



# Notice of annual general meeting and explanatory statement

Asset Resolution Limited ACN 159 827 871

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Date: 18 October 2017  
Time: 10:00am AEDT  
Place: History House, 133 Macquarie Street,  
Sydney NSW 2000

# Letter to Shareholders

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Dear Asset Resolution Limited Shareholder,

I am pleased to enclose the 2017 Annual Report and Notice of Annual General Meeting (**AGM**) for Asset Resolution Limited (**ARL**).

## ***Buy-backs***

The Notice of Meeting includes two resolutions to permit ARL to continue to buy back shares. We only intend to buy back shares if we can do so on terms that boost ARL's long term underlying net asset value per share, while making it easier for those wishing to sell their Shares to do so. A number of Shareholders have indicated that they would like a way to sell their shares without incurring costs to sell. ARL believes that the proposed off market buy-back in particular gives these Shareholders an easy and cheap way to sell their shares.

The Board is seeking approval for the buy-backs, which will allow the Company to buy back Shares (should it elect to do so). Specifically, resolutions to be put to shareholders expressly authorise the buy-back of up to 806,274 ordinary Shares on market, and up to 1,612,548 ordinary Shares off market, over the 12 months following the 2017 Annual General Meeting. Approval of the on market and off market buy-backs is included to give the Company flexibility to achieve the most efficient ongoing capital management and to optimise value for Shareholders.

## ***Election of a new Director***

The Notice of Meeting also includes a vote on the election of a director appointed since the last general meeting, Mr Graham Holdaway.

## ***Re-Election of Director***

The Notice of Meeting also includes a vote on the re-election of a director retiring by rotation, Mr John Sergeant.

## ***Directors' remuneration***

The Directors reduced their remuneration from \$60,000 to \$50,000 per Director in 2016. At this AGM, the Board is seeking re-approval to be paid directors' fees in Shares, thereby preserving the Company's cash. The price per Share to be issued to each of the Non-Executive Directors is \$2.13; being the recent share sale price.

## ***Investments***

The Board has been busy looking at potential new investments for the Company, but is not yet in a position to make a substantial investment.

Our annual meeting is in Sydney at 10:00am on Wednesday 18 October 2017. I hope to see you then.

Yours sincerely,



**Giles Craig**  
Chairman

# Notice of annual general meeting

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The annual general meeting of Shareholders of Asset Resolution Limited ACN 159 827 871 (**ARL**) will be held at History House, 133 Macquarie Street, Sydney NSW 2000 at 10:00am AEDT on Wednesday 18 October 2017. 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 8 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

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### A. Financial statements and reports

To receive and consider:

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

of ARL for the year ended 30 June 2017.

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.

### B. Adoption of Remuneration Report

#### **Resolution 1**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary Resolution:

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s Annual Report for the financial year ended 30<sup>th</sup> June 2017.”*

**Note:** *the vote on this Resolution is advisory only and does not bind the Directors or the Company under section 250R(2) of the Corporation Act. If the ‘No’ votes are greater than 25% then there are potentially serious consequences, see Explanatory Memorandum for details.*

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report;
- (b) or a Closely Related Party of such a member.

The Company will disregard any votes cast in respect of these Resolutions by the Directors and any associates of those persons.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## C. Ordinary Resolutions

### **Resolution 2**

#### **Election of Non-Executive Director – Mr John 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 retiring by rotation, being eligible, is re-elected as a Non-Executive Director of ARL.”*

There are no voting exclusions in relation to this Resolution.

### **Resolution 3**

#### **Election of Non-Executive Director – Mr Graham Holdaway for election**

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

*“That Mr Graham Ian Holdaway be elected as a Non-Executive Director of ARL.”*

There are no voting exclusions in relation to this Resolution.

## **Resolution 4**

### **Approve On-Market Buy-Back of Shares**

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

*“That, for the purposes of section 257C of the Corporations Act 2001 (Cth) and for all other purposes, Shareholders authorise and approve the on-market buy-back of up to 806,274 fully paid ordinary Shares in the Company (representing approximately 20% of the Company’s issued Shares as at 4 September 2017 ) 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 (being over the 10/12 limit (as defined in section 257B(4)) 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.

## **Resolution 5**

### **Approve Off-Market Buy-Back of Shares**

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

*“That, for the purposes of section 257C(1) of the Corporations Act 2001 (Cth) and for all other purposes, Shareholders authorise and approve the off-market acquisition of up to 1,612,548 fully paid ordinary Shares in the Company (being approximately 40% of the Company’s issued Shares as at 4 September 2017) at a price equal to the Net Tangible Asset Value per Share shown in the then most recent Annual Report or Half Yearly Report, pursuant to an Off-Market Buy-Back conducted in the 12 month period following the approval of this Resolution 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.

## **D. Special Resolutions**

### **Resolution 6**

#### **Approve Share issue to Graham Holdaway under the Non-Executive Share Plan in lieu of director’s fees for period from appointment 1 April 2017 to 30 November 2017**

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

*“That, conditional on the approval of Resolution 3, and for all purposes, including the requirements of NSX Listing Rules 6.25 and 6.44 (if applicable), approval is given for the Board to allot and issue up to 16,667 Shares to Graham Holdaway (being a Non-Executive Director of the Company) and/or his nominees under the Non-Executive Share Plan on the terms and conditions set out in the Explanatory Statement.”*

## **Resolution 7**

Approve Share issue to Giles Craig under the Non-Executive Share Plan in lieu of director's fees for year ended 30 November 2018

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

*“That, for all purposes, including the requirements of NSX Listing Rules 6.25 and 6.44 (if applicable), approval is given for the Board to allot and issue up to 23,474 Shares to Giles Craig (being a Non-Executive Director of the Company) and/or his nominees under the Non-Executive Share Plan on the terms and conditions set out in the Explanatory Statement.”*

## **Resolution 8**

Approve Share issue to John Sergeant under the Non-Executive Share Plan in lieu of director's fees for year ended 30 November 2018

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

*“That, conditional on the approval of Resolution 2, and for all purposes, including the requirements of NSX Listing Rules 6.25 and 6.44 (if applicable), approval is given for the Board to allot and issue up to 23,474 Shares to John Sergeant (being a Non-Executive Director of the Company) and/or their nominees under the Non-Executive Share Plan on the terms and conditions set out in the Explanatory Statement.”*

## **Resolution 9**

Approve Share issue to Graham Holdaway under the Non-Executive Share Plan in lieu of director's fees for year ended 30 November 2018

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

*“That, conditional on the approval of Resolution 3, and for all purposes, including the requirements of NSX Listing Rules 6.25 and 6.44 (if applicable), approval is given for the Board to allot and issue up to 23,474 Shares to Graham Holdaway (being a Non-Executive Director of the Company) and/or their nominees under the Non-Executive Share Plan on the terms and conditions set out in the Explanatory Statement.”*

## **Voting Exclusion Statement for Resolutions 6-9**

The Company will disregard any votes cast on special Resolutions 6-9 by a member of the Board of the Company and associates of those persons.

