



# Notice of annual general meeting and explanatory statement

Asset Resolution Limited ACN 159 827 871

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Date: 24 November 2015

Time: 9:30am AEDT

Place: History House, 133 Macquarie Street,  
Sydney NSW 2000

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# Letter to Shareholders

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Dear Asset Resolution Limited shareholder,

I am pleased to enclose the 2015 Annual Report and Notice of Annual Meeting for Asset Resolution Limited (“**ARL**”).

As you may be aware, the board of ARL changed on 11<sup>th</sup> September 2015. When we were running for election, we said that, if elected, our goals were to:

- 1) Reduce costs
- 2) Improve shareholder information and democracy
- 3) Provide a fair mechanism for those who wish to sell to do so
- 4) Find new investments for ARL

In our first month as directors, we have made the following cuts:

- Directors’ fees have been cut from \$376,000 to \$180,000 pa.
- Insurance for Directors and Officers has been cancelled, saving over \$200,000 pa.
- The audit fee has been reduced from \$77,000 to a maximum of \$16,000.

We expect to make substantial savings by switching administration of ARL from Castlereagh Capital in Sydney to Allinson Accounting Solutions in Adelaide, but we do not yet know the size of the saving.

In August, ARL announced the sale of the Creswick resort in Victoria for \$14.9m. We have recently been informed that, after payment of expenses and sale adjustments, ARL is expected to be left with about \$12.9m when the property settles in November.

Soon after we became directors, we discovered that ARL did not have enough cash to survive until the Creswick sale settles. In order to prevent ARL from running out of money, we deferred paying any director fees until after Creswick settles. We are grateful that Castlereagh Capital and HWL Ebsworths (one of ARL’s lawyers) both agreed to defer their fees until Creswick has settled. These actions, and the cancellation of directors’ insurance, saved our Company.

The Notice of Meeting includes a resolution to permit ARL to buy back shares. We only intend to buy back shares if we can do so on terms that boost ARL’s underlying net asset value per share, while making it easier for those wishing to sell their shares to do so.

We are also proposing to replace the existing Constitution with a new one that is compliant with the Australian Securities Exchange’s Listing Rules. The Notice of Meeting contains information on the differences between the existing Constitution and the proposed new Constitution.

We have started work on an application to list ARL’s shares on the Australian Securities Exchange. Listing is at the discretion of ASX, and we cannot provide any assurance about whether or when our application will be approved.

The Notice of Meeting also includes a vote on the re-election of a director, Mr John Sergeant. Although the present Constitution gives the directors the ability to avoid facing re-election, we believe that directors should face periodic elections. The new constitution will make it compulsory for directors to retire by rotation and seek re-election by shareholders.



We are looking at potential new investments for the Company, but are not yet in a position to discuss them.

Our annual meeting is in Sydney at 9:30am on the 24<sup>th</sup> November. I hope to see you then.

Yours sincerely,

A handwritten signature in blue ink that reads 'Giles C Craig'.

**Giles Craig**  
Chairman

# Notice of annual general meeting

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The annual general meeting of shareholders of Asset Resolution Limited ACN 159 287 871 (**ARL**) will be held at History House, 133 Macquarie Street, Sydney NSW 2000 at 9:30am AEDT on Tuesday, 24 November 2015. Attached to and forming part of this Notice of Meeting is an Explanatory Statement that provides Shareholders with background information and further details in understanding the reasons for and effect of the Resolutions if approved.

If you are unable to attend the Meeting, you are requested to complete the Proxy Form enclosed with this Notice. For further information regarding voting and proxies, please refer to page 6 of this Notice of Meeting.

A number of defined terms are used in the Notice of Meeting. These terms are contained in the Explanatory Statement and the Proxy Form.

## Business

### 1. Financial statements and reports

To receive and consider:

- (a) the financial statements;
- (b) the directors' report; and
- (c) the auditor's report

of ARL for the year ended 30 June 2015.

These statements and reports are placed before the Shareholders for discussion and Shareholders will be given the opportunity to ask questions and make comments on these statements and reports; no voting is required on this matter.

### 2. Election of director – Mr John David Sergeant for re-election on rotation

To consider and, if thought fit, to pass the following ordinary resolution:

*“That Mr John David Sergeant, a director electing to retire by rotation, being eligible, is re-elected as a director of ARL.”*

There are no voting exclusions in relation to this Resolution.

### 3. Change of auditor

To consider and, if thought fit, to pass the following ordinary resolution:

*“That in accordance with section 327(C)(1) of the Corporations Act 2001 (Cth) and for all other purposes, Grant Thornton be appointed as the auditor of the Company effective from the date of this Meeting, subject to PKF Hacketts Audit receiving permission to resign from ASIC.”*

There are no voting exclusions in relation to this Resolution.

