month.
 - (iii) Mr. Devir shall be compensated for monthly travel in the amount of A\$1,500 a month.
 - (iv) The notice period shall be 90 days before termination.
 - (v) Subject to the applicable tax restrictions, the Company shall make monthly contributions to a recognised advanced study fund of an amount equal to 7.5% of the salary. The Company will also deduct 2.5% of the salary and transfer these monies to the study fund. Dr Devir's total fees of A\$9,000 included these payments.
 - (vi) The agreement contains provisions including confidentiality and non-competition which are customary in agreements of this type.

- (c) **Director Offer Letter by and between the Company and Boaz Wachtel to act as an Executive Director**
- (i) The agreement will commence upon the Closing of the IPO.
 - (ii) The Company will pay Mr Wachtel fees of A\$3,500 per month. Mr Wachtel will also be reimbursed for all expenses incurred in the performance of his duties.
 - (iii) In addition, the Company will issue to Mr Wachtel 1,500,000 Performance Rights prior to Admission.
- (d) **Employment Agreement by and between the Company and Boaz Wachtel to act as Business Development Director**
- (i) The agreement will commence upon the Closing of the IPO.
 - (ii) The Company will pay Mr Wachtel total fees of A\$1,500 for 35 work hours per month.
 - (iii) The notice period shall be 90 days before termination.
 - (iv) The agreement contains provisions including confidentiality and non-competition which are customary in agreements of this type.
- (e) **Agreement by and between the Company and Adam Blumenthal to act as a Non-Executive Director**
- (i) The agreement will commence upon the Closing of the IPO.
 - (ii) The Company will pay Mr Blumenthal fees of A\$3,500 per month. Mr Blumenthal will also be reimbursed for all reasonable expenses incurred in the performance of his duties.
 - (iii) In addition, the Company will issue to Mr Blumenthal 2,750,000 Performance Rights prior to Admission.
- (f) **Agreement by and between the Company and Graeme Smith to act as a Non-Executive Director**
- (i) The term of the agreement is for three (3) years and will commence upon the Closing of the IPO.
 - (ii) The Company will pay Mr Smith fees of:
 - (A) A\$18,500 per annum, to be divided into twelve (12) monthly payments; and
 - (B) A\$1,200 for his participation in each meeting of the Board and/or Board committees.
- Mr Smith will also be reimbursed for all expenses incurred in the performance of his duties.

- (iii) The term of the appointment is for three (3) years with the option of two (2) extensions, each extension for an additional three (3) years. The agreement may be terminated in accordance with the Companies Law.

(g) **Agreement by and between the Company and Tal Misch Vered to act as a Non-Executive Director**

- (i) The term of the agreement is 3 years and will commence upon the Closing of the IPO.
- (ii) The Company will pay Ms Misch Vered fees of:
- (A) A\$18,500 per annum, to be divided into twelve (12) monthly payments; and
- (B) A\$1,200 for her participation in each meeting of the Board and/or Board committees.

Ms Misch Vered will also be reimbursed for all reasonable expenses incurred in the performance of her duties.

- (iii) The term of the appointment is for three (3) years with the option of two (2) extensions, each extension for an additional three (3) years. The agreement may be terminated in accordance with the Companies Law.

(h) **Services Agreement by and between the Company and Eran Fridman**

- (i) The agreement will commence upon the Closing of the IPO.
- (ii) Pursuant to the agreement, Mr Fridman will provide the Company with plastic development, logistics and business development services.
- (iii) The Company will pay Mr Fridman fees of A\$3,500 for up to 35 monthly work hours, Mr Fridman will also be reimbursed for all reasonable expenses incurred in the performance of his duties.
- (iv) In addition, the Company will issue to Mr Fridman 1,500,000 Performance Rights.
- (v) The agreement may be terminated with three (3) months prior notice by either party.
- (vi) The agreement contains provisions including confidentiality and non-competition which are customary in agreements of this type.

(i) **Research and Development Services Agreement (Development Agreement) by and between the Company and Weisman Friedman Industry Development Ltd. ("WFI")**

- (i) The Company and WFI executed the agreement on 13 August 13, 2017 (**Execution Date**). However, it shall become operational (i.e. WFI shall start rendering the services and Roots shall start making payments of the consideration) only upon the consummation of a transaction in which Roots' securities are

being offered and purchased by investors or by the public with proceeds of, or equal to (according to then applicable currency exchange rates), at least A\$5,000,000 (**Financing**).

- (ii) Pursuant to the agreement, WFI will design and develop a new type of isolated roots pipe sections for heat exchange.
- (iii) Within 120 days of the Financing, the parties will enter into a supply agreement which shall include customary provisions such as specification and testing requirements, deliveries and payments and quality.
- (iv) The Company will pay WFI an aggregate total amount of €430,000 (**Consideration**) to be paid in instalments. The first instalment of €110,000 is due upon the consummation of the Financing.
- (v) The agreement may be terminated as follows (each, a **Termination Event**):
 - (A) by the mutual written agreement of the parties at any time;
 - (B) either party may terminate the agreement immediately by providing written notice to the other party upon occurrence of the following event: the other party enters into voluntary or involuntary bankruptcy (liquidation or reorganisation), or receivership or commencement of a similar insolvency proceeding;
 - (C) each party may terminate the agreement if the other party materially breaches any of the provisions of the agreement and fails to remedy such breach within fourteen (14) days after receipt of written notice of such breach;
 - (D) upon the lapse of 180 days following the consummation of the Financing, the parties shall have the right to terminate the agreement, if the Company has not met the following agronomic experiment (the **Field Test**) parameters (cumulative):
 - (I) the Company's crop yields, whether through cooling or heating (according to current temperature) of the roots zone, by a segmented isolated pipe, tested in the Field Test is higher than 20% or more from the Company's crop yields by a regular pipe, tested in the Field Test; and
 - (II) the Company has been able to conserve at least 10% of its energy consumption, as tested in the Field Test, by using a segmented isolated pipe as opposed to a regular pipe (the measurement shall be on the basis of the difference of temperatures from the beginning of the heating bed and the end of the heating bed and water flow).

