



Notice of Extraordinary General Meeting and Explanatory Statement

Asset Resolution Limited ACN 159 827 871

Date: 20 June 2022
Time: 11:00am AEST
Place: Grant Thornton's offices, Level 17, 383 Kent Street,
Sydney NSW 2000

IMPORTANT INFORMATION REGARDING COVID-19

This Extraordinary General Meeting will be held as a physical meeting. Details on attending the EGM in person are included in the Notice of Meeting and on the Company's website www.arlimited.com.au.

This Notice of Extraordinary General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 8423 0170 or Share Registry 1300 554 474.



Letter to Shareholders

Dear Asset Resolution Limited Shareholder,

I am pleased to confirm that we have received the final significant Octaviar distribution and have decided to issue this Notice of Extraordinary General Meeting (**EGM**) for Asset Resolution Limited (**ARL** or the **Company**) to allow Shareholders to vote on the future of their Company.

The Company's EGM is to be held in person. Details on attending the EGM are included in this notice of meeting and are on the Company's website www.arlimited.com.au.

The resolutions being put to the Meeting are set out below:

Potential return of capital to Shareholders

The Board announced a \$1.6 million distribution from the Octaviar Entities on 4 April 2022. The liquidators of the Octaviar Entities have indicated the April 2022 payment is the last significant distribution but a further small final distribution may be made in 2023, following which the liquidation will be completed. It is therefore the intention of the Board that the Company's cash assets be distributed to Shareholders as contemplated in the Explanatory Statement. The Board does not intend to wind the Company up until it receives notice from the liquidator that the liquidation has ended.

Delisting from the NSX

Once the capital has been returned to Shareholders as contemplated in the Explanatory Statement enclosed with this Notice, the Board proposes to delist the Company from the NSX.

Our Extraordinary General Meeting will be held at 11:00am AEST on Monday 20th June 2022. I hope you can join us then.

Yours sincerely,

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

Giles Craig
Chair



Notice of Extraordinary General Meeting

The Extraordinary General Meeting (**EGM**) of Shareholders of Asset Resolution Limited ACN 159 827 871 (**ARL** or the **Company**) will be held at 11:00am AEST on Monday 20th June 2022 in person as follows:

In person: Grant Thornton's offices, Level 17, 383 Kent Street, Sydney NSW 2000

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 EGM, you are requested to complete your Proxy Form. For further information regarding voting and proxies, please refer to page 3 of this Notice of Meeting.

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

Business

1. Resolution 1 - Potential return of capital to Shareholders

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

That approval is given for the purposes of Part 2J.1 of the Corporations Act and for all other purposes of the Company to reduce its share capital by up to \$19.1 million in accordance with sections 256B and 256C of the Corporations Act 2001 (Cth) by way of an equal capital reduction that will pay each Shareholder the amount of up to \$5.73 per Share, on the terms described in the Explanatory Statement accompanying this Notice.

2. Special Resolution 2 - Delisting

Subject to Resolution 1 being passed, to consider and, if thought fit, to pass the following resolution as a special resolution:

That approval is given for the purpose of NSX Listing Rule 2.25 and for all other purposes of the Company to withdraw the listing of the Company from the NSX and that the Directors be authorised to do all things necessary to give effect to the delisting of the Company from the NSX.

Resolution 2 is a Special Resolution requiring at least 75% of the votes cast by Shareholders entitled to vote on Resolution 2 to be in favour of the Resolution in order for it to pass.

Voting and proxies

1. 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 18th June 2022.

The Company will be holding a physical EGM.

Shareholders may vote by either:

- (a) in person at the physical meeting, or
- (b) appointing a Proxy

2. 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 on 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 48 hours before the time notified for the meeting:

Proxies may be lodged with ARL:

On-line at: www.linkmarketservices.com.au

By mail, to Asset Resolution Limited:

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

By hand to:

Link Market Services Limited, Parramatta Square, level 22, Tower 6, 10 Darcy Street, Parramatta NSW 2150 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.

3. Questions from Shareholders

The Chair of the meeting will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company in person during the Meeting.

To assist the Board of the Company in responding to any questions you may have, please submit any questions in writing by fax, email, investor vote or by post to the address below by no later than 5:00pm (AEDT) on 16th June 2022.

By email vicky.allinson@arlimited.com.au

By post Unit 3B, Level 3, 60 Hindmarsh Square, Adelaide SA 5000

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the EGM of the Company at 11:00am AEST on Monday 20th June 2022.

A copy of the Notice (including Explanatory Statement) was lodged with the NSX on 19th May 2022. The NSX does not take any responsibility for the content of the Notice (including Explanatory Statement).

This Explanatory Statement forms part of the Notice of Meeting and must be read together with that Notice. The purpose of this Explanatory Statement 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.

1. RESOLUTION 1 – POTENTIAL RETURN OF CAPITAL TO SHAREHOLDERS

Background

ARL has previously announced:

- (a) the sale of its shareholding in NobleOak Life Limited;
- (b) the receipt of a further dividend from Octaviar;
- (c) the redemption of units held by ARL in The African Lions Fund; and
- (d) the redemption of shares held by ARL in the Samuel Terry Absolute Return Fund.

ARL has therefore realised all of its non-cash assets with the result that ARL will have surplus capital available for distribution to