#### 4. Share Consolidation

To consider and, if thought fit, to pass the following ordinary resolution:

*"That pursuant to section 254H of the Corporations Act 2001 (Cth) and clause 32.3 of the Company's Constitution and for all other purposes the issued capital of the Company be consolidated on the basis that every 200 Shares be consolidated to 1 and where this consolidation results in a fraction of a Share the Directors are authorised to round that fraction up to the nearest whole Share, with consolidation to occur on a date announced on the Company's website on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

There are no voting exclusions in relation to this Resolution.

#### 5. Adoption of new Constitution

To consider, and if thought fit, to pass the following special resolution:

*"That the document entitled Constitution of ARL tabled at the Meeting and signed by the Chairperson of the Meeting for the purposes of identification is adopted as the new Constitution of ARL in substitution for its current Constitution, with effect from 9.00am (AEDT) on the day immediately after the date on which this resolution is passed."*

There are no voting exclusions in relation to this Resolution.

#### 6. Approve on-market buy-back of Shares

To consider and, if thought fit, to pass the following ordinary resolution:

*"That, subject to Resolution 4 being passed, for the purposes of section 257C of the Corporations Act 2001 (Cth) and for all other purposes, Shareholders authorise and approve the Company to acquire between 490,279 and up to 980,558 fully paid ordinary Shares in the Company (being - approximately 10% to 20% of the Company's issued Post-Consolidated Shares as at 16 October 2015) in the 12 month period following the approval of this resolution, pursuant to an on-market buy-back conducted in accordance with the requirements of the Listing Rules and the Corporations Act and on the terms as described in the Explanatory Statement to this Notice of Meeting."*

There are no voting exclusions in relation to this Resolution.

#### 7. Other business

To transact any other business which may legally be brought before the meeting.

By order of the Board

Date 23 October 2015

Signed   
Name Victoria Marie Allinson  
Company Secretary

# Voting and proxies

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## Voting

For the purpose of determining a person's entitlement to vote at the meeting, a person will be recognised as a member and the holder of shares if that person is registered as a holder of those shares at 9:30am (Sydney time) on 22 November 2015.

## Proxies

A shareholder who is entitled to attend and vote at the meeting may appoint up to two proxies to attend and vote on behalf of that shareholder. If you require an additional proxy form, please contact Vicky Allinson at 08 8423 0170 or email [vicky.allinson@arlimited.com.au](mailto:vicky.allinson@arlimited.com.au).

If a shareholder appoints two proxies, the appointment of the proxies may specify the proportion or the number of that shareholder's votes that each proxy may exercise. If the appointment does not so specify, each proxy may exercise half of the votes. Fractions of votes will be disregarded.

Where a shareholder appoints more than one proxy, neither proxy is entitled to vote on a show of hands.

A proxy need not be a shareholder of ARL.

To be effective, ARL must receive the completed proxy form and, if the form is signed by the shareholder's attorney, the authority under which the proxy form is signed (or a certified copy of the authority) by no later than 9:30am AEDT on 22 November 2015 at:

### **Proxies may be lodged with ARL:**

On-line at:

**[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)**

by mail, to Asset Resolution Limited, using the enclosed reply envelope to:

***C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 Australia.***

by facsimile:

***+61 2 9287 0309***

Proxies given by corporate shareholders must be executed in accordance with their constitutions, or signed by a duly authorised officer or attorney.

A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.

If a shareholder appoints the chairperson of the meeting as the shareholder's proxy and does not specify how the chairperson is to vote on an item of business, the chairperson will vote, as proxy for that shareholder, in favour of that item on a poll.

# Explanatory statement

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## 1. Financial statements and reports

The *Corporations Act 2001* (Cth) requires the financial report (which includes the financial statements and directors' declaration), the directors' report and auditor's report to be laid before the annual general meeting. There is no requirement either in the *Corporations Act 2001* (Cth) or ARL's constitution for Shareholders to approve the financial report, the directors' report or the auditor's report. Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports.

## 2. Election of directors

ARL's current constitution does not require that, at each annual general meeting, one-third of the directors must retire from office. However, the Board considers this to be a good practice and undertook to institute it when seeking election. The following director, being the director who offers himself for re-election (as all directors have been in office since September 2015), retires by rotation and is eligible for re-election. Accordingly, he seeks re-appointment as a director.

John Sergeant has indicated that he will retire from office and seek re-election as a Non-Executive Director of the Company at the AGM. Mr Sergeant's work history and experience is outlined below.

### **John Sergeant BSc, BA(Hons I), FAMSRS, MAICD**

*Independent Non-Executive Director*

Mr Sergeant has been a Board member since September 2015. Mr Sergeant is a private investor and academic from a rural NSW background and holds degrees in Biological Sciences and Psychology from the University of Sydney, where he is a lecturer in the Business School, teaching at the postgraduate level.