- (vi) Upon termination, cancellation or expiration of the agreement for any reason that is not a Termination Event:
 - (A) Roots shall be required to pay WFI only such instalments of the Consideration as is due and unpaid through the date of such termination, cancellation or expiration.
 - (B) In the event termination of the agreement has occurred due to breach or misrepresentation of any representation, warranty, undertaking or covenant under the agreement made by a party, then such party shall immediately pay the other party liquidated damages of €150,000.
 - (C) In the event termination of the agreement has occurred according to section 10.6(i)(v)(D) above, Roots shall pay to WFI, promptly upon such termination, a break fee of €60,000.
 - (vii) The agreement contains provisions including confidentiality and non-competition which are customary for agreements of this type.
- (j) **Appointment Letter of Observer Eran Fridman to the Board of Directors**
- (i) The agreement will commence upon the Closing of the IPO.
 - (ii) Pursuant to Article 43 of the Articles of Association, Eran Fridman will be appointed as an observer to the Board.
 - (iii) Eran Fridman will be entitled to receive notices and invitations to the meetings of the Board as well as materials related to such notices and meetings.
 - (iv) Eran Fridman shall be entitled to participate in meetings of the Board.
 - (v) The appointment shall be in effect for as long as Eran Fridman holds, directly or indirectly (through Yoel Fridman, Tomer Weisman and Yacov Weisman) at least 5% of the issued and outstanding share capital of the Company.

11. ADDITIONAL INFORMATION

11.1 Key differences between Israeli and Australian company law

As the Company is not incorporated in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act or by ASIC but instead are regulated by the Israeli Companies Law, 5759-1999 and the Ministry of Justice – Corporations Authority of the State of Israel.

This is a general description of the principal differences between the laws and regulations concerning shares in a company incorporated in Israel as opposed to Australia. It is provided as a general guide only and does not purport to be a comprehensive analysis of all the consequences resulting from acquiring, holding or disposing of such shares or interest in such shares. The laws, regulations, policies and procedures described are subject to change from time to time.

Provisions in this Section 11.1 relating to Israeli law have been prepared by the Company's Israeli lawyers, Shenhav & Co. Advocates & Notary. Provisions in this Section 11.1 relating to Australian law have been prepared by the Company's Australian lawyers, Steinepreis Paganin.

(a) Corporate procedures

In Israel, the regulation of companies is generally governed by the Companies Law.

As with Australian company law, a limited liability company incorporated under the Companies Law in Israel will generally be considered a separate legal entity from its shareholders. Further, certain corporate procedures require approval by a special resolution of shareholders under the Companies Law, including the approval of an extraordinary transaction with a controlling shareholder or the terms of employment or other engagement of a director and the controlling shareholder or such controlling shareholder's relative (even if not extraordinary). In addition, a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganisation, of a company requires the approval of holders of 75% of the voting rights of the Company represented at the meeting.

(b) Transactions requiring shareholder approval

The types of "transactions" that require shareholder approval are governed by the Companies Law and the applicable Articles. Generally speaking, under the Companies Law the following types of transactions will require shareholder approval:

- (i) amendments to the Articles;
- (ii) mergers or consolidations;
- (iii) appointment or removal of company auditors;
- (iv) approval of certain related party transactions; and
- (v) any changes in a company's capital structure such as a reduction of capital, increase of capital or share split.

This is not an exhaustive list but sets out common transactions which require shareholder approval.

(c) **Security holders' right to convene meeting**

Under the Companies Law, a board of directors is required to convene an extraordinary general meeting of shareholders upon the written request of one or more shareholders holding, in the aggregate, either (a) five percent (5%) or more of the outstanding issued shares and one percent of the outstanding voting power or (b) five percent or more of the outstanding voting power.

(d) **Right to appoint proxies**

At a general meeting, every shareholder present in person, proxy or written ballot has one vote for each ordinary share held on all matters submitted to a vote. As detailed in Sections 4.8 and 11.4, holders of CDIs can attend but cannot vote in person at a general meeting, and must instead direct CDN how to vote in advance of the meeting. Any notice of meeting issued to CDI Holders will include a form permitting the holder to direct CDN to cast proxy votes in accordance with the holder's written instructions.

(e) **Changes to rights attaching to securities**

The Companies Law provides that, unless otherwise provided by the Articles, the rights of a particular class of shares may not be adversely modified without the vote of a majority of the affected class at a separate class meeting.

(f) **Takeovers**

In Australia, the Corporations Act governs a takeover. The Corporations Act contains a general rule that a person must not acquire a Relevant Interest in issued voting shares of a company if, because of the transaction, a person's voting power in the company:

- (i) increases from 20% or below to more than 20%; or
- (ii) increases from a starting point, which is above 20% but less than 90%.

Certain exceptions apply, such as acquisitions of Relevant Interests in voting shares made under takeover bids or made with shareholder approval, or creeping acquisitions of 3% per six months.

Australian law permits compulsory acquisition by 90% holders.

In Israel, the Companies Law requires a purchaser to conduct a tender offer in order to purchase shares in publicly held companies, if as a result of the purchase the purchaser would hold more than 25% of the voting rights of a company in which no other shareholder holds more than 25% of the voting rights, or the purchaser would hold more than 45% of the voting rights of a company in which no other shareholder holds more than 45% of the voting rights. The tender offer must be extended to all shareholders, but the offeror is not required to purchase more than five percent of the company's outstanding shares, regardless of how many shares are tendered by shareholders. The tender offer generally may be

consummated only if at least five percent of the voting rights in the company will be acquired by the offeror.