However, the Company need not disregard a vote if:

- J it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- J it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

E. Other business

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

By order of the Board

Date 11 September 2017

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 10:00am (Sydney time) on Monday 16 October 2017.

## 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 Link Market Service on **1300 554 474** or **email** [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au), or alternatively call Vicky Allinson at 08 8423 0170.

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 10:00am AEDT on 16 October 2017 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 Chair of the meeting as the Shareholder's proxy and does not specify how the Chair is to vote on an item of business, the Chair will vote, as proxy for that Shareholder, in favour of that item on a poll.



# Explanatory statement

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## Financial statements and reports

The *Corporations Act 2001* (Cth) requires the audited 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.

The audited financial report, directors' report and auditor's report are incorporated within the Company's Annual Report for the financial year ended 30 June 2017 ("**Annual Report**").

The Company's Annual Report is available from the Company's website [www.arlimited.com.au](http://www.arlimited.com.au) and/or from the NSX Company Announcements Website.

In accordance with Section 250S of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions or make statements in relation to the management and/or auditors of the Company, the financial report, directors' report and the auditor's report but no formal Resolution to adopt the reports will be put to Shareholders at the annual general meeting (save for Resolution 1 for adoption of the Remuneration Report).

## Resolution 1: Adoption of Remuneration Report

The Corporations Act requires that at a listed company's annual general meeting, a Resolution that the Remuneration Report be adopted must be put to the Shareholders.

The Remuneration Report is set out on pages 13 to 18 of the 2017 Annual Report.

The Remuneration Report sets out the Company's:

- (a) *remuneration arrangements for the directors and senior management of the Company; and*
- (b) *the policies behind, and the structure of, the remuneration arrangements of the Company and the link between remuneration of employees and the Company.*

*The chair of the meeting must allow a reasonable opportunity for its Shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.*

### Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its Shareholders a resolution proposing the calling of another meeting of Shareholders to consider the appointment of directors of the company (Spill Resolution) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report Resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (Spill Meeting) within 90 days of the second annual general meeting.

All of the Non-Executive Directors of the Company who were in office when the directors' report (as included in the company's Annual Report for the previous financial year) was approved, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.



Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the Company.

### **Previous voting results**

At the Company's previous annual general meeting, no vote was cast on the remuneration report as the Company did not list on the NSX until November 2016.

### **Proxy voting restrictions**

#### **Shareholders appointing a proxy for this Resolution should note the following:**

In accordance with sections 250R(4) and 250R(5) of the Corporations Act, the Chairman will not vote any undirected proxies in relation to Resolution 1 unless the Shareholder specifically authorises the Chairman to vote in accordance with the Chair's stated voting intentions. Please note that if the Chair of the AGM is your proxy (or becomes your proxy by default), by completing the proxy form you expressly authorise the Chairman to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chairman. If you appoint the Chair as your proxy you can direct the Chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

Pursuant to the Corporations Act, if you elect to appoint a member of Key Management Personnel (other than the Chairman) or any Closely Related Party as your proxy to vote on this Resolution 1, you must direct the proxy how they are to vote, or they will be prevented by the Corporations Act for exercising your vote and your vote will not be counted in relation to this Resolution.

Alternatively, Shareholders can nominate as their proxy for the purpose of Resolution 1 a proxy who is not a member of the Company's Key Management Personnel or a Closely Related Party. That person would be permitted to vote undirected proxies.

The Chair intends to vote all available proxies in favour of this Resolution.

## **Resolution 2: Re-election of Director**

ARL's current constitution requires that, at each annual general meeting, one-third of the directors must retire from office. The following director, being the director who offers himself for re-election, 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, GAICD Independent Non-Executive Director**

Board member since September 2015.

Mr Sergeant is a private investor and former business consultant. He holds degrees in Biological Sciences and Psychology from the University of Sydney, where he was a lecturer in the Business School, teaching at the postgraduate level.

Prior to joining the Company, Mr Sergeant managed a number of successful consultancy businesses and has served on the boards of Australian and multinational professional services firms.

In recent years, he has ceased being a passive investor and has involved himself actively in the management of distressed assets. He is managing director of ASX-listed Kangaroo Island Plantation Timbers Ltd (KPT) and has helped in the successful recapitalization, recovery and return to stability and growth of that business, achieving very strong capital growth for its shareholders.

Should ARL's acquire distressed assets that require active involvement in order to secure a positive outcome for shareholders, Mr Sergeant has the professional and personal experience needed to represent ARL's interests.

#### **Directors' Recommendation**

The Board (other than Mr 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 Chair intends to vote all available proxies in favour of this Resolution.

### **Resolution 3: Election of Non-Executive Director**

Graham Holdaway was appointed by the Board as a Non-Executive Director of Asset Resolution Ltd on 1 April 2017. Mr Holdaway's work history and experience is outlined below.

#### **Graham Holdaway BCA, Dip Acct, ACA, MAICD Independent Non-Executive Director**

Board member since 1 April 2017.

Mr Holdaway has been a director of ASX Listed, Kangaroo island Planation Timbers Limited since March 2015, and in addition has served on boards of natural resources companies with operations in Australia, Indonesia, Papua New Guinea and the United Kingdom.

Mr Holdaway was a partner of KPMG from 1988 to 2010.

In the period June 2012 to June 2014, Mr Holdaway was a member of two listed boards: Asia Resource Minerals plc and PT Apexindo Pratama Duta Tbk. He is currently a member of the boards of a number of private companies.

#### ***Recommendation***

The Board (other than Mr Holdaway) 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 Chair intends to vote all available proxies in favour of this Resolution.