Prior to joining the Company, he has managed a number of successful consultancy businesses and has served on the boards of Australian and multinational professional services firms. More recently, in his capacity as a director, he has helped in the successful recapitalisation, recovery and return to stability and growth of a failed resources business.

He is currently a member of the boards of a number of private companies and the managing director of one other public company: Kangaroo Island Plantation Timbers Ltd.

### **Directors' Recommendation**

The Board (other than Mr John Sergeant) unanimously recommends that Shareholders vote in favour of this Resolution. Each Board member intends to vote in favour of the ordinary resolution in respect of the Shares held by them.

The Chairperson of the Meeting will be casting undirected proxies in favour of this Resolution.

### 3. Change of auditor

In accordance with section 329(5) of the Corporations Act, the previous Company's auditors, PKF Hacketts Audit gave notice of resignation as the Company's auditor, having held that position (previously under the name of Lawler Hacketts Audit) since the Company was incorporated in 2012.

The Company is required to appoint a new auditor under section 327(C)(1) of the Corporations Act, to fill the vacancy in office of auditor. In accordance with section 327(C)(1) of the Corporations Act (vacancy not caused by removal of the auditor by the Company and no surviving auditor) the Company has chosen to appoint by circular resolution of the Board to appoint Grant Thornton who has consented in writing to act as auditor for the Company. This Resolution seeks to ratify the appointment by the Board of the new auditor, being Grant Thornton.

#### **Director's Recommendation**

The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution 3.

### 4. Share Consolidation

The Board considers that the Company has a disproportionately high number of shares on issue compared to its expected market capitalisation and believes that consolidating the Company's share capital at a ratio of 1 new share for every 200 Shares on issue will create a capital structure that is more appropriate for a listed entity of the Company's size.

The Company currently has 980,558,167 Shares on issue.

The Board is confident that a Share consolidation will assist with the proposed listing on the Australian Securities Exchange by the Company, and will increase liquidity and will potentially attract more substantial longer term investment in the Company.

Under section 254H of the Corporations Act, a company may consolidate its shares if the consolidation is approved by an ordinary resolution of shareholders at a general meeting. Accordingly, Shareholder approval is sought for the proposed Share consolidation by way of ordinary resolution under Section 254H of the Corporations Act.

At the date of this Notice the Company has issued capital of 980,558,167 fully paid Shares. Once consolidation has occurred, the issued capital of the Company will consist of approximately 4,902,791 Shares. These numbers are approximate as they do not take into account any rounding required on account of individual Shareholders holding fractional securities post consolidation.

The proposed consolidation will not affect Shareholders' percentage interests in the Company, except to the extent that any fractional securities need to be rounded up as a result of the consolidation. This is anticipated to have an immaterial impact on Shareholder percentages. Furthermore, the aggregate value of each Shareholder's proportional interest in the Company should not materially change solely as a result of the consolidation.

In theory, the notional market price of each share following the consolidation should increase to 200 times its current value. In reality, the actual effect on the per Share market price will depend on a number of factors outside the control of the Company, and the market price following consolidation may be higher or lower than the theoretical post-consolidation price. The Company can make no guarantee in relation to the Share price post consolidation.

The proposed consolidation, if approved by Shareholders, will be implemented in accordance with the timetable set out below.

**Indicative timetable - Share consolidation**

The proposed timetable for the Share consolidation is as follows:

<b>Item</b>	<b>Proposed date</b>
Meeting of Members	24 November 2015
Last day for the Company to register transfers on a pre-reorganisation basis	8 December 2015
A notice and holding statements or certificates (as applicable) will be sent to all shareholders	9 December 2015

The above timetable is indicative only and may be varied without prior notice (subject to any regulatory requirements).

**Director's Recommendation**

The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution 4.

**5. Adoption of new Constitution**

The Company's existing constitution was originally adopted on incorporation in 2012. There have been a number of significant developments in law (both the Corporations Act and the ASX Listing Rules), corporate governance principles and general corporate and commercial practice for ASX listed companies since that time. Accordingly, the Company's constitution required a comprehensive review or update prior to the proposed Listing on the ASX or an alternative exchange. In light of the number of changes required to various parts of the constitution, and the fact that some of the amendments are of a non-substantive nature, the Board has decided that it is more appropriate to adopt a new constitution suitable for a listed company, to reflect these changes.

The Board have ensured that the new constitution include a clause to require a third of all Non-Executive Director to retire by rotation and subject to being eligible be re-elected put themselves up for re-election at each AGM, as required by the ASX Listing Rules.

A summary of the more significant aspects of the new constitution is set out below. This summary is not exhaustive and does not constitute a definitive statement of the differences between the current constitution and proposed new constitution.

**Voting**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting of members, every member present in person or by proxy, attorney or body corporate representative has one vote on a show of hands, and one vote per Share on a poll. In the case of a vote on a poll, persons who hold a Share which is not fully paid shall be entitled to a fraction of a vote equal to the proportion of a vote that the amount paid on the relevant Share bears to the total issue price of the share.