The requirement to conduct a tender offer shall not apply to:

- (i) the purchase of shares in a private placement, provided that such purchase was approved by the company's shareholders for this purpose;
- (ii) a purchase from a holder of more than 25% of the voting rights of a company that results in a person becoming a holder of more than 25% of the voting rights of a company; and
- (iii) a purchase from the holder of more than 45% of the voting rights of a company that results in a person becoming a holder of more than 45% of the voting rights of a company.

In addition, under the Companies Law, a person may not purchase shares of a public company if, following the purchase of shares, the purchaser would hold more than 90% of the company's shares, unless the purchaser makes a tender offer to purchase all of the target company's shares. If, as a result of the tender offer, the purchaser would hold more than 95% of the company's shares and more than half of the offerees that have no personal interest have accepted the offer, the ownership of the remaining shares will be transferred to the purchaser. Alternatively, the purchaser will be able to purchase all shares if the percentage of the offerees that did not accept the offer constitute less than 2% of the company's shares. If the purchaser is unable to purchase 95% or more of the company's shares, the purchaser may not own more than 90% of the shares of the target company.

(g) **Substantial shareholders reporting**

Under Australian law, a shareholder who begins to or ceases to have a "substantial holding" in an ASX listed company, or has a substantial holding in such a listed company and there is a movement of at least 1% in their holding, must give notice to the company and to the ASX. A person has a substantial holding if that person and that person's associates have a Relevant Interest in 5% or more of the voting shares in the company.

Under the securities laws of the State of Israel, substantial shareholder reporting by a company listed and traded on the Tel Aviv Stock Exchange (which will not apply to the Company) applies for shareholders that own 5% or more of the outstanding share capital and at every change of 2% or more thereafter.

(h) **Related party transactions**

In Australia, related party transactions (that is, transactions between a public company and a director, an entity controlled by a director, or a parent company of the public company) are regulated in Australia under the Corporations Act by a requirement for disinterested shareholder approval, unless the transaction is on "arm's length terms", represents no more than reasonable remuneration, or complies with other limited exemptions.

Under the Companies Law, a transaction with an office holder or a transaction in which an office holder has a personal interest generally requires board approval, unless the transaction is an extraordinary transaction, in which case it requires audit committee approval prior to the approval of the board of directors. A director with a personal interest in a matter that is considered at a meeting of the board of directors or the audit committee may attend that meeting or vote on that matter if a majority of the board of directors or the audit committee also has a personal interest in the matter (or if the board or committee chairman determined that such presence is necessary for the presentation of the matter); however, if a majority of the board of directors have a personal interest, shareholder approval is also required. A transaction with an office holder or a transaction in which an office holder has a personal interest also may not be approved if it is adverse to the company's interest.

(i) **Protection of minority shareholders – oppressive conduct**

In Australia, a shareholder may apply to the court under the Corporations Act to bring an action in cases of conduct which is either contrary to the interests of shareholders as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any shareholders in their capacity as shareholder, or themselves in capacity other than as a shareholder. In Israel, a right to apply to the court is also available to shareholders of a company where the affairs of the company are being conducted in a manner oppressive to all or some shareholders or there is a substantial risk that the affairs of the Company will be conducted in such a manner.

(j) **Rights of security holders to bring or intervene in legal proceedings**

Under the Companies Law, a shareholder of the Company is entitled, subject to the fulfilment of various pre-conditions, to bring or intervene in legal proceedings on behalf of the Company. Examples of the pre-conditions under the Companies Law include the requirement that prior notice of the application must be given to the Company and to the chairman of the board of directors, that the action must be brought in good faith and that the action must be in the interest of the Company.

(k) **"Two strikes" rule**

Under Australian law, an ASX listed company is required to hold a "spill vote" if its remuneration report receives a 25% "No" vote at two successive annual general meetings. If the spill vote receives a simple majority, the company must hold a general meeting within 90 days to vote on whether to keep the existing directors.

There is no equivalent rule under the laws of the State of Israel.

11.2 **Litigation**

As at the date of this Prospectus, our Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against our Company.

11.3 Certificate of incorporation, Articles and rights attaching to Shares

A summary of the Company's securities and provisions of its Certificate of Incorporation and Articles, which will apply from the Allotment Date, is set out below. This summary is not intended to be exhaustive.

(a) **Voting**

Unless otherwise indicated herein or required by applicable law, any Shareholders' resolution shall be deemed adopted if approved by an ordinary majority, including without limitation, a merger of the Company or an amendment to the Company's Articles, to the extent permitted by applicable law.

(b) **Dividends**

Subject to the Companies Law, the Board may from time to time declare, and cause the Company to pay, such dividend as may appear to the Board of Directors to be appropriate. Subject to the Companies Law, the Board of Directors shall determine the time for payment of such dividends, and the record date for determining the shareholders entitled thereto.

(c) **Transfer of Shares**

No transfer of Shares shall be registered in the register of Shareholders unless a proper instrument of transfer (in form and substance satisfactory to the Secretary) has been submitted to the Company or its agent, together with any share certificate(s) and such other evidence of title as the secretary may reasonably require, and unless such transfer complies with applicable law and the Company's Articles. Until the transferee has been registered in the register of Shareholders in respect of the shares so transferred, the Company may continue to treat the transferor as the owner thereof. The Board of Directors may, from time to time, prescribe a fee for the registration of a transfer.

(d) **Issue of further Shares**

The unissued shares from time to time shall be under the control of the Board, who shall have the power to issue shares or otherwise dispose of them to such persons, on such terms and conditions (including inter alia terms relating to calls as set forth in Article 11.f) of the Company's Articles), and either at par or at a premium, or, subject to the provisions of the Companies Law, at a discount, and at such times, as the Board of Directors may deem fit, and the power to give to any person the option to acquire from the Company any shares, either at par or at a premium, or, subject to the provisions of the Companies Law, at a discount, during such time and for such consideration as the Board may deem fit.