### **Resolution 4: Approve On-Market Buy-Back of Shares**

#### **Capital Management Programme**

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

A number of Shareholders have indicated that they would like a way to sell their Shares without incurring selling costs. ARL believe the buy-backs give these Shareholders an easy and cheap way to sell their shares. If approved, 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 up to 806,274 Shares on market (representing approximately 20% of Company's Shares on issue as at 4 September 2017 (**Proposed On-Market Buy-Back**)).

If approved, the Proposed On-Market 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 806,274 ordinary Shares on market over the 12 months following the 2017 Annual General Meeting, without the need to convene a further general meeting of Shareholders.

No final decision has been made as to whether or not to commence such a buy-back or, if the Proposed On-Market Buy-Back is commenced, on the actual number of Shares to be bought back. The Board will, in the event it commences the Proposed On-Market Buy-Back, only do so in compliance with all requirements of the Corporations Act and the Listing Rules. There is no certainty that, even if this Resolution is passed, any Shares will be bought back.

This Resolution is being put forward to provide the Board with the flexibility to buy-back up to 806,274 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 Net Tangible Assets (“NTA”) 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.

This Resolution should in no way be seen as a recommendation by the directors that shareholders should sell their stock.

Shareholders are reminded that the latest published accounts value assets held by the company at amounts that the company believes are appropriate in all the circumstances and consistent with Accounting Standards. However, assets held at low or nil value may turn out to be worth more than the values shown. Shareholders are reminded, for example, that the Company has an interest in the Octaviar administration that is presently valued at zero.

### **Reason for Shareholder approval**

Section 257C(1) of the Corporations Act requires that the terms of an On-Market Buy-Back agreement in relation to the Proposed On-Market 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 this Resolution is passed, the Company will be able to buy back up to 806,274 Shares, being up to approximately 20% of the Company’s issued Shares as at 4 September 2017, within the next 12 months.

If this Resolution is not approved, the Company will continue to have an ability to buy-back Shares (subject to the 10% / 12 month limit) in accordance with the Corporations Act.

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

The Proposed On-Market 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. 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.

The last traded price for the Company's Shares was \$2.13 on 25 August 2017.

## As at 4 September 2017

### Capital structure

	Number of Shares
Totals: Shareholders (includes 1,034,786 escrowed until 28 November 2018)	4,031,369
Totals: Top 10 Shareholders	1,443,445
Totals: Top 10 Shareholders % of Shares on issue	35.81%

### Range Total Holders

Range: Number of Shares held	Number of Shareholders
1 – 1,000	3,296
1,001 - 5,000	460
5,001 – 10,000	27
10,001 – 100,000	20
More than 100,000	4
Total	<b>3,807</b>

### Total Directors' shareholding

	Number of Shares
Totals: Shares on issue at the date of this Notice	4,031,369
Totals: Directors' shareholding	68,679
Totals: Non-director shareholding	3,962,690
Totals: Director's Shareholders % of Shares on issue	1.7%
Totals: Non-director Shareholders % of Shares on issue	98.3%

The Directors and their associates do not intend to participate in the Proposed On-Market Buy-Back.

In the event that the Company does buy-back Shares under the Proposed On-Market Buy-Back, the proportionate interest of remaining Shareholders will increase. The table below shows the per cent holding of total Shares on issue that would be held by the current Directors and associates if 806,274 (approximately 20% of the Company's Shares) are bought back.

### Total Directors' shareholding after buy-back

	Number of Shares
Totals: Shares on issue after on-market buy-back	3,225,095
Totals: Directors' shareholding	68,679
Totals: Non-director shareholding	3,156,416
Totals: Director's Shareholders % of Shares on issue	2.1%
Totals: Non-director Shareholders % of Shares on issue	97.9%

### Directors' and associates' interest in ordinary securities

	Number of Shares held	% of total Shares	Options
Giles and Vicki Craig ATF the Craig Family Superannuation Fund	8,989	0.22%	-
North Shore Custodians ATF The Craig Family Trust	27,709	0.69%	-
<b>Total owned by Giles Craig and associates</b>	<b>36,698</b>	<b>0.91%</b>	-
Phalaenopsis Pty Ltd ATF Sergeant Family Trust	20,000	0.50%	-
John Sergeant	2,150	0.05%	-
John David Sergeant <Sergeant Family Superannuation Fund A/C>	5,887	0.14%	-
<b>Total owned by John Sergeant and associates</b>	<b>28,037</b>	<b>0.69%</b>	-
Graham and Kristina Holdaway ATF the G&K Superfund	3,944	0.10%	-
<b>Total owned by Graham Holdaway and associates</b>	<b>3,944</b>	<b>0.10%</b>	-
<b>Total Directors' interests</b>	<b>68,679</b>	<b>1.70%</b>	-

### Details of substantial Shareholders

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

Name of substantial Shareholder	Number of Shares held	% of total Shares	Associate of substantial Shareholder
Samuel Terry Asset Management Pty Ltd ATF the Samuel Terry Absolute Return Fund (STAR)	636,935	15.80%	Frederick Woollard & Nigel Burgess
JP Morgan Nominees Australia Limited	389,957	9.67%	Frederick Woollard & Nigel Burgess
Nigel Burgess and his family trust	70,944	1.76%	Nigel Burgess
Woollard Super Fund	185	0.005%	Frederick Woollard
<b>Total owned by STAR and associates</b>	<b>1,098,021</b>	<b>27.23%</b>	

Notes:

- i. Mr Woollard and Mr Burgess are directors, shareholders and beneficiaries of Samuel Terry Asset Management Pty Ltd as trustee for the Samuel Terry Absolute Return Fund; and
- ii. Mr Woollard and Mr Burgess are directors, shareholders and beneficiaries of J P Morgan Nominees Australia Ltd as custodian for Samuel Terry Absolute Return Fund;
- iii. Mr Burgess is a beneficiary of his family trust; and
- iv. Mr Woollard is a beneficiary of the Woollard Super Fund.

### About the Substantial Shareholders

The following information has been provided to the Company by Frederick Woollard and Nigel Burgess and they take responsibility for it. The Company is not responsible for this information.