## **Dividends**

The Directors may from time to time resolve to pay dividends to Shareholders and fix the amount, the timing and method of payment of that dividend in accordance with the Corporations Act. Following recent amendments to the Corporations Act, companies are no longer restricted to paying dividends out of profits. The new constitution will give the Directors the flexibility to resolve to pay a dividend out of any available source permitted by law.

## **Future Issues**

Subject to the Company's new constitution, the Corporations Act and Listing Rules, Directors may, on behalf of the Company, issue, grant options over, or otherwise dispose of Shares on terms determined by the Directors. The Directors may issue shares in the Company with any preferential, deferred or special rights, privileges or conditions, or with any restrictions (whether in regard to dividend, voting, return of share capital or otherwise) as they determine.

## **Transfer of Shares**

A Shareholder may transfer Shares by a proper ASX Settlement registered transfer (subject to the Company listing on the ASX) or an instrument in writing in any usual form, or in any form approved by the Directors.

The Directors may refuse to register any transfer of Shares only if that refusal would not contravene the Listing Rules or the ASX Settlement Operating Rules. The Directors must not register a transfer if the Corporations Act, Listing Rules or ASX Settlement Operating Rules forbid registration. The Company must not refuse to register, give effect to, delay or in any way interfere with a proper ASX Settlement transfer of other securities.

## **Meetings and Notices**

Each Shareholder is entitled to receive notice of, and to attend, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act or Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act and under the new constitution.

## **Winding Up**

Subject to the new constitution and the rights and liabilities attaching to Shares, Shareholders will be entitled in a winding up to any surplus assets of the Company in proportion to the number of Shares held by them, less any amounts which remain unpaid on the Shares at the time of distribution. However, if this deduction results in the distribution to the Shareholder being a negative amount, the Shareholder must contribute that amount to the Company.

If the Company is wound up the liquidator may, with the sanction of a special resolution of the shareholders:

- divide among the Shareholders the whole or any part of the assets of the Company; and
- determine how the division is to be carried out as between the shareholders or different classes of Shareholders, with the approval of separate general meetings of the members of each of the several classes (if applicable).

Any such division may not be otherwise than in accordance with the legal rights of the Shareholders and, in particular, any class may be given preferential or special rights or excluded altogether or in part. Where a division is otherwise than in accordance with the legal rights of the Shareholders, a Shareholder is entitled to dissent and to exercise the same rights as if the special resolution sanctioning that division were a special resolution passed under Section 507 of the Corporations Act.

### **Alteration to the Constitution**

The new constitution can only be amended by a special resolution passed by at least 75% of the votes cast by members entitled to vote on the resolution. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

### **ASX Listing Rules**

If the Company is admitted to the Official List of the ASX, then despite anything in the new constitution, if the ASX Listing Rules prohibit an act being done, that act must not be done. Nothing in the new constitution prevents an act being done that the ASX Listing Rules requires to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require the new constitution to contain a provision or not to contain a provision, the new constitution is deemed to contain that provision or not to contain that provision (as the case may be). If any provision of the new constitution is or becomes inconsistent with the Listing Rules, the new constitution is deemed not to contain that provision to the extent of the inconsistency.

### **Director's Recommendation**

The Board considers the changes to be significant for Shareholders and recommends that they review the proposed new constitution in its entirety. A copy of the proposed new constitution can be obtained prior to the meeting from the Company's website ([www.arlimited.com.au](http://www.arlimited.com.au)) or by contacting Victoria Allinson on +61 8 8423 0170 or email [vicky.allinson@arlimited.com.au](mailto:vicky.allinson@arlimited.com.au). A copy of the new constitution will also be available for inspection at the AGM.

The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution 5.

## **6. Approve on-market buy-back of shares**

### **Capital Management Programme**

This commentary on Resolution 6 has been prepared on the basis that Resolution 4, relating to the consolidation of Shares, is adopted.

The Company's continuing focus is to manage its capital so as to achieve the most efficient capital structure and optimise value for Shareholders.

This Resolution, which is proposed pursuant to the requirements of s257C(1) of the Corporations Act, proposes that Shareholders approve the Company's flexibility to buy back on market between 490,279 and up to 980,558 Shares on market (representing approximately 10% to 20% of Company's issued Post-Consolidated Shares on issue as at 16 October 2015) (**Proposed Buy-Back**).

If approved, the Proposed Buy-Back will allow the Company to buy back Shares (should it wish to do so) by expressly authorising the buy-back of up to 980,558 ordinary Post-Consolidated Shares on market over the 12 months following the 2015 Annual General Meeting, without the need to convene a further general meeting of Shareholders, if the Company becomes listed on the ASX or an alternative exchange.