(e) **Winding-up**

Notwithstanding anything to the contrary in the Company's Articles, a Shareholders' resolution approved by 50.01% of the voting shares represented at such meeting in person or by proxy is required to approve the voluntary winding up of the Company.

(f) **Directors – appointment and removal**

The Board of Directors shall consist of up to five (5) Directors, including two outside Directors (if required under the Companies Law) to be appointed and removed by a simple majority vote of the shareholders.

The requirements of the Companies Law applicable to an outside Director shall prevail over the provisions of the Company's Articles of Association to the extent that the Articles are inconsistent with the Companies Law, and shall apply to the extent that the Company's Articles of Association are silent.

The Directors shall be elected at each annual general meeting and shall serve in office until the close of the next annual general meeting at which one or more Directors are elected, unless their office becomes vacant earlier in accordance with the provisions of the Company's Articles. Outside Directors are appointed for a three year term; the term can be extended twice, each for three years. Each Director shall be elected by a Shareholders' resolution at the annual general meeting by the vote of the holders of a simple majority of the voting power represented at such meeting in person or by proxy and voting on such election; provided, however, that outside Directors shall be elected in accordance with the Companies Law. The elected Directors shall commence their terms immediately upon election, unless a later effective date is stated in the resolution with respect to their election.

Notwithstanding the other provisions of the Company's Articles of Association, one or more Directors may be elected by a Shareholders resolution at an extraordinary general meeting. Any Director appointed or elected in such manner (excluding an outside Director) shall serve in office until the next annual general meeting at which one or more Directors are elected, unless his office becomes vacant earlier in accordance with the provisions of the Company's Articles.

An elected outside Director shall commence his term from the date of the resolution of the general meeting at which he was elected, and shall serve for a period of three (3) years, unless his office becomes vacant earlier in accordance with the provisions of the Companies Law.

A Director may serve for multiple terms, provided, however, that the terms of an outside Director shall be limited in accordance with applicable law.

(g) **Indemnities**

The Company may indemnify an officeholder therein, retroactively or pursuant to an advance undertaking, to the fullest extent permitted by law. Without derogating from the aforesaid the Company may indemnify an office holder the Company for liability or expense imposed on him in consequence of an action made by him in the capacity of his position as an office holder in the Company.

On 2 July 2017 the shareholders of the Company adopted a form of indemnification agreement to be executed upon the closing of the Offer with all current and future members of the Board.

11.4 CHESS Depositary Interests (CDIs)

Details of CDIs and the key difference between holding CDIs and holding the underlying Shares is detailed below:

What are CDIs?

In order for the Shares to trade electronically on the ASX, the Company intends to participate in the electronic transfer system known as CHESS operated by ASX Settlement.

CHESS cannot be directly used for the transfer of securities of companies domiciled in certain foreign jurisdictions. Accordingly, to enable the Shares to be cleared and settled electronically through CHESS, the Company intends to issue depositary interests called CHESS Depositary Interests or CDIs.

CDIs confer the beneficial ownership in foreign securities such as the Shares on the CDI holder, with the legal title to such Shares being held by an Australian depositary nominee.

Who is the depositary nominee and what do they do?

The Company will appoint CDN, a subsidiary of the ASX, and an approved general participant of ASX Settlement to act as its Australian depositary.

CDN will hold legal title to the Shares on behalf of CDI holders. CDN will receive no fees for acting as the depositary for the CDIs.

By completing an Application Form, an Applicant will apply for Shares to be issued to CDN, which will in turn issue CDIs to the Applicant.

What registers will be maintained recording your interests?

The Company will operate a certificated principal register of Shares in Israel and an uncertificated issuer sponsored sub-register of CDIs and an uncertificated CHESS sub-register of CDIs in Australia.

The Company's uncertificated issuer sponsored sub-register of CDIs and uncertificated CHESS sub-register of CDIs will be maintained by Computershare. The branch register is the register of legal title (and will reflect legal ownership by CDN of the Shares underlying the CDIs with the Shares held by CDN recorded on the branch register of Shares in Australia). The two uncertificated sub-registers of CDIs combined will make up the register of beneficial title of the Shares underlying the CDIs.

How is local and international trading in CDIs affected?

CDI holders who wish to trade their CDIs will be transferring the beneficial interest in the Shares rather than the legal title. The transfer will be settled electronically by delivery of the relevant CDI holdings through CHESS. In other respects, trading in CDIs is essentially the same as trading in other CHESS approved securities, such as shares in an Australian company.

What is the CDI: Share ratio?

One CDI will represent an interest in one Share.

What will Applicants receive on acceptance of their Applications?

Successful Applicants will receive a holding statement which sets out the number of CDIs held by the CDI holder and the reference number of the holding. These holding statements will be provided to a holder when a holding is first established and where there is a change in the holdings of CDIs.

How do CDI holders convert from a CDI holding to a direct holding of Shares on the Israeli principal register?

CDI holders who wish to convert their ASX listed CDIs to Shares to be held on the Israeli register can do so by instructing the Company's Share Registry either:

- (a) directly in the case of CDIs on the issuer sponsored sub-register operated by the Company. CDI holders will be provided with a form entitled "Register Removal Request" for completion and return to the Company's Share Registry; or
- (b) through their sponsoring participant (usually their broker) in the case of CDIs which are sponsored on the CHESS sub-register. In this case, the sponsoring broker will arrange for completion of the relevant form and its return to the Company's Share Registry.

The Company's Share Registry will then arrange for the Shares to be transferred from CDN into the name of that holder and a new share certificate will be issued. This will cause the Shares to be registered in the name of the holder on the Company's share register and trading on ASX will no longer be possible. The Shares are not and will not in the near future be quoted on any market in the U.S.