- J Their current intentions regarding their Shareholding in ARL:
  - o no major change in shareholding is planned by the substantial Shareholder;
  - o the substantial Shareholder intends to participate in any future Share issues;
  - o support the continuation of the business and Board of ARL; and
  - o no intention to become directors of ARL; and
  - o support ARL's Board in any major changes to the business, subject to the change being within the Company's current business objectives, as set out in the Information Memorandum announced on the NSX on 24 November 2016.
- J The substantial shareholdings have not changed since STAR acquired 121,935 shares at \$2.12 per share in March 2017;
- J The Substantial Shareholders have confirmed that no inducement has been given by them for Shareholders to accept either buy-back.

### Effect of On-Market Buy-Back on Substantial Holders

Frederick Woollard and Nigel Burgess have advised the Company that these substantial Shareholders do not intend to participate in the Proposed On-Market Buy-Back.

In the event that the Company does buy-back Shares under the Proposed On-Market Buy-Back, the proportionate interest of remaining Shareholders will increase. The table below shows the per cent holding of total Shares on issue that would be held by the current substantial Shareholders if 806,274 (approximately 20% of the Company's Shares as at 4 September 2017) are bought back and the current substantial holders do not participate in the Proposed On-Market Buy-Back.

Name of substantial Shareholder	Number Shares held	% of Total Post On-Market Buy-Back Shares <sup>(1)</sup>	% of Total Post On-Market & Off-Market Buy-Back Shares <sup>(2)</sup>
Total owned by STAR and associates	1,098,021	34.04%	68.1%

(1) Shares on issue after Proposed On-Market Buy Back approximately **3,225,095**.

(2) Shares on issue after Proposed Off-Market Buy Back and Proposed On-Market Buy Back approximately **1,612,547**, assuming the full take up under each buy-back.

### **Effect on the Company**

#### ***Source of funds and Financial Impact***

If approved, the Proposed On-Market 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 806,274 Shares on-market over the 12 months following the 2017 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 any 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.

The purchase of any Shares under the Proposed On-Market Buy-Back would be funded from existing cash reserves or via current debt facilities if within the debt capacity of the Company. In determining whether the Company will use one or a range of funding sources, the Company will have regard to a variety of factors including relative interest expenses, potential alternatives for use of cash resources and the availability and cost of debt. If the Board determines to acquire Shares under the Proposed On-Market Buy-Back, the precise impact of the Proposed On-Market 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 On-Market 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 On-Market Buy-Back will 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 On-Market Buy-Back will result in an increase in NTA per Share.

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

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

#### ***Advantages and disadvantages of the Proposed On-Market Buy-Back***

The advantages of the Proposed On-Market Buy-Back include:

- ) efficient means of returning capital to Shareholders who wish to sell their shares;
- ) optimising value for remaining Shareholders where the Shares are trading below their NTA value;
- ) by reducing the number of securities on issue, the Proposed On-Market Buy-Back will increase NTA per Share and 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 806,274 Shares) and can stop buying back shares on-market at any time.

The disadvantages of the Proposed On-Market Buy-Back include:

- ) the Proposed On-Market Buy-Back will reduce the Company's available cash to acquire new assets or pay dividends to Shareholders;
- ) the Proposed On-Market Buy-Back will reduce the Company's overall NTA; and
- ) after the Proposed On-Market 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 NSX.



As required by the Corporations Act, the Company has set out in this Explanatory Statement all information known to the Company that it believes is material to the decision on how to vote on this Resolution in respect of the Proposed On-Market 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 2017 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.

### **Directors' Recommendation**

The Board 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 Chair intends to vote all available proxies in favour of this Resolution.

## **Resolution 5: Approve Off-Market Buy-Back of Shares**

### **Capital Management Programme**

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

ARL foresees circumstances in which it may wish to substitute an Off-market Buyback of Shares for the On-market Buyback of Shares for which Resolution 4 seeks shareholder approval, or to buy back shares by some combination of the two methods.

This Resolution, which is proposed pursuant to the requirements of s257C(1) of the Corporations Act, proposes that Shareholders approve the Company's ability to buy back off market (**Proposed Off-Market Buy-Back**) up to 1,612,548 Shares (representing approximately 40% of Company's Shares on issue as at 4 September 2017) under an equal access buy back at a price equal to the Net Tangible Asset Value per Share shown in the then most recent Annual Report or Half Yearly Report

If approved, the Proposed Off-Market Buy-Back will allow the Company to make such an offer without the need to convene a further general meeting of Shareholders.

No final decision has been made as to whether or not to commence the buy-back or, if the Proposed Off-Market Buy-Back is commenced, on the actual number of Shares to be bought-back. The Board will, in the event the Company commences the Proposed Off-Market Buy-Back, only do so in compliance with all requirements of the Corporations Act and the Listing Rules. There is no certainty that, even if this Resolution is passed, any Shares will be bought back. If the Proposed Off-Market Buy-Back is implemented, shareholders will be able to decide whether or not to participate at that time.

The Company therefore believes that such additional flexibility in being able to acquire Shares under the Proposed Off-Market Buy-Back will support its goals of achieving the most efficient capital structure possible.

This Resolution should in no way be seen as a recommendation by the directors that shareholders should sell their stock.

### **Equal access buy back**

The Off-Market Buy-Back proposed by this resolution will be an equal access scheme for the purposes of the Corporations Act (or would be treated as one in accordance with relief granted by ASIC).

Under Section 257B of the Corporation Act an equal access scheme is prescribed as:

- ) an offer under the scheme must relate to ordinary shares;
- ) offers must be made to every person who holds ordinary shares to buy back the same percentage of their ordinary shares;
- ) all of these persons must have a reasonable opportunity to accept offers made to them;
- ) buy back agreements must not be entered until a specific time for acceptance of offers has closed; and
- ) the term of the offers must be the same.

### **Reason for Shareholder approval**

Section 257C(1) of the Corporations Act requires that the terms of an Off-Market Buy-Back agreement in relation to the Proposed Off-Market 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 this Resolution is passed, the Company will be able to buy-back up to 1,612,548 Shares, being approximately 40% of the Company's issued Shares as at 4 September 2017, within the next 12 months.

If this Resolution is not approved, the Company will continue to have an ability to buy-back Shares (subject to the 10% / 12 month limit) in accordance with the Corporations Act.