No final decision has been made as to whether or not to commence the buy-back or, if the Proposed Buy-Back is commenced, on the actual number of Shares to be bought-back. The Board will, in the event they commence the Proposed Buy-Back, only do so after the Company has listed on the ASX (or an alternative exchange) and will comply with all requirements of the Corporations Act and the

Listing Rules. There is no certainty that even if this Resolution is passed that any Shares will be bought back.

This Resolution is being put forward to provide the Board with the flexibility to buy-back up to 980,558 Post-Consolidated Shares if it decides that doing so is in the best interests of the Company.

The Company therefore believes that such additional flexibility in being able to acquire Shares on-market will support its goals of achieving the most efficient capital structure possible, optimising value for Shareholders where the Shares are trading below their NTA<sup>1</sup> value, and to facilitate a more active market in the Company's Shares, enabling those current Shareholders who wish to dispose of their Shares on-market a greater opportunity to do so at a fair price.

### **Reason for Shareholder approval**

Section 257C(1) of the Corporations Act requires that the terms of a buy-back agreement in relation to the Proposed Buy-Back be approved by an ordinary resolution passed at a general meeting, if the number of votes attaching to voting Shares proposed to be bought back (together with all other voting Shares bought back over the previous 12 months) would exceed 10% of the smallest number of votes attaching to voting shares which were on issue at any time in that previous 12 months (the '10/12 Limit').

If Resolution 6 is passed, the Company will be able to buy-back up to 980,558 Post-Consolidated Shares, being approximately 20% of the Company's issued Post-Consolidated Shares as at the 16<sup>th</sup> of October 2015, within the next 12 months.

If this Resolution is not approved, the Company's ability to acquire a further 10% of the Shares will refresh from November 2016 (subject to the 10/12 limit) in accordance with the Corporations Act.

### **Terms of the buy-back**

The Proposed Buy-Back allows the Company to buy back Shares over time, depending on market conditions and prices. Any such on-market buy backs would occur in accordance with the Corporations Act and the Listing Rules. The Listing Rules provide that the price at which the Company buys back Shares on-market must not be more than five per cent above the average market price (as that term is defined in the Listing Rules) over the last five days on which sales were recorded on the ASX or an alternative exchange before the day on which Shares are to be bought back. Any purchases would occur on-market in the ordinary course of trading in the Company's Shares, and the Shares bought back would then be cancelled.

### **As at 16<sup>th</sup> October 2015**

### **Capital structure**

	<b>Pre-Consolidated Shares</b>	<b>Post-Consolidated Shares (approx.)</b>
Totals: shareholders	980,558,167	4,902,790
Totals: Top 20 shareholders	366,412,943	1,832,065
Totals: Top 20 shareholders % of shares on issue	37.36%	37.36%

<sup>1</sup> NTA stands for Net Tangible Asset value, or the underlying asset value of the shares.

### Range Total Holders

<b>Range: Number of shares held</b>	<b>Number of shareholders</b>
1 – 1,000	61
1,001, - 5,000	244
5,001 – 10,000	1,108
10,001 – 100,000	6,795
More than 100,001	1,440
<b>Total</b>	<b>9,648</b>

### Interest in ordinary securities

	<b>Pre- consolidated Shares</b>	<b>Post- consolidated Shares</b>	<b>%</b>	<b>Options</b>
Giles Craig as a director and shareholder of Hamilton Securities Ltd	61,867,870	309,339	6.31%	-
Frederick Woollard as a director and shareholder/beneficiary of Hamilton Securities Ltd, STAR <sup>2</sup> and Woollard Super Fund	242,896,069	1,214,480	24.77%	-
<b>Total Hamilton Securities Ltd, STAR and Woollard Super Fund</b>	<b>242,896,069</b>	<b>1,214,480</b>	<b>24.77%</b>	<b>-</b>

### Details of substantial shareholders

The following is a list of substantial shareholders of the Company and their associates:

<b>Name of substantial shareholder</b>	<b>Number of pre- consolidated shares held</b>	<b>% of total shares</b>	<b>Associate of substantial shareholder</b>
STAR	180,991,231	18.46%	Fred Woollard, Nigel Burgess
Hamilton Securities Ltd	61,867,870	6.31%	Fred Woollard Giles Craig
Nigel Burgess and his family trust	14,188,822	1.45%	
Woollard Super Fund	36,968	0.0004%	Fred Woollard
<b>Total owned by STAR and Associates</b>	<b>257,084,891</b>	<b>26.22%</b>	
<b>Name of substantial shareholder</b>	<b>Number of post- consolidated shares held</b>	<b>% of total shares</b>	
<b>Total owned by STAR and Associates</b>	<b>1,285,424</b>	<b>26.22%</b>	

<sup>2</sup> Samuel Terry Asset Management Pty Ltd as trustee for the Samuel Terry Absolute Return Fund.