The Company's Share Registry will not charge an individual security holder or the Company a fee for transferring CDI holdings into Shares (although a fee will be payable by market participants). It is expected that this process will be completed within 24 hours, provided that the Share Registry is in receipt of a duly completed and valid removal request form. However, no guarantee can be given about the time for this conversion to take place.

If holders of Shares wish to convert their holdings to CDIs, they can do so by contacting the Company's Share Registry. The Company's Share Registry will not charge a fee to a holder of Shares seeking to convert the Shares to CDIs (although a fee will be payable by market participants).

What are the voting rights of a CDI holder?

If holders of CDIs wish to attend and vote at the Company's general meetings, they will be able to do so. Under the ASX Listing Rules and the ASX Settlement Rules, the Company as an issuer of CDIs must allow CDI holders to attend any meeting of the holders of Shares.

In order to vote at such meetings, CDI holders have the following options:

- (a) instructing CDN, as the legal owner, to vote the Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to the Company's Share Registry prior to the meeting; or
- (b) informing the Company that they wish to nominate themselves or another person to be appointed as CDN's proxy with respect to their Shares underlying the CDIs for the purposes of attending and voting at the general meeting; or
- (c) converting their CDIs into a holding of Shares and voting these at the meeting (however, if thereafter the former CDI holder wishes to sell their investment on ASX it would be necessary to convert the Shares back to CDIs). In order to vote in person, the conversion must be completed prior to the record date for the meeting. See above for further information regarding the conversion process.

As holders of CDIs will not appear on the Company's share register as the legal holders of the Shares, they will not be entitled to vote at Shareholder meetings unless one of the above steps is undertaken.

As each CDI represents one (1) Share, a CDI Holder will be entitled to one vote for every one (1) CDI they hold.

Proxy forms, CDI voting instruction forms and details of these alternatives will be included in each notice of meeting sent to CDI Holders by the Company.

These voting rights exist only under the ASX Settlement Operating Rules. Since CDN is the legal holder of applicable shares but the holders of CDIs are not themselves the legal holder of their applicable shares, the holders of CDIs do not have any directly enforceable rights under the Company's Articles or Certificate of Incorporation.

What dividend and other distribution entitlements do CDI holders have?

Despite legal title to the Shares being vested in CDN, the ASX Settlement Rules provide that CDI Holders are to receive all direct economic benefits and other entitlements in relation to the underlying Shares, these include dividends and other entitlements which attach to the underlying Shares. These rights exist only under the ASX Settlement Rules (which have the force of law by virtue of the Corporations Act).

It is possible that marginal differences may exist between the resulting entitlement of a CDI Holder and the entitlements that would have accrued if a CDI Holder held their holding directly as Shares. As the ratio of CDIs to Shares is not one-to-one and any entitlement will be determined on the basis of Shares rather than CDIs, a CDI holder may not always benefit to the same extent, for example from the rounding up of fractional entitlements.

The Company is required by the ASX Settlement Rules to minimise any such differences where legally permissible.

Whilst the Company does not anticipate declaring any dividends in the foreseeable future, should it do so in the longer term, the Company will declare any dividends in US\$ as that is its main functional currency. In that event, the Company will pay any dividends in US\$ or A\$ depending on the country of residence of the CDI holder. If the CDI Holder in Australia wishes to receive dividends in A\$ they must complete an appropriate election form and return it to the Company's Share Registry, no later than the close of business on the dividend record date. All transaction and currency conversion will be paid by the Shareholder.

What corporate action entitlement (such as rights issues and bonus issues) do CDI holders have?

CDI Holders receive all direct economic benefits and other entitlements in relation to the underlying Shares. These include entitlement to participate in rights issues, bonus issues and capital reductions. These rights exist only under the ASX Settlement Rules.

It is possible that marginal differences may exist between the resulting entitlement of a CDI Holder and the entitlements that would have accrued if a CDI Holder held their holding directly as Shares. As the ratio of CDIs to Shares is not one-to-one and any entitlement will be determined on the basis of Shares rather than CDIs, a CDI Holder may not always benefit to the same extent, for example from the rounding up of fractional entitlements. The Company is required by the ASX Settlement Rules to minimise any such differences where legally permissible.

What rights do CDI holders have in the event of a takeover?

If a takeover bid or similar transaction is made in relation to the Shares of which CDN is the registered holder, under the ASX Settlement Rules, CDN must not accept the offer made under the takeover bid except to the extent that acceptance is authorised by the relevant CDI Holder. CDN must ensure that the offeror processes the takeover acceptance of a CDI holder if such CDI Holder instructs CDN to do so.

These rights exist only under the ASX Settlement Rules.

What notices and announcement will CDI holders receive?

CDI Holders will receive all notices and company announcements (such as annual reports) that Shareholders are entitled to receive from the Company. These rights exist only under the ASX Settlement Operating Rules.

What rights do CDI holders have on liquidation or winding up?

In the event of the Company's liquidation, dissolution or winding up, a CDI Holder will be entitled to the same economic benefit on their CDIs as holders of Shares. These rights exist only under the ASX Settlement Rules.

Will CDI holders incur any additional ASX or ASX Settlement fees or charges as a result of holding CDIs rather than Shares?

A CDI Holder will not incur any additional ASX or ASX settlement fees or charges as a result of holding CDIs rather than Shares.

Where can further information be obtained?

For further information in relation to CDIs and the matters referred to above, please refer to the ASX website and the documents entitled:

- (a) "Understanding CHESS Depositary Interests" at: http://www.asx.com.au/documents/settlement/CHESS_Depositary_Interests.pdf
- (b) ASX Guidance Note 5 at: http://www.asx.com.au/documents/rules/gn05_c_hess_depository_interests.pdf

or contact your stockbroker.

