



4 June 2015

Dear Shareholder

SUPPLEMENTARY TARGET'S STATEMENT

This document (**Supplementary Target's Statement**) is issued by Asset Resolution Limited ACN 159 827 871 (**ARL**) pursuant to section 644 of the *Corporations Act 2001* (Cth) in relation to the off-market takeover bid by Hamilton Securities Limited ACN 138 270 201 to acquire all of your shares in ARL.

This Supplementary Target's Statement has been approved by resolution of the Board and supplements and is to be read together with the Target's Statement issued by ARL and dated 19 May 2015 (**Original Target's Statement**).

Unless the context requires otherwise, the defined terms in the Original Target's Statement have the same meaning in this Supplementary Target's Statement.

Since issue of the Original Target's Statement, there have been a number of developments which the Board are of the view are relevant to your decision whether to accept or reject HSL's Offer.

Board Recommendation remains unchanged - REJECT the Offer

Important Developments

Liquidator's Proceedings

The Liquidators have settled proceedings against entities in the Fortress Group identified in the Schedule on page 33 of the Original Target Statement: *Fletcher v Fortress Credit Corp (Aust.) II*, Supreme Court of Queensland proceeding no 3135/12; and *Fletcher (OA) v Drawbridge, Fortress & Ors*, Supreme Court of the State of New York, 14-cv-1376(PKC). The terms of the settlement are confidential and have not been disclosed to the Board.

The result of settlement of these proceedings is that the Liquidators will not be exposed to further ongoing costs that were likely to arise while pursuing these claims. This in turn reduces the risk that cash currently held by OA will be depleted and increases the likelihood that retained cash reserves of OA and OL will be returned to creditors (including ARL) as future dividends.

Further distribution from OA

As at 14 May 2015, OA held cash of approximately \$57 million and had a further \$2.7 million available to it from related entities. ARL's claim represents approximately 8.5% of the creditor pool and subject to further Liquidators' costs to finalise the liquidation of OA, will be entitled to a distribution of net proceeds. The Board does not know how much of this amount will be available for distributions to creditors or how much of this amount ARL can expect to receive.

There are competing interests to be determined in relation to this sum as well as outstanding costs and fees that will be paid in priority to any distribution.

The Board anticipates that the Liquidators will declare from the net proceeds held by OA a further dividend to creditors of approximately 0.9 cents in the dollar in the near future (**Fifth Dividend**). ARL expects to receive approximately \$1.27 million out of this dividend.

Out of the balance cash remaining in OA following payment of the Fifth Dividend, the Board anticipates a further dividend will be declared by the Liquidators in the future, however, the Board is uncertain as to timing and amount.

Repayment of Kooralbyn Resort is pending

The Purchaser has not yet fully discharged their obligations under the Finance Agreement for Kooralbyn Resort by repayment of the outstanding \$1.26 million. The Board is confident that it will receive repayment before the time to undertake the return of capital/dividend on 30 June 2015, but, the Board cannot yet confirm whether the return of capital/dividend will be 0.9 of a cent or 1 cent per ARL Share, the variance is dependent on the receipt of the \$1.26 million.

HSL and its Associates Relevant Interest in ARL is less than 25%

As at 2 June 2015 being the last day prior to issue of this Supplementary Statement, ARL has not yet received notice from HSL confirming that its voting interest in ARL Shares has reached 25% or more. HSL are required under the Corporations Act to issue such notice within 2 Business Days of acquiring the 25% interest. Accordingly, as at 1 June 2015, HSL together with its Associates held a Relevant Interest in less than 25% in ARL.

Forest Resort

ARL has in principle agreement for the sale of Forest Resort with a credible counter-party. The sale is subject to strict obligations of confidentiality, the outcome of satisfactory due diligence and formal written agreement. Until a binding unconditional agreement is in place, there is a risk that the current counter-party will not proceed to acquire Forest Resort for the indicative price or at all.

Second Supplementary Bidder's Statement

HSL has issued a second supplementary target's statement dated 1 June 2015 (**Second Supplementary Bidder's Statement**).

With reference to the comments made in paragraph 5 of the Second Supplementary Bidder's Statement, the Board does not accept these comments and maintains that realisation and sale of ARL's remaining assets and return of funds to ARL Shareholders is in their best interests. The Board maintains that:

- ARL will have sufficient cash reserves to cover the operating expenses of ARL which are necessary to continue to realise its remaining assets in an orderly and timely manner (and sufficient to cover any anticipated expenses that may arise in connection with ARL's assets) without compromising ARL's objective to secure the best return reasonably possible for ARL Shareholders.

- ARL has sufficient cash reserves to enable it to realise the remaining assets in an orderly manner without compromising ARL's objective to secure the best return reasonably possible for ARL Shareholders.
- the purpose of ARL is to realise its remaining assets and the Board is satisfied that it has sufficient cash reserves to enable it to realise the remaining assets in an orderly manner without compromising ARL's objective to secure the best return reasonably possible for ARL Shareholders.
- ARL was incorporated for the express purpose of undertaking an orderly realisation of its assets for the best price with a view to returning funds to ARL Shareholders in the shortest timeframe possible..

Board Recommendation remains unchanged - REJECT the Offer

The Board have considered the amended Offer, the information set out in the Second Supplementary Bidder's Statement, and the matters stated above and maintain that the Offer significantly undervalues ARL and does not take into account future distributions that may be paid out of the liquidation of OA and OL as set out in the Original Target's Statement.

The table annexed to this Supplementary Target's Statement makes comparison between a number of factors which you should consider when determining whether to accept or reject the Offer.

Accordingly, the Board's original recommendation set out in the Original Target's Statement, that you REJECT the Offer remains unchanged. The above statements re-enforce the Board's original view that HSL's Offer should be REJECTED as it significantly undervalues ARL and does not take into account further dividends to be paid to ARL out of the liquidation of OA and OL.

If you have any queries relating to the HSL Offer the telephone number for the shareholder information line is (02) 8263 2389 or for international calls +61 2 8263 2389.

Signed for and on behalf of ARL:



David Beddall
Chairman, Asset Resolution Limited

Annexure A

Factor	Acceptance of HSL's Offer	ARL's Realisation of assets and return of funds
<p>Value Comparison</p>	<p>\$0.012 per ARL Share</p>	<p>The unaudited net tangible asset backing per ARL Share is \$0.0203 as at 20 April 2015. This is made up of:</p> <ul style="list-style-type: none"> • cash at bank; • Forest Resort; and • the balance owed by the Purchaser on the Kooralbyn Resort. <p>The unaudited net tangible asset backing of \$0.0203 as at 20 April 2015 does not attribute any value to the following and will therefore increase:</p> <ul style="list-style-type: none"> • the anticipated dividend of \$1.27 million which the Board expects to receive in the near future; and • further distributions which may be received out of the liquidation of OA and OL