In the event that the Company does buy-back Shares under the Proposed Buy-Back, the proportionate interest of Shareholders will increase assuming those Shareholders do not seek to sell their Shares. The table below shows the per cent holding of total shares on issue that would be held by the current substantial shareholder if 980,558 (approximately 20% of the Company's Post-Consolidated shares) Shares were bought back.

The following is a list of substantial Shareholders of the Company and their associates:

<b>Name of substantial shareholder</b>	<b>Number of Pre-consolidated shares held</b>	<b>% of total shares Pre-buyback</b>	<b>Number of Post-consolidated shares held</b>	<b>% of total shares Post-buyback<sup>(1)</sup></b>
STAR and Associates	257,084,891	26.22%	1,285,424	32.77%

<sup>(1)</sup> Shares on issue after Proposed Buy-Back approximately 3,922,232.

## **Effect on the Company**

### ***Financial Impact***

If approved, the Proposed Buy-Back will involve a reduction in the number of the Company's ordinary Shares on issue and a corresponding reduction in its Share capital.

While the Company is seeking approval to buy-back up to 980,558 Post-Consolidated Shares on-market over the 12 months following the 2015 Annual General Meeting and in accordance with the Listing Rules, the actual number of Shares to be bought back will be assessed by the Board on an ongoing basis, having regard to, among other things, the Company's net debt, capital surplus and cash flows, as well as broader market conditions and alternative investment opportunities.

The Company will not buy-back Shares if to do so would materially prejudice its ability to pay its creditors, prevent the Company from discharging its indebtedness or from conducting and growing its business. The Board will only buy-back Shares on the basis that the Company will remain well capitalised following the completion of the purchase and to do so will not adversely impact the financial position of the Company.

The purchase of any Shares under the Proposed Buy-Back would be funded from existing cash reserves or via current debt facilities if within the debt capacity of the Company. If the Board determines to acquire Shares under the Proposed Buy-Back, the precise impact of the Proposed Buy-Back will not be known until completed and this will depend on the volume and price paid for the Shares at the relevant time.

### ***Impact on earnings per share***

If the Company acquires Shares under the Proposed Buy-Back, the Company's issued share capital will reduce. As a result of the reduction in the number of Shares on issue, the Proposed Buy-Back is likely to be accretive to earnings per Share.

### ***Impact on net tangible assets per share***

Depending on the number of Shares bought back and the price at which they are bought back, the Proposed Buy-Back is likely to result in an increase to net tangible assets ('NTA') per Share.

### ***Effect on dividends***

Usage of the Company's cash reserves to fund the Proposed Buy-Back will reduce the ability of the Company to pay dividends to Shareholders. However, the Board considers that the Proposed Buy-

Back provides greater benefits overall to Shareholders given it is accretive to NTA and overall earnings per Share.

***Advantages and disadvantages of the Proposed Buy-back***

The advantages of the Proposed Buy-Back include:

- optimising value for Shareholders where the Shares are trading below their NTA value;
- by reducing the number of securities on issue, the Proposed Buy-Back is likely to be accretive to NTA per Share and overall earnings per Share;
- facilitating a more active market in the Company's Shares; and
- the Company has the flexibility to adjust the volume of Shares bought back (subject to a maximum of 980,558 Post-Consolidated Shares) and can stop buying back shares on-market at any time.

The disadvantages of the Proposed Buy-Back include:

- the Proposed Buy-Back will reduce the Company's available cash to acquire new assets or pay dividends to Shareholders;
- the Proposed Buy-Back will reduce the Company's overall net tangible assets; and
- after the Proposed Buy-Back is completed, there will be a reduction in the number of Shares on issue which may decrease liquidity of the Company's Shares traded on the ASX or an alternative exchange.

As required by the Corporations Act, the Company has set out in this Explanatory Statement all information known to the Company that is material to the decision on how to vote on Resolution 6 in respect of the Proposed Buy-Back. In addition to this Explanatory Statement, further information regarding the Company can be obtained from its website at [www.arlimited.com.au](http://www.arlimited.com.au).

Copies of the Company's audited Annual Report for the financial year ended 30 June 2015 and a covering letter can be found on the Company's website at [www.arlimited.com.au](http://www.arlimited.com.au).

As at the date of this Explanatory Statement and so far as is known by the Board of the Company, there are no material changes to the financial position of the Company since the date of that full year report and financial statements.

**Director's Recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 6. Each Board member intends to vote in favour of the ordinary resolution in respect of the Shares held by them.

The Chairperson intends to vote all available proxies in favour of Resolution 6.

# Glossary

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In this Explanatory Memorandum, the following terms have the following meaning unless the context otherwise requires:

"**Annual Report**" means the 2015 annual report of the Company, a copy of which was lodged with ASIC.

"**ASIC**" means the Australian Securities and Investments Commission.