11.5 Terms and conditions of Performance Rights

A summary of the terms and conditions of the Performance Rights to be issued to Directors, Proposed Director Adam Blumenthal and employees is set out below:

- (a) **(Entitlement)** Each Performance Right entitles the holder (**Holder**) to subscribe for one CHESS Depositary Interest (representing an interest over fully paid ordinary shares on a 1:1 basis in the capital of the Company (**CDI**) upon satisfaction of the Milestone (defined below) and issue of the Conversion Notice (defined below) by the Holder.
- (b) **(Notice of satisfaction of Milestone)** The Company shall give written notice to the Holder promptly following satisfaction of a Milestone (defined below) or lapse of a Performance Right where the Milestone is not satisfied.
- (c) **(No voting rights)** A Performance Right does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.
- (d) **(No dividend rights)** A Performance Right does not entitle the Holder to any dividends.
- (e) **(No rights to return of capital)** A Performance Right does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) **(Rights on winding up)** A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
- (g) **(Not transferable)** A Performance Right is not transferable.
- (h) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed in a manner consistent with the applicable ASX Listing Rules and Corporations Act at the time of reorganisation.

- (i) **(Application to ASX)** The Performance Rights will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Performance Rights into CDIs, the Company must apply for the official quotation of a CDI issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.
- (j) **(Participation in new issues)** A Performance Right does not entitle a Holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of CDIs such as bonus issues and entitlement issues.
- (k) **(No other rights)** A Performance Right gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Rights

- (a) **(Milestone)** A Performance Right in the relevant class will be able to be converted into a Share by a Holder subject to satisfaction of:
 - (i) **(Class A):** the 12-month anniversary of the Company having been admitted to the Official List of ASX **(Milestone A)**;
 - (ii) **(Class B):** the Company's Share price trading at not less than \$0.40 for 5 consecutive trading days **(Milestone B)**;
 - (iii) **(Class C):** The Company's total sales, calculated from the date that the Company is admitted to the Official List, exceeding AU\$500,000 **(Milestone C)**.
- (b) **(Conversion Notice)** A Performance Right may be converted by the Holder giving written notice to the Company **(Conversion Notice)** prior to the date that is 3 years from the date of issue of the Performance Right. No payment is required to be made for conversion of a Performance Right to a CDI.
- (c) **(Lapse)** If the Milestone is not achieved by the required date or the Conversion Notice not given to the Company by the required date, then the relevant Performance Right will automatically lapse.
- (d) **(Issue of CDIs)** The Company will issue the CDI on conversion of a Performance Right within 10 business days following the conversion or such other period required by the ASX Listing Rules.
- (e) **(Holding statement)** The Company will issue the Holder with a new holding statement for any CDI issued upon conversion of a Performance Right within 10 business days following the issue of the CDI.
- (f) **(Ranking upon conversion)** The CDI into which a Performance Right may convert will rank pari passu in all respects with existing CDIs.

11.6 Terms and conditions of Options

A summary of the terms and conditions of the Options to be issued is set out below:

(a) **Entitlement**

Subject to paragraph (m), each Option entitles the holder (**Optionholder**) to subscribe for one fully paid ordinary share (**Share**) in the capital of Roots Sustainable Agricultural Technologies Ltd (**Company**) upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraphs (j), the amount payable upon exercise of each Option will be \$0.01 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the relevant expiry date listed below (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

Party	Options	Vesting Conditions	Expiry Date
Sharon Devir Chairman	430,490	Fully vested	Five (5) years from the date of grant
Boaz Wachtel Director	1,069,510	Fully vested	Five (5) years from the date of grant
Employees, executives and consultants	340,000	<p>(a) 90,000 Options vest upon completion of a technical milestones as follows: (i) 40,000 Options upon completion of the system head and monitor system on or before 1 May 2018; (ii) 30,000 Options upon completion of a commercial ground source heat exchanger and a set of agricultural smart pipes field tests on or before 1 November 2018; and (iii) 20,000 Options upon completion of the manufacturing of a smart pipe series, on or before 1 June 2019;</p> <p>(b) 90,000 Options vest upon the following sales milestones: (i) 10,000 Options when the Company's Sales (including backlog) directly through JV exceed A\$500,000, on or before 1 November 2018; and (ii) 80,000 Options when the Company's Sales (including backlog) exceed A\$ 2,000,000 (in</p>	Five (5) years from the date of grant

		the aggregate on or before 1 June 2019; and (c) 160,000 Options shall vest on a time basis: (i) 20,000 Option following two years from the date of the Company's admission to the ASX; (ii) 60,000 Options follow three years from the date of the Company's admission to the ASX; and (iii) 80,000 Options following four years from the date of the Company's admission to the ASX.	
Unallocated Employees	360,000	No vesting conditions currently proposed	Five (5) years from the date of grant
Total	2,200,000		

(d) **Exercise Period**

The Options are exercisable at any time on and from the Company advising the holder that the Option has vested in accordance with the vesting conditions of the relevant Option listed above, until the Expiry Date (**Exercise Period**), provided that the holder is employed by or providing services to the Company or any of its affiliates, at all times during the period from grant of the Option until exercise of the Option.

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in the currency of the primary economic environment of either the Company or the holder (in the Company's discretion) by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Termination of the Holder**

- (i) In the event of the termination of the holder's employment or services with the Company or its affiliates (**Termination**), all unvested Options granted to such holder will immediately expire.
- (ii) Unless otherwise determined in the holder's grant notification letter, a vested Option may be exercised during an additional period of time after the date of Termination, if:
 - (A) the Termination is without cause, in which case a vested Option still in force and unexpired may be exercised within a period of 90 days from the date of such Termination;

(B) the Termination is the result of death or disability of the holder, in which event any vested Option still in force and unexpired may be exercised within a period of 12 months after the date of such Termination; or

(C) before the date of such Termination, the Board authorises an extension of the terms of all or part of the vested Options beyond the date of such Termination for a period not to exceed the period during which the Options by their terms would have been exercisable.