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

If the Proposed Off-Market Buy-Back proceeds, the Company will invite Shareholders to sell Shares back to the Company at the Buy-Back price with no brokerage charge. Participation in the buy-back will be voluntary. All Shares bought back will be cancelled. The personalised Buy-Back Invitation will also include the terms of the relevant buy-back, being:

1. **Eligibility to Participate:** The Company makes the Proposed Off-Market Buy-Back offer to all Shareholders holding ordinary Shares in the Company.
2. **Price:** the buy-back price will be equal to the NTA per Share disclosed in the then most recent Annual Report or Half yearly Report.
3. **Equal access:** the Company will purchase the same percentage of each participant's ordinary Shares. Each Shareholder who accepts the Proposed Off-Market Buy-Back offer does so in relation to 100% of their ordinary Shares in the Company.
4. **Maximum Number of Shares:** the maximum number of Shares in the Company to be purchased under the Proposed Off-Market Buy-Back will be 1,612,548 Shares, being approximately 40% of the Company's issued Shares as at 4 September 2017.
5. **Period of Offer:** the Proposed Off-Market Buy-Back program will commence on the date an Off-Market Buy-Back commencement is announced and will end no later than 12 months from the date of the AGM, being 17 October 2018.

#### 6. **Timetable:**

- Record date, being the date on which the relevant buy-back Shares are determined;
- Buy back period, being the opening and closing date;
- Announcement of buy-back results; and
- Shares cancellation and cash considered paid to Shareholder.

7. **Last Traded Price:** The last traded price for the Company's Shares was \$2.13 on 25 August 2017.

#### **As at 4 September 2017**

#### **Capital structure**

	<b>Number of Shares</b>
Totals: Shareholders (includes 1,034,786 escrowed until 28 November 2018)	4,031,369
Totals: Top 10 Shareholders	1,443,445
Totals: Top 10 Shareholders % of Shares on issue	35.81%

#### **Range Total Holders**

<b>Range: Number of Shares held</b>	<b>Number of Shareholders</b>
1 – 1,000	3,296
1,001 - 5,000	460
5,001 – 10,000	27
10,001 – 100,000	20
More than 100,000	4
Total	3,807

#### **Total Directors' shareholding**

	<b>Number of Shares</b>
Totals: Shares on issue at the date of this Notice	4,031,369
Totals: Directors' shareholding	68,679
Totals: Non-director shareholding	3,962,690
Totals: Director Shareholders % of Shares on issue	1.7%
Totals: Non-director Shareholders % of Shares on issue	98.3%

The Directors and their associates do not intend to participate in any Off-Market Buy-Back program established under the authority of this resolution.

In the event that the Company does buy-back Shares under the Proposed On-Market Buy-Back, the proportionate interest of remaining Shareholders will increase. The table below shows the per cent holding of total Shares on issue that would be held by the current Directors and associates if 1,612,548 (approximately 40% of the Company's Shares) were bought back.

### Total Directors' shareholding after buy-back

	Number of Shares
Totals: Shares on issue after Off-Market Buy-Back	2,418,821
Totals: Directors' shareholding	68,679
Totals: Non-director shareholding	2,350,142
Totals: Director Shareholders % of Shares on issue	2.84%
Totals: Non-director Shareholders % of Shares on issue	97.16%

### Directors' and associates' interest in ordinary securities

	Number of Shares held	% of total Shares	Options
Giles and Vicki Craig ATF the Craig Family Superannuation Fund	8,989	0.22%	-
North Shore Custodians ATF The Craig Family Trust	27,709	0.69%	-
<b>Total owned by Giles Craig and associates</b>	<b>36,698</b>	<b>0.91%</b>	-
Phalaenopsis Pty Ltd ATF Sergeant Family Trust	20,000	0.50%	-
John Sergeant	2,150	0.05%	-
John David Sergeant <Sergeant Family Superannuation Fund A/C>	5,887	0.14%	-
<b>Total owned by John Sergeant and associates</b>	<b>28,037</b>	<b>0.69%</b>	-
Graham and Kristina Holdaway ATF the G&K Superfund	3,944	0.10%	-
<b>Total owned by Graham Holdaway and associates</b>	<b>3,944</b>	<b>0.10%</b>	-
<b>Total Directors' interests</b>	<b>68,679</b>	<b>1.70%</b>	-

### Substantial Shareholders

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

Name of substantial Shareholder	Number of Shares held	% of total Shares	Associate of substantial Shareholder
Samuel Terry Asset Management Pty Ltd ATF the Samuel Terry Absolute Return Fund (STAR) <sup>(i)</sup>	636,935	15.80%	Frederick Woollard & Nigel Burgess
JP Morgan Nominees Australia Limited <sup>(ii)</sup>	389,957	9.67%	Frederick Woollard & Nigel Burgess
Nigel Burgess and his family trust <sup>(iii)</sup>	70,944	1.76%	Nigel Burgess
Woollard Super Fund <sup>(iv)</sup>	185	0.005%	Frederick Woollard
<b>Total owned by STAR and associates</b>	<b>1,098,021</b>	<b>27.23%</b>	



Notes:

- i. Mr Woollard and Mr Burgess are directors, shareholders and beneficiaries of Samuel Terry Asset Management Pty Ltd as trustee for the Samuel Terry Absolute Return Fund; and
- ii. Mr Woollard and Mr Burgess are directors, shareholders and beneficiaries of J P Morgan Nominees Australia Ltd as custodian for Samuel Terry Absolute Return Fund;
- iii. Mr Burgess is a beneficiary of his family trust; and
- iv. Mr Woollard is a beneficiary of the Woollard Super Fund.

About the Substantial Shareholders

The following information has been provided to the Company by Frederick Woollard and Nigel Burgess and they take responsibility for it. The Company is not responsible for this information.

- J Their current intentions regarding their Shareholding in ARL:
  - o no major change in shareholding is planned by the substantial Shareholder;
  - o the substantial Shareholder intends to participate in any future Share issues;
  - o support the continuation of the business and Board of ARL; and
  - o no intention to become directors of ARL; and
  - o support ARL’s Board in any major changes to the business, subject to the change being within the Company’s current business objectives, as set out in the Information Memorandum announced on the NSX on 24 November 2016.
- J The substantial shareholdings have not changed since STAR acquired 121,935 shares at \$2.12 per share in March 2017;
- J The Substantial Shareholders have confirmed that no inducement has been given by them for Shareholders to accept either buy-back.

Effect of On-Market Buy-Back on Substantial Holders

Frederick Woollard and Nigel Burgess have advised the Company that these substantial holders do not intend to participate in the Proposed On-Market Buy-Back.