"**ASX**" means ASX Limited ACN 008 624 691 or the securities exchange operated by ASX Limited (as the context requires);

"**Board**" means the Board of Directors from time to time.

"**Closely Related Party**" of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member, in the member's dealings with the Company; or
- (e) a company that the member controls.

"**Company**" means Asset Resolution Limited ACN 159 827 871.

"**Constitution**" means the constitution of the Company from time to time.

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

"**Directors**" means the Directors of the Company from time to time and "**Director**" means any one of them.

"**Equity Securities**" has the meaning given to that term in the Listing Rules.

"**Explanatory Statement**" means this explanatory statement.

"**Key Management Personnel**" means those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any Director (whether executive or otherwise).

"**Listing Rules**" means the listing rules of ASX or an alternative exchange and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

"**Meeting**" has the meaning given in the introductory paragraph of the Notice.

"**Notice**" means this notice of Meeting.

"**Proxy Form**" means the Proxy Form attached to the Notice.

"**Related party**" has the meaning given to that term in Section 228 of the Corporations Act.

"**Resolution**" means a resolution contained in this Notice.

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

"**Shareholder**" means a holder of Shares in the Company.

"**Trading Day**" means a day determined by ASX or an alternative exchange to be a trading day in accordance with the Listing Rules.

"**VWAP**" means Volume Weighted Average Price of the Company's Listed Shares trading under the ASX code that will be provided upon successful ASX or alternative exchange listing.



# Questions from Shareholders

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For meeting of the Company to be held at the History House, 133 Macquarie Street, Sydney NSW 2000 on Tuesday 24<sup>th</sup> November 2015 at 09:30am AEDT.

Name of Shareholder: \_\_\_\_\_

## *Questions*

Please mark the box next to the question if it is directed to the auditor.

1. \_\_\_\_\_  
\_\_\_\_\_
2. \_\_\_\_\_  
\_\_\_\_\_
3. \_\_\_\_\_  
\_\_\_\_\_

## *Lodging this Form*

Please submit this form to the Company no later than 9:30am (AEDT) on 22 November 2015 to either:

- By fax**            +61 8 8223 1685
- By email**        vicky.allinson@arlimited.com.au
- By post**         79 Angas Street  
Adelaide SA 5000

## Additional information

Please visit the AGM page on our website - [www.arlimited.com.au](http://www.arlimited.com.au) - to obtain further information on the meeting. You can also comment on issues you would like discussed at the annual general meeting.

The map below showing the venue for the meeting and its nearest transport routes is an example of the information you will find at the site.

### Will you be attending?

To assist our planning, please let us know whether you will be attending the annual by

Email: [vicky.allinson@arlimited.com.au](mailto:vicky.allinson@arlimited.com.au)