(iii) For the avoidance of doubt, where Termination is for cause, any outstanding unexercised Option, whether vested or unvested, will immediately expire.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within 15 business days after the Exercise Date, the Company will:

(i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must no later than 20 business days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors

(i) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Adjustment for rights issue**

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, an Option does not confer the right to a change in Exercise Price.

(m) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares or other securities which must be issued on the exercise of an Option will be increased by the number of Shares or other securities which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(n) **Transferability**

The Options are not transferable, other than by will or in accordance with Israeli laws of decent and distribution.

(o) **Admission to the Official List of ASX**

While the Company is admitted to the ASX, the provisions of the Listing Rules of the ASX will apply to the Plan, and to the extent that the Plan and the ASX Listing Rules are inconsistent, the provisions of the ASX Listing Rules will prevail.

11.7 **Option Scheme**

The key terms and conditions of the Company's 2014 Global Incentive Option Scheme (**Plan**) are set out below:

- (a) The Board has the power to administer the Plan either directly or upon recommendation of the relevant committee.
- (b) The persons eligible to participate in the Plan include employees of the Company, including Directors, and consultants, advisers, service providers of the Company.

- (c) The price at which a Share will be purchased upon exercise of the Option shall be determined by the relevant committee.
- (d) Any Options issued under the Plan are not transferrable or assignable.
- (e) Options granted under the Plan shall terminate on the earlier of: 10 years from the date of grant; the date set forth in the grant notification letter; or the expiration of an extension period (due to termination without cause, or termination as a result of death or disability).
- (f) Each Option shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate.
- (g) Options shall be separately designated as 3(i) Option or Options granted under Section 102 of the Israeli Income Tax Ordinance [New Version], 5721-1961 and any regulation, rules, orders or other procedures promulgated thereunder as now in effect or as hereafter amended (the **Ordinance**).
- (h) Directors of the Company are entitled to participate in the Plan. The 1,500,000 Options to be issued to Sharon Devir and Boaz Wachtel will be subject to the Plan.
- (i) The Plan shall be effective for ten (10) years as of the date it was adopted.
- (j) The Plan is governed by the laws of Israel.

While the Company is admitted to the ASX, the provisions of the ASX Listing Rules of the ASX will apply to the Plan, and to the extent that the Plan and the ASX Listing Rules are inconsistent, the provisions of the ASX Listing Rules will prevail.

11.8 Interests of Directors

Other than as set out in this Section 11.8 or in any other place in this Prospectus, no Director or Proposed Director hold, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or Proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

11.9 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Reinhold Cohn Group has acted as the Patent Attorney and has prepared the Intellectual Property Report which is included in Section 7. The Company estimates it will pay Reinhold Cohn Group a total of A\$7,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Reinhold Cohn Group has been paid fees of approximately A\$6,100 (excluding IL VAT) in relation to other services provided to the Company

BDO Corporate Finance (WA) Pty Ltd has acted as the Investigating Accountant for the Company and has prepared the Investigating Accountant's Report which is included in Section 8. The Company estimates it will pay BDO Corporate Finance (WA) Pty Ltd a total of A\$10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Corporate Finance (WA) Pty Ltd has not received any fees from the Company for any other services.

EverBlu Capital Pty Ltd has acted as the Lead Manager in relation to the Offer. The Company estimates it will pay EverBlu Capital Pty Ltd the fees set out Section 10.3 for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, EverBlu Capital Pty Ltd has not received any fees from the Company for any other services.

Steinepreis Paganin has acted as the Australian solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin A\$100,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received fees from the Company for any other services.

Shenhav & Co. Advocates & Notary has acted as the Israel solicitors in relation to the Offer. The Company estimates it will pay Shenhav & Co. Advocates & Notary A\$80,000 for these services. Subsequently, additional fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Shenhav & Co. Advocates & Notary has received fees of approximately A\$50,000 from the Company for other services.

11.10 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Reinhold Cohn Group has given its written consent to being named as the Patent Attorney in this Prospectus, the inclusion of the Intellectual Property Report in Section 7 in the form and context in which the report is included. Reinhold Cohen Group has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

BDO Corporate Finance (WA) Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 8 in the form and context in which the information and report is included. BDO Corporate Finance (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

EverBlu Capital Pty Ltd has given its written consent to being named as the Lead Manager in this Prospectus. EverBlu Capital Pty Ltd has not withdrawn its consent prior to the lodgment of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgment of this Prospectus with the ASIC.

Shenhav & Co. Advocates & Notary has given its written consent to being named as the Israeli solicitors to the Company in this Prospectus. Shenhav & Co. Advocates & Notary has not withdrawn its consent prior to the lodgment of this Prospectus with the ASIC.

BDO Tel Aviv has given its written consent to being named as the auditor in this Prospectus. BDO Tel Aviv has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Automic Registry Services has given its written consent to being named as the share registry to the Company in this Prospectus. Automic Registry Services has not withdrawn its consent prior to the lodgment of this Prospectus with the ASIC.

The Proposed Directors have each given their written consent to being named as the proposed directors of the Company and to all other information relevant to them in this Prospectus. The Proposed Directors have not withdrawn their consents prior to the lodgement of this Prospectus with the ASIC.

11.11 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately A\$864,237 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Full Subscription (\$)
ASIC fees	2,400
ASX fees	72,000
Lead Manager Fee*	300,000
Legal Fees	180,000
Patent Attorney's Fees	7,000
Investigating Accountant's Fees	10,000
Audit Fees	101,274
Printing and Distribution	5,000
Miscellaneous**	186,563
TOTAL	864,237

* The Lead Manager may pass on some of these fees to brokers that assist with raising funds under the Offer. Broker commissions will only be paid on applications made through a licensed securities dealers or Australian financial services licensee and accepted by the Company (refer to Section 4.14 for further information).

** Consisting of Company secretary fees, road show expenses, investor relations, marketing and communications in Australia and Israel, travel, translations, Chief Financial Officer expenses .

