



Notice of annual general meeting and explanatory statement

Asset Resolution Limited ACN 159 827 871

Date: 23 October 2019
Time: 10:00am AEDT
Place: Level 17 383 Kent Street,
Sydney NSW 2000

Letter to Shareholders

Dear Asset Resolution Limited Shareholder,

I am pleased to enclose the 2019 Annual Report and Notice of Annual General Meeting (**AGM**) for Asset Resolution Limited (**ARL**).

Buy-back

The Notice of Meeting includes one resolution 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.

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, the resolution to be put to shareholders expressly authorises the buy-back of up to 646,655 ordinary Shares on market, over the 12 months following the 2019 AGM.

Re-Election of Director

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

Directors' remuneration

At this AGM, the Board is seeking re-approval of the Non-Executive Share Plan, as part of the normal tri-annual approval requirement, and the re-approval that directors' fees be paid in Shares, thereby preserving the Company's cash. The price per Share to be issued to each of the Non-Executive Directors is \$2.90; being the net tangible asset per share shown in the 2019 Annual Report. This price is significantly higher than the share price at the date of this notice, being \$2.79.

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 23 October 2019. I hope to see you then.

Yours sincerely,



Giles Craig
Chairman

Notice of Annual General Meeting

The Annual General Meeting (“AGM”) of Shareholders of Asset Resolution Limited ACN 159 827 871 (ARL) will be held at Grant Thornton’s offices, Level 17, 383 Kent Street, Sydney NSW 2000 at 10:00am AEDT on Wednesday 23 October 2019. 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 AGM, 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

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 2019.

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 30th June 2019.”

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

Voting Prohibition Statement:

In accordance with the Corporations Act, a vote on this resolution must not be cast (in any capacity) by, or on behalf of, the following persons:

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

However, a person (the **voter**) described above may cast a vote on this Resolution if the vote is cast as a proxy for a person who is entitled to vote on this Resolution and:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair of the meeting 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 Graham Holdaway for re-election on rotation

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

“That Mr Graham Holdaway, 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

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 646,655 fully paid ordinary Shares in the Company (representing approximately 20% of the Company’s issued Shares as at 5 September 2019) 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.

D. Special Resolutions

Resolution 4

Approval of Non-Executive Share Plan

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

“For the purposes of NSX Listing Rule 6.44 and for all other purposes, Shareholders approve the establishment and implementation of the Non-Executive Share Plan and the issue of securities under the Non-Executive Share Plan, in the form to be tabled by the Chairman at the meeting, in accordance with the requirements of the Corporations Act and the NSX Listing Rules (if applicable) and on the terms as described in the Explanatory Statement to this Notice of Meeting.”

Voting Exclusion Statement for Resolutions 6

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in favour of these Resolutions by or on behalf of:

- the persons excluded from voting, being:
 - Mr Giles Craig,
 - Ms Sarina Roppolo, and
 - Mr Graham Holdaway,

or

- an associate of those persons.

However, the Company need not disregard a vote if:

- 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
- 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.

Resolution 5

Approve Share issue to Giles Craig under the Non-Executive Share Plan in lieu of director’s fees for year ended 30 November 2020

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 17,241 Shares to Giles Craig (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 5

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in favour of these Resolutions by or on behalf of:

- the persons excluded from voting, being:
 - Mr Giles Craig,

or

- an associate of those persons.

However, the Company need not disregard a vote if:

- 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
- 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.

Resolution 6

Approve Share issue to Sarina Roppolo under the Non-Executive Share Plan in lieu of director's fees for year ended 30 November 2020

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 17,241 Shares to Sarina Roppolo (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

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in favour of these Resolutions by or on behalf of:

- the persons excluded from voting, being:
 - Ms Sarina Roppolo,
- or
- an associate of those persons.

However, the Company need not disregard a vote if:

- 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
- 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.

Resolution 7

Approve Share issue to Graham Holdaway under the Non-Executive Share Plan in lieu of director's fees for year ended 30 November 2020

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 17,241 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 7

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in favour of these Resolutions by or on behalf of:

- the persons excluded from voting, being:
 - Mr Graham Holdaway,or
- an associate of those persons.

However, the Company need not disregard a vote if:

- 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
- 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	<u>4th September 2019</u>
Signed Name	 <u>Victoria Marie Allinson</u> Company Secretary

Voting and proxies

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 7:00pm (Sydney time) on Monday 21 October 2019.

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, or alternatively call Vicky Allinson at 08 8423 0170.

If you wish to appoint a second proxy you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes.

To appoint a second proxy, you must follow the instructions on the proxy form.