In the event that the Company does buy-back Shares under the Proposed Off-Market Buy-Back, the proportionate interest of remaining Shareholders will increase. The table below shows the per cent holding of total Shares on issue that would be held by the current substantial Shareholders if 1,612,548 (approximately 40% of the Company’s Shares as at 4 September 2017) are bought back and the current substantial holders do not participate in the Proposed On-Market Buy-Back.

Name of substantial Shareholder	Number Shares held	% of Total Post Off-Market Buy-Back Shares <sup>(1)</sup>	% of Total Post Off-Market & On-Market Buy-Back Shares <sup>(2)</sup>
Total owned by STAR and associates	1,098,021	45.4%	68.1%

- (1) Shares on issue after Proposed Off-Market Buy-Back approximately **2,418,821**.
- (2) Shares on issue after Proposed Off-Market Buy-Back and Proposed On-Market Buy-Back approximately **1,612,547**, assuming the full take up under each buy-back.

## **Effect on the Company**

### ***Source of Funds and Financial Impact***

If approved and implemented, the Proposed Off-Market 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 1,612,548 Shares on-market from the date Off-Market Buy-Back commences to 12 months following the 2017 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 Off-Market Buy-Back would be funded from existing cash reserves or via current debt facilities if within the debt capacity of the Company. In determining whether the Company will use one or a range of funding sources, the Company will have regard to a variety of factors including relative interest expenses, potential alternatives for use of cash resources and the availability and cost of debt. If the Board determines to acquire Shares under the Proposed Off-Market Buy-Back, the precise impact of the Proposed Off-Market 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 Off-Market 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 Off-Market Buy-Back is likely to be accretive to earnings per Share.

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

Because the price to be paid under the Proposed Off-Market Buy-Back is to be the NTA per share from the most recent Annual Report or Half Yearly Report, the Buy-Back will not result in a change in the NTA per Share at the time of the buy-back. Future movements in NTA per share following a Buy-Back will accrue to remaining shareholders.

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

Usage of the Company's cash reserves to fund the Proposed Off-Market Buy-Back will reduce the ability of the Company to pay dividends to Shareholders.

ARL has no current dividend plan.

ARL has no franking credits at the date of this Notice.

### ***Advantages and disadvantages of the Proposed Off-Market Buy-Back***

The advantages of the Proposed Off-Market Buy-Back over the alternative On-market Buyback include:

- J the Buy-back price, being equal to the NTA per Share in the most recent Annual Report or Half Yearly Report may be higher than the market price at which shares are then being traded; and
- J as all shareholders will receive notification by mail of their entitlement to participate in any Off-Market Buy-Back.
- J Any sale of shares pursuant to the Proposed Off-Market Buy-Back will not attract brokerage charges.

The disadvantages of the Proposed Off-Market Buy-Back include:

- ) the Proposed Off-Market Buy-Back will reduce the Company's available cash to acquire new assets or pay dividends to Shareholders;
- ) the Proposed Off-Market Buy-Back will reduce the Company's overall net tangible assets; and
- ) after the Proposed Off-Market 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 NSX 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 this Resolution in respect of the Proposed Off-Market 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 2017 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.

Shareholders should consult with their own taxation advisor in connection with the Proposed Off-Market Buy Back in order to assess the impact on their own personal circumstances.

#### **Directors' Recommendation**

The Board 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 Chair intends to vote all available proxies in favour of this Resolution.

## **Special Resolution 6: Approval of Issue of Shares to new Director under the Non-Executive Share Scheme**

Subject to Shareholders approving Resolution 3; under NSX Listing Rules the Company must seek Shareholder approval to grant securities to a new director under a Non-Executive Director Share Scheme. The Company seeks to issue ordinary Shares in the Company to the new non-executive director, Graham Holdaway in lieu of his annual non-executive directors fees for the period from 30 April 2017 to 30 November 2017 (as set out in the table below), in accordance with the Board's determination that 100% of the Non-Executive Directors' annual directors' fees be paid under the "ARL Non-Executive Director Share Scheme" (the "NED SP").

The proposed issues are in accordance with the NED SP which was approved by Shareholders at the 2016 AGM. Resolution 6 is subject to Shareholders approving Resolution 3 at this meeting, held on 18 October 2017. An overview of the NED SP is set out below:

#### **Overview of the NED SP**

The objective of the NED SP is to create an initiative for creating a stronger link between Non-Executive Director performance and reward and increasing Shareholder value through the provision of the plan, called the "ARL Non-Executive Director Share Scheme".

Eligible participants in the NED SP are those Non-Executive Directors who are invited by the Company to participate in the plan.

Subject to the NED SP, each Non-Executive Director shall participate in the plan.



Terms of offer under the NED SP are subject to the plan rules and the terms of the specific offer from time to time.

Shares issued under the NED SP will rank equally with all other existing Shares in all respects including voting rights and entitlement to participate in dividends and in future rights and bonus issues.

A Non-Executive Director must not dispose of any Shares acquired under the NED SP before the end of the restriction period which are subject to the plan rules and the terms of the specific offer from time to time.

On cessation of being an eligible participant:

- (a) there are restriction conditions in relation to plan Shares or the eligible participant ceases to be an eligible Non-Executive Director then the Non-Executive Director forfeits its right, entitlement and interest in, and to, the plan Shares, and the Company must either buy back and cancel or sell the plan Shares in accordance with the plan rules; or
- (b) in the case of the death of the Non-Executive Director or as a result of a bona fide retirement (subject to conditions under the plan rules), bona fide redundancy or a total and permanent disability and there are unfulfilled restriction conditions, the Board may elect to waive any of the restriction conditions and in its absolute discretion extend a loan in accordance with the plan rules.

Subject to the NSX Listing Rules, the rules of the NED SP may be amended by resolution of the Board.

The NED SP shall be administered by the Board who has the power to:

- (a) determine appropriate procedures for administration of the plan consistent with its terms;
- (b) resolve conclusively all questions of fact or interpretation in connection with the plan;
- (c) delegate the exercise of any of its powers or discretions arising under the plan to any one or more persons for such period and on such conditions as the Board may determine; and
- (d) suspend or terminate the plan by giving written advice to eligible Non-Executive Directors.