11.12 Foreign Company Registration in Australia

The Company is registered as a foreign company in Australia pursuant to the provisions of the Corporations Act. The Company's ARBN is 619 754 540. Mirador Corporate Pty Ltd is appointed to act as the Company's local agent in Australia.

11.13 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer (assuming full subscription) are set out in the respective tables below.

As at the date of this Prospectus

Shareholder	Shares	Options ¹	Performance Rights ²	% (undiluted)
Boaz Wachtel	4,362,525	0	0	29.08 ³

On completion of the Offer with Minimum Subscription (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer)

Shareholder	Shares ⁴	Options ¹	Performance Rights ²	% (undiluted)
Boaz Wachtel	4,798,778	1,069,510	1,500,000	7.87

Notes:

1. Prior to Admission, Boaz Wachtel and Sharon Devir will be issued with an aggregate amount of 1,500,000 Options with an exercise price of \$0.01 per Option and on the terms and conditions set out in Section 11.6. Mr Wachtel will be issued with 1,069,510 Options.
2. The Company will issue 1,500,000 Performance Rights to Mr Wachtel prior to Admission. Refer to Section 11.5 for the terms and conditions of the Performance Rights.
3. This figure is based on the number of Shares on issue as at the date of this Prospectus, being 15,000,000 Shares. Prior to Admission, an additional 46,000,000 Shares/CDIs are intended to be issued. Refer to Section 4.3 for further information.
4. This figure includes the pro-rata issue of bonus Shares among the Company's current shareholders which will take place prior to Admission, immediately after the CDIs the subject of this Offer are issued. On a pro-rata basis, Mr Wachtel will be issued with an additional 436,253 Shares.

11.14 Company Tax Status and Financial Year

The Company is registered in Israel. The Company is not a tax resident of Australia. The financial year of the Company ends on 31 December of each year.

11.15 Continuous disclosure obligations

Following Admission of the Company to the Official List, the Company will be a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

11.16 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.rootssat.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

11.17 Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

11.18 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

11.19 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (as amended), the Corporations Act and certain rules such as the ASX Settlement Rules. You should note that if you do not provide the information required on the application for CDIs, the Company may not be able to accept or process your application.

12. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Dr Sharon Devir
CEO and Executive Chairman
For and on behalf of
ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD

13. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

A\$ or \$ means Australian dollars.

Admission means admission of the Company to the Official List, following completion of the Offer.

Allotment Date means the date on which the CDIs are allotted under the Offer.

Articles means the articles of association of the Company adopted on 13 August 2017.

Applicant means a person who submits an Application Form.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

Application means a valid application for CDIs under the Offer made pursuant to an Application Form.

Application Monies means application monies for CDIs under the Offer received and banked by the Company.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Corporate Governance Principles and Recommendations means the corporate governance principles and recommendations of the ASX Corporate Governance Council as at the date of this Prospectus.

ASX Listing Rules means the official listing rules of ASX.

ASX Settlement means ASX Settlement Pty Ltd (ACN 008 504 532).

ASX Settlement Rules means ASX Settlement Operating Rules of ASX Settlement Pty Ltd (ACN 008 504 532).

Board means the board of Directors as constituted from time to time.

CDI Holder means a holder of CDIs.

CDIs means CHESS Depositary Interests issued by CDN, where each CDI represents a beneficial interest in one Share, as detailed in Section 4.8.

CDN means CHESS Depositary Nominees Pty Ltd (ABN 75 071 346 506) (AFSL 254514), in its capacity as depositary of the CDIs under the ASX Settlement Rules.

CHESS means the Clearing House Electronic Subregister System.

Closing Date means the closing date of the Offer as set out in the indicative timetable in Section 1.3 (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Closing of the IPO means issue of the CDIs the subject of the IPO following receipt of conditional approval from ASX for the Company to be admitted to the Official List on terms acceptable to the Company.

Companies Law means the Companies Law 5759 – 1999 (Israel).

Company or **Roots** means Roots Sustainable Agricultural Technologies Ltd, a company incorporated in Israel with company registration number 51-426268-2 and registered as a foreign company in Australia (ARBN 619 754 540).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company at the date of this Prospectus.

EverBlu or **EverBlu Capital** or **Lead Manager** means EverBlu Capital Pty Limited (ACN 612 793 683) (AFSL 499601).

Exposure Period means the period of 7 days after the date of lodgement of the prospectus dated 18 September 2017, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

GSHE means ground source heat exchange.

IBC means irrigation by condensation.

IP means intellectual property.

Minimum Subscription means A\$5,000,000.

OCS means the Office of Chief Scientist, Israel.

Offer or **IPO** means the offer of CDIs pursuant to this Prospectus as set out in Section 4.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Opening Date means the date of the Offer opens.

Option means an option to acquire a Share with the terms and conditions set out in Section 11.6.

Optionholder means the holder of an Option.

National Authority means the Israel Innovation Authority (formerly named, the Office of Chief Scientist).

NIS means New Israeli Shekel.

Performance Right means a performance right with the terms and conditions set out in Section 11.5.

PCT means Patent Cooperation Treaty.

Plan means the Company's 2014 Global Incentive Option Scheme.

POC means proof of concept.

Proposed Directors means Adam Blumenthal, Graeme Smith and Tal Misch Vered.

Prospectus means this replacement prospectus.

Relevant Interest has the meaning given in the Corporations Act.

R&D means research and development.

R&D Law means the Encouragement of Research, Development and Technological Innovation Law, 5744-1984 (Israel) and the Regulations for the Encouragement of Research and Development in Industry (Rate of Royalties and Rules for their Application), 5756-1996. **Roots Aus** means Roots Agricultural International Pty Ltd (ACN 616 367 938).

RZTO means root zone temperature optimisation.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

US\$ means US dollars.

WST means Western Standard Time as observed in Perth, Western Australia.