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 21 October 2019 at:

Proxies may be lodged with ARL:

On-line at:

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

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the AGM of the Company to be held at Grant Thornton's offices, Level 17, 383 Kent Street, Sydney NSW 2000 at 10:00am AEDT on Wednesday 23 October 2019.

A copy of the Notice of Meeting (including Explanatory Memorandum) was lodged with the NSX on 17th September 2019. The NSX does not take any responsibility for the content of the Notice of Meeting (including Explanatory Memorandum).

This Explanatory Memorandum forms part of the Notice of Meeting and must be read together with that Notice. The purpose of this Explanatory Memorandum is to provide Shareholders with an explanation of the business of the Meeting and of the Resolutions to be proposed and considered at the Meeting and to assist Shareholders in determining how they wish to vote on each of the Resolutions.

As far as legally possible, the Board intends to support each of the Resolutions.

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 AGM. There is no requirement 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 2019 ("**Annual Report**").

The Company's Annual Report is available from the Company's website <https://www.arlimited.com.au/financials> 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 AGM (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 12 to 17 of the 2019 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 AGM.

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 AGMs a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those AGMs.

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 AGM.

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 AGM the Remuneration Report Resolution was passed on a show of hands; the votes cast via proxies against the Remuneration Report considered at that AGM were fewer than 25%. Accordingly, the Spill Resolution is not relevant for this AGM.

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 excising 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 AGM, 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.

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

Graham Holdaway

BCA, Dip Accy, MAICD
Executive Director

Board member since April 2017.

Mr Holdaway is an experienced non-executive director, having served on boards of natural resources companies with operations in Australia, Indonesia, Papua New Guinea and the United Kingdom.

He is a former partner of KPMG, with a particular interest in the development of resources-related infrastructure.

He is currently an executive director of one other publicly listed company: Kangaroo Island Plantations Timbers Ltd (ASX: KPT).

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.

Directors' 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 3: 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 believes the buy-back gives 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 646,655 Shares on market (representing approximately 20% of Company's Shares on issue as at 4 September 2019 (**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 646,655 ordinary Shares on market over the 12 months following the 2019 AGM, 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 646,655 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 646,655 Shares, being up to approximately 20% of the Company’s issued Shares as at 5 September 2019, 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 \$2.79 on 28 August 2019.

As at 28 August 2019

Capital structure

	Number of Shares
Totals: Shareholders	3,233,277
Totals: Top 10 Shareholders	1,527,888
Totals: Top 10 Shareholders % of Shares on issue	47.26%

Range Total Holders

Range: Number of Shares held	Number of Shareholders
1 – 1,000	2,113
1,001 - 5,000	273
5,001 – 10,000	13
10,001 – 100,000	23
More than 100,000	4
Total	2,426

Total Directors' shareholding

	Number of Shares
Totals: Shares on issue at the date of this Notice	3,233,277
Totals: Directors' shareholding	149,618
Totals: Non-director shareholding	3,083,659
Totals: Director Shareholders % of Shares on issue	4.63%
Totals: Non-director Shareholders % of Shares on issue	95.37%

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 646,655 (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	2,586,622
Totals: Directors' shareholding	149,618
Totals: Non-director shareholding	2,437,004
Totals: Director's Shareholders % of Shares on issue	5.78%
Totals: Non-director Shareholders % of Shares on issue	94.22%

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	9,289	0.28%	-
North Shore Custodians ATF The Craig Family Trust	76,183	2.36%	-
Total owned by Giles Craig and associates	85,472	2.64%	-
Abril Holdings Pty Ltd	17,906	0.55%	-
Total owned by Sarina Roppolo and associates	17,906	0.55%	-
Holdaway & Holdaway Pty Ltd	40,141	1.24%	-
Graham and Kristina Holdaway ATF the G&K Superfund	6,099	0.19%	-
Total owned by Graham Holdaway and associates	46,240	1.43%	-
Total Directors' interests	149,618	4.63%	-

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	19.70%	Frederick Woollard & Nigel Burgess
JP Morgan Nominees Australia Limited	389,957	12.06%	Frederick Woollard & Nigel Burgess
Nigel Burgess and his family trust	70,944	2.19%	Nigel Burgess
Woollard Super Fund	185	0.006%	Frederick Woollard
Total owned by STAR and associates	1,098,021	33.96%	

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;
- 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.

- Their current intentions regarding their Shareholding in ARL:
 - no major change in shareholding is planned by the substantial Shareholder;
 - the substantial Shareholder intends to:
 - participate in any future Share issues;
 - support the continuation of the business and Board of ARL; and
 - has no intention to become directors of ARL; and

- supports 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.
- The substantial shareholdings have not changed since STAR acquired 121,935 shares at \$2.12 per share in March 2017;
- 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 646,655 (approximately 20% of the Company's Shares as at 5 September 2019) 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 Pre On-Market Buy-Back Shares	% of Total Post On-Market Buy-Back Shares ⁽¹⁾
Total owned by STAR and associates	1,098,021	33.96%	42.45%

(1) Shares on issue after Proposed On-Market Buy-Back approximately **2,586,622**.