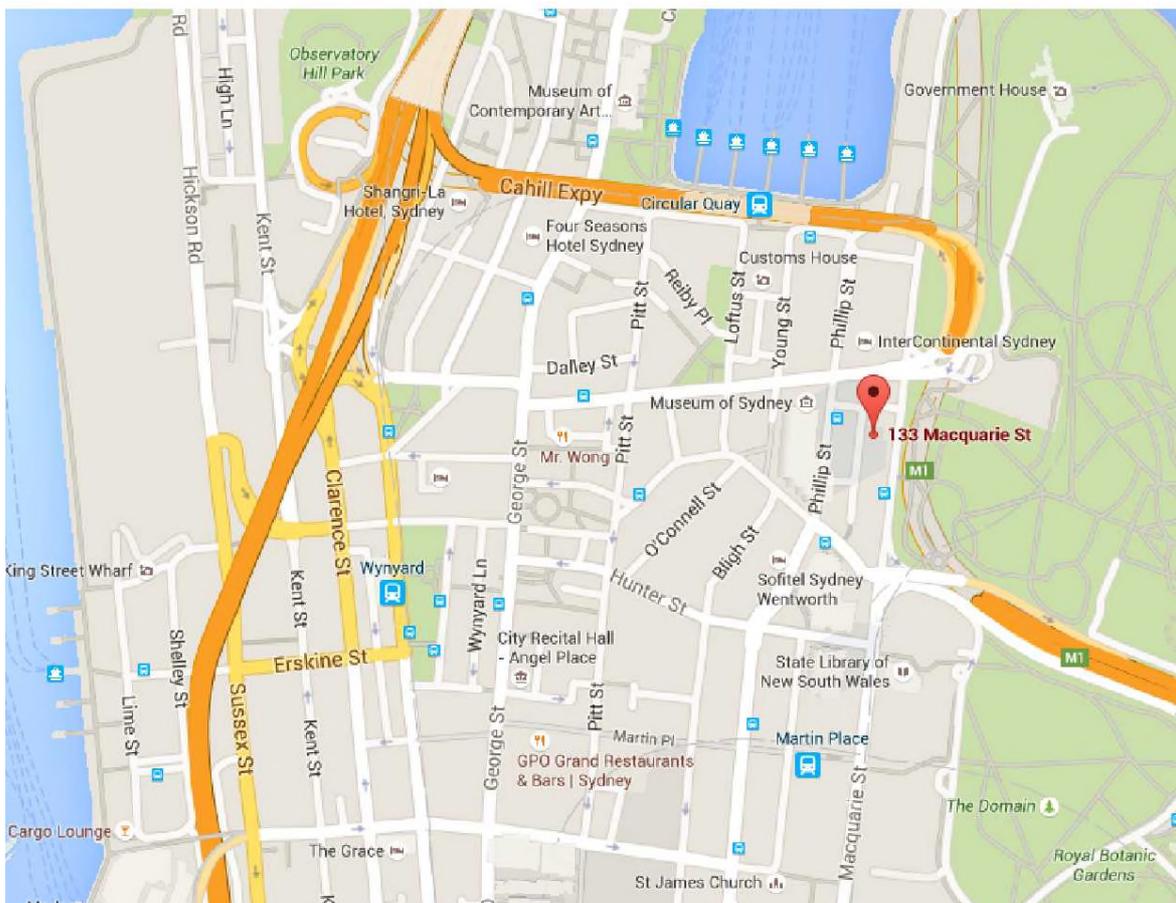
Telephone: 08 8423 0170

**By Car** - there are several thousand car spaces at parking stations within 10 minutes' walk of the venue.

**By Train** - Alight at Circular Quay, Wynyard or Martin Place stations.

**By Bus** – Alight at the stop nearest Bridge Street

**By Ferry** – Disembark at Circular Quay





Full Name of Company or Individual

Empty box for full name of company or individual.

Contact Telephone Number

Empty box for contact telephone number.

Registered Address

Empty box for registered address.

HRN

Empty box for HRN.

PROXY FORM

I/We being a member(s) of Asset Resolution Limited (ARL) and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

Small square box for appointment.

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

Empty box for name of proxy.

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting (AGM) of the Company to be held at 9:30am (AEDT) on Tuesday, 24 November 2015 at the History House, 133 Macquarie Street, Sydney, NSW 2000 (the Meeting) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an [X]

Resolutions

2: Election of director – Mr John David Sergeant for re-election on rotation

To consider and, if thought fit, to pass the following ordinary resolution:

"That Mr John David Sergeant, a director electing to retire by rotation, being eligible, is re-elected as a director of ARL."

For Against Abstain\*

Three boxes for voting on resolution 2.

3: Change of auditor

To consider and, if thought fit, to pass the following ordinary resolution:

"That in accordance with section 327(C)(1) of the Corporations Act 2001 (Cth) and for all other purposes, Grant Thornton be appointed as the auditor of the Company effective from the date of this Meeting, subject to PKF Hacketts Audit receiving permission to resign from ASIC."

Three boxes for voting on resolution 3.

4: Share Consolidation

To consider and, if thought fit, to pass the following ordinary resolution:

"That pursuant to section 254H of the Corporations Act 2001 (Cth) and clause 32.3 of the Company's Constitution and for all other purposes the issued capital of the Company be consolidated on the basis that every 200 Shares be consolidated to 1 and where this consolidation results in a fraction of a Share the Directors are authorised to round that fraction up to the nearest whole Share, with consolidation to occur on a date announced on the Company's website on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Three boxes for voting on resolution 4.

5: Adoption of new Constitution

To consider, and if thought fit, to pass the following special resolution:

"That the document entitled Constitution of ARL tabled at the Meeting and signed by the Chairperson of the Meeting for the purposes of identification is adopted as the new Constitution of ARL in substitution for its current Constitution, with effect from 9.00am (AEDT) on the day immediately after the date on which this resolution is passed."

Three boxes for voting on resolution 5.

6: Approve on-market buy-back of Shares

To consider and, if thought fit, to pass the following ordinary resolution:

"That, subject to Resolution 4 being passed, for the purposes of section 257C of the Corporations Act 2001 (Cth) and for all other purposes, Shareholders authorise and approve the Company to acquire between 490,279 and up to 980,558 fully paid ordinary Shares in the Company (being -approximately 10% to 20% of the Company's issued Post-Consolidated Shares as at 16 October 2015) in the 12 month period following the approval of this resolution, pursuant to an on-market buy-back conducted in accordance with the requirements of the Listing Rules and the Corporations Act and on the terms as described in the Explanatory Statement to this Notice of Meeting."

Three boxes for voting on resolution 6.



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Signature box for Shareholder 1.

Joint Shareholder 2 (Individual)

Signature box for Joint Shareholder 2.

Joint Shareholder 3 (Individual)

Signature box for Joint Shareholder 3.

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all shareholders must sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