For the period covered by this Resolution (being the 12 months from the date of the Resolution being approved by members) the number of Shares issued in relation to any period would be calculated by dividing the value of remuneration foregone by the nominal issue price of the Shares. Shares issued under the NED SP would be subject to a restriction that they may not be disposed of before the earlier of:

- ) the 12 month anniversary of the date of their acquisition; and
- ) the date that the Non-Executive Director ceases to be a director of the Company; and
- ) if a person's voting power (as defined in the Corporations Act) in the Company increases from less than 50% to more than 50% because of a takeover bid, the time when the person's voting power so increases.

Resolution 6 seeks approval of Shareholders to permit the Company to issue up to 16,667 Shares in aggregate to the new Non-Executive Director, for the period from 1 April 2017 to 30 November 2017, to be calculated in accordance with the formula set out in clause 2 below.

At the date of the Notice, the total annual director's fees payable to the new Non-Executive Director and /or their nominees for the period ended 30 November 2017, which will be paid by way of the issue of Shares in the Company under the NED SP as set out in the table below:

Director	2017 Director's fees to be paid in Shares	Shares
Graham Holdaway	\$33,334	16,667
<b>Total</b>	<b>\$33,334</b>	<b>16,667</b>

The following information must be provided to Shareholders in respect of Special Resolution 6:

1. the maximum number of Shares to be issued to each Non-Executive Director under the NED SP is 16,667 in the case of Graham Holdaway or his respective nominees.



2. The price per Share to be issued to each of the Non-Executive Director is \$2.00 per Share based on the Share Price used to issue Shares to other Directors under the NED SP and recent Share sales price.
3. No Shares have been issued to Graham Holdaway under the NED SP for the year ending 30 November 2017 in lieu of annual directors' fees.
4. All Non-Executive Directors are entitled to participate in the NED SP. Graham Holdaway is a person entitled to participate in the NED SP.
5. A voting exclusion statement is included in the Notice of Meeting.
6. No loan for an acquisition of Shares will be granted under the NED SP.
7. The Company may issue Shares under the NED SP no later than 12 months after the upcoming meeting to be held on 18 October 2017.
8. If the Resolution is not approved by Shareholders, the Non-Executive Director's fees will be paid in cash-based annual fees set out in the table above.

### ***Recommendation***

The Directors being interested parties, make no recommendations in respect of special Resolution 6.

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

## **Special Resolutions 7 to 9: Approval of Issue of Shares to Directors under the Non-Executive Share Scheme**

Under NSX Listing Rules the Company must seek Shareholder approval to grant securities to directors under a Non-Executive Director Share Scheme. The Company seeks to issue ordinary Shares in the Company to the non-executive directors, Giles Craig, John Sergeant and Graham Holdaway in lieu of their annual non-executive directors fees for the year ended 30 November 2018 (as set out in the table below), in accordance with the Board's determination that 100% of the Non-Executive Directors' annual directors' fees be paid under the "ARL Non-Executive Director Share Scheme" (the "NED SP").

The proposed issues are in accordance with the NED SP which was approved by Shareholder at the 2016 AGM, refer to Resolution 6 for further details. Resolution 9 is subject to Shareholders approving Resolution 2 (re-election of Non-Executive Director, Mr Sergeant) and Resolution 3 (election of Non-Executive Director, Mr Holdaway) at this meeting, held on 18 October 2017.

For the period covered by this Resolution (being the 12 months from the date of the Resolution being approved by members) the number of Shares issued in relation to any period would be calculated by dividing the value of remuneration foregone by the nominal issue price of the Shares. Shares issued under the NED SP would be subject to a restriction that they may not be disposed of before the earlier of:

- ) the 12 month anniversary of the date of their acquisition; and
- ) the date that the Non-Executive Director ceases to be a director of the Company; and
- ) if a person's voting power (as defined in the Corporations Act) in the Company increases from less than 50% to more than 50% because of a takeover bid, the time when the person's voting power so increases.

Resolutions 7 to 9 seek approval of Shareholders to permit the Company to issue up to 70,422 Shares in aggregate to the Non-Executive Directors, to replace each of the Non-Executive Directors annual directors fees for the financial year from 1 December 2017 to 30 November 2018, to be calculated in accordance with the formula set out in clause 2 below.

At the date of the Notice, the total annual directors' fees payable to each Non-Executive Director and /or their nominees for the year ended 30 November 2018, which will be paid by way of the issue of Shares in the Company under the NED SP as set out in the table below:

<b>Director</b>	<b>2018 Directors' fees to be paid in Shares</b>	<b>Shares</b>
Giles Craig	\$50,000 pa	23,474
John Sergeant	\$50,000 pa	23,474
Graham Holdaway	\$50,000 pa	23,474
<b>Total</b>	<b>\$150,000 pa</b>	<b>70,422</b>

The following information must be provided to Shareholders in respect of Special Resolutions 7 to 9:

1. the maximum number of Shares to be issued to each Non-Executive Director under the NED SP is 23,474 Shares in the case of each of Giles Craig, John Sergeant and Graham Holdaway or their respective nominees; totalling 70,422 Shares.
2. The price per Share to be issued to each of the Non-Executive Directors is \$2.13 per Share based on recent Share sales price.
3. The following Shares are to be issued to Giles Craig, John Sergeant and Graham Holdaway under the NED SP for the year ending 30 November 2018 in lieu of annual directors' fees, subject to Shareholders approving Resolutions 3 and 6.

<b>Director</b>	<b>2017 Directors' fees to be paid in Shares</b>	<b>Shares</b>
Giles Craig	\$50,000 pa	25,000
John Sergeant	\$50,000 pa	25,000
Graham Holdaway	\$33,334 pa	16,667
<b>Total</b>	<b>\$133,334 pa</b>	<b>66,667</b>

4. All Non-Executive Directors are entitled to participate in the NED SP Giles Craig, John Sergeant and Graham Holdaway are the persons entitled to participate in the NED SP.
5. A voting exclusion statement is included in the Notice of Meeting.
6. No loan for an acquisition of Shares will be granted under the NED SP.
7. The Company may issue Shares under the NED SP no later than 12 months after the upcoming meeting to be held on the 18 October 2017.
8. If the Resolutions are not approved by Shareholders the Non-Executive Directors' 2018 directors' fees will be paid in cash-based annual fees set out in the above table above.

### ***Recommendation***

The Directors being interested parties, make no recommendations in respect of special Resolutions 7 to 9.

The Chair intends to vote all available proxies in favour of Resolutions 7 to 9.