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 646,655 Shares on-market over the 12 months following the 2019 AGM 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 646,655 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.

Copies of the Company's audited Annual Report for the financial year ended 30 June 2018 can be found on the Company's website at 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.

Special Resolutions 4: Approval of the Non-Executive Directors' Share Scheme

NSX Listing Rule 6.25 prohibits the Company issuing equity securities which, in aggregate, exceed 15% of the fully paid ordinary Share capital of the Company in any 12 month period.

NSX Listing Rule 6.25 exception 2(iv) provides that NSX Listing Rule 6.25 does not apply to the issue of securities by the Company under an Non-Executive Director Share Scheme if the scheme was established before the entity listed and a summary of the terms were included in the prospectus, or if the scheme has been approved by Shareholders within three years from the date of issue of the relevant securities.

This Resolution 4 seeks Shareholder approval for three years so that securities issued pursuant to the Non-Executive Share Plan (“**NED SP**”) are not included within the 15% of issued Shares that can be issued without Shareholder approval.

In accordance with NSX Listing Rule 6.25 exception 2(iv), a summary of the key terms of the NED SP and the number of securities issued under the plan 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.

What if this Resolution is not passed?

If Resolution 4 is **not** passed, then Special Resolutions 5 to 7 will **not** be put to Shareholders and directors' fees will continue to be paid in cash.

Recommendation

The Directors being interested parties, make no recommendations in respect of Resolution 4.

The Chair intends to vote all available proxies in favour of Resolution 4.

Special Resolutions 5 to 7: 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 "NED SP"), subject to Shareholder approval of NED SP, refer to Resolution 4 for further details. The Company seeks to issue ordinary Shares in the Company to the non-executive directors, Giles Craig, Sarina Roppolo and Graham Holdaway in lieu of their annual non-executive directors fees for the year ended 30 November 2020 (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 NED SP.

The proposed issues are in accordance with the NED SP which was initially approved by Shareholders at the 2016 AGM and is put forward for re-approval by Shareholders at this meeting, held on 23 October 2019, refer to Resolution 4 for further details. Resolution 5 to 7 are therefore subject to Shareholders approving Resolution 4 (Approval of ARLs Non-Executive Director Share Scheme).

Resolution 7 is subject to Shareholders approving Resolution 2 (re-election of Non-Executive Director, Mr Holdaway) at this meeting, held on 23 October 2019.

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 5 to 7 seek approval of Shareholders to permit the Company to issue up to 51,723 Shares in aggregate to the Non-Executive Directors, to replace each of the Non-Executive Directors' annual director's fees for the financial year from 1 December 2019 to 30 November 2020, 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 2020, 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	2020 Directors' fees to be paid in Shares	Shares
Giles Craig	\$50,000 pa	17,241
Sarina Roppolo	\$50,000 pa	17,241
Graham Holdaway	\$50,000 pa	17,241
Total	\$150,000 pa	51,723

The following information must be provided to Shareholders in respect of Special Resolutions 5 to 7:

1. the maximum number of Shares to be issued to each Non-Executive Director under the NED SP is 17,241 Shares in the case of each of Giles Craig, Sarina Roppolo and Graham Holdaway or their respective nominees; totalling 51,723 Shares.
2. The price per Share to be issued to each of the Non-Executive Directors is \$2.90 per Share based on recent audited net tangible asset value per share.
3. There were no Shares have been issued or are to be issued to Giles Craig, Sarina Roppolo, or Graham Holdaway, under the NED SP for the year ending 30 November 2019 in lieu of annual directors' fees, as the directors to take their fees in cash. In September 2018 the following Shares were issued under the NED SP for the year ending 30 November 2018 in lieu of annual directors' fees:

Director	2018 Directors' fees to be paid in Shares	Shares
Giles Craig	\$50,000	23,474
Sarina Roppolo (appointed 28 February 2019)	\$37,500	17,606
Graham Holdaway	\$50,000	23,474
John Sergeant (resigned 28 February 2019)	\$12,500	5,868
Total	\$150,000	70,422

No other Shares have been issued Giles Craig, Sarina Roppolo, or Graham Holdaway in the prior twelve months to the date of this report, being 4th September 2019.

4. All Non-Executive Directors are entitled to participate in the NED SP Giles Craig, Sarina Roppolo 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 22 October 2020.
8. If the Resolutions are not approved by Shareholders the Non-Executive Directors' 2020 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 5 to 7.