# 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 2017 annual report of the Company, a copy of which was lodged with NSX and ASIC. The Annual Report includes the audited financial statements, directors' report and auditor's report.

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

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

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

"**Net Asset Value**" means the value of the Company's assets less the value of the Company's liabilities.

"**Net Tangible Asset Value**" and "**NTA**" means the value of the Company's tangible assets less the value of the Company's liabilities.

"**NSX**" means National Stock Exchange of Australia Limited ACN 330 894 691.

"**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.



# Questions from Shareholders

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For meeting of the Company to be held at History House, 133 Macquarie Street, Sydney NSW 2000 on Wednesday 18 October 2017 at 10:00am 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 10:00am (AEDT) on 18 October 2017 to either:

- By fax**            +61 8 8223 1685
- By email**        vicky.allinson@arlimited.com.au
- By post**         Aurora House, Suite 816, 147 Pirie Street  
Adelaide SA 5000

## Additional information

The map below shows the venue for the meeting and its nearest transport routes.

### Will you be attending?

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

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

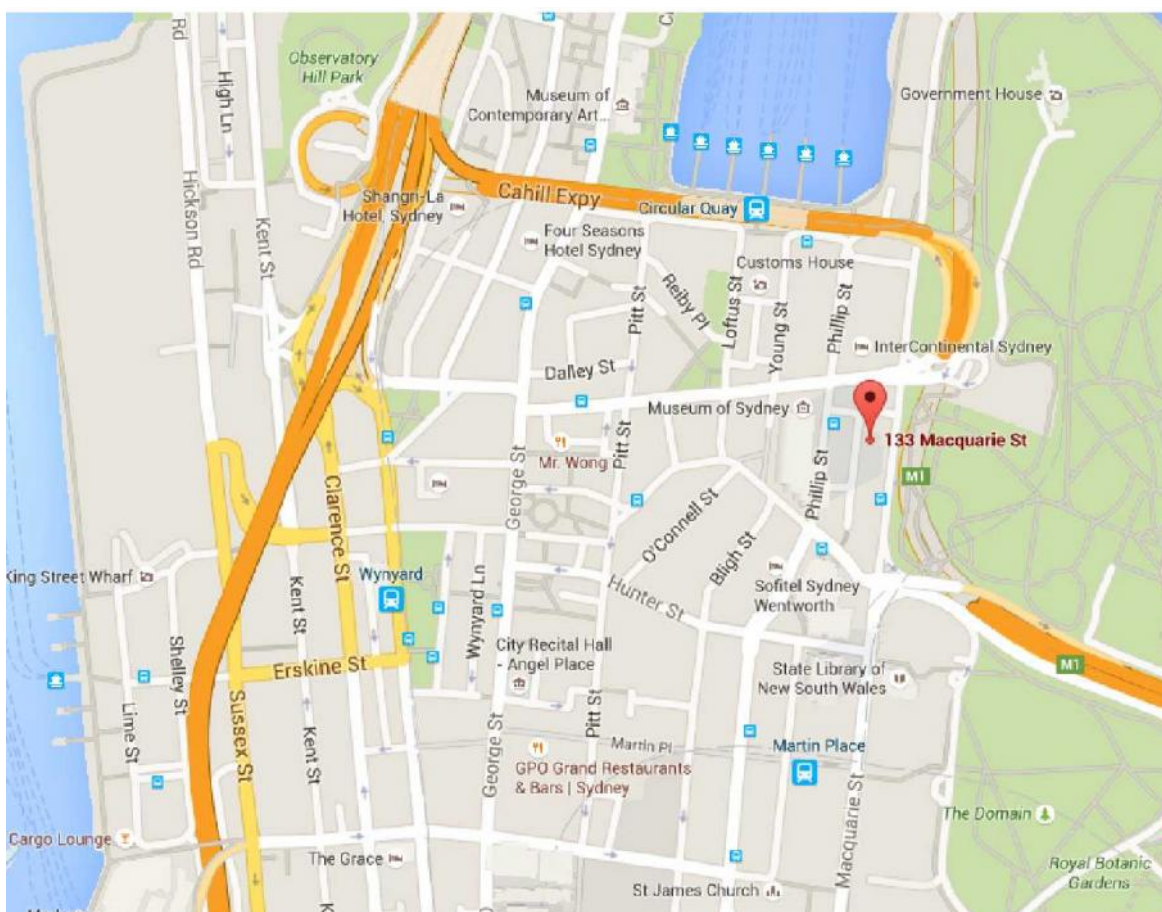
) Telephone: 08 8423 0170

**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.





## LODGE YOUR VOTE

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

 **BY MAIL**  
Asset Resolution Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

 **BY FAX**  
+61 2 9287 0309

 **BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474

## LODGE MENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am (AEDT) on Monday, 16 October 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

### **ONLINE**

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

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**



NAME SURNAME  
 ADDRESS LINE 1  
 ADDRESS LINE 2  
 ADDRESS LINE 3  
 ADDRESS LINE 4  
 ADDRESS LINE 5  
 ADDRESS LINE 6



X99999999999

## PROXY FORM

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

### APPOINT A PROXY

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

STEP 1

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 of the Company to be held at **10:00am (AEDT) on Wednesday, 18 October 2017 at History House, 133 Macquarie Street, Sydney NSW 2000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

**Important for Resolution 1, 6, 7, 8 & 9:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution **1, 6, 7, 8 & 9**, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

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

### 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

#### Resolutions

	For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Non-Executive Director – Mr John Sergeant for re-election on rotation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Non-Executive Director – Mr Graham Holdaway for election	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approve On-Market Buy-Back of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approve Off-Market Buy-Back of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Special Resolutions

	For	Against	Abstain*
6 Approve Share issue to Graham Holdaway under the Non-Executive Share Plan in lieu of director's fees for period from appointment 1 April 2017 to 30 November 2017	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approve Share issue to Giles Craig under the Non-Executive Share Plan in lieu of director's fees for year ended 30 November 2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approve Share issue to John Sergeant under the Non-Executive Share Plan in lieu of director's fees for year ended 30 November 2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Approve Share issue to Graham Holdaway under the Non-Executive Share Plan in lieu of director's fees for year ended 30 November 2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 2



\* 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.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

STEP 3

This form should be signed by the shareholder. If a joint holding, either shareholder may 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).

ASS PRX1701N