The Chair intends to vote all available proxies in favour of Resolutions 5 to 7.

Glossary

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

"**Annual Report**" means the 2019 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.

"**NED SP**" means Asset Resolution Ltd's Non-Executive Director Share Scheme

"**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

For meeting of the Company to be held at Grant Thornton's offices, Level 17 383 Kent Street, Sydney NSW 2000 on Wednesday 23 October 2019 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 2019 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:

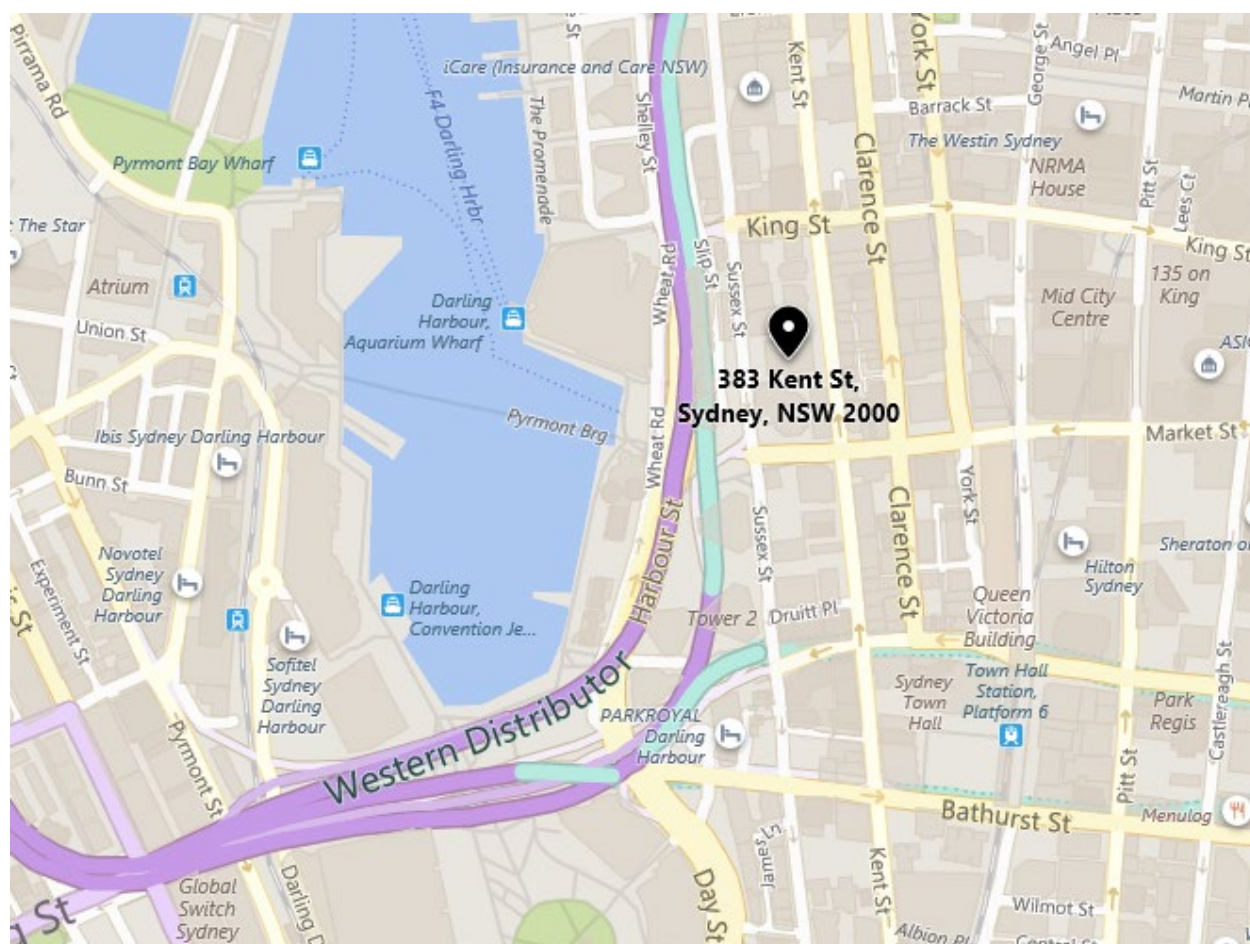
- Email: vicky.allinson@arlimited.com.au or
- Telephone: 08 8423 0170

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

By Train - Alight at Town Hall, or Wynyard stations.

By Bus – Alight at the stop nearest Kent Street or Sussex Street.

By Ferry – Disembark at Darling Harbour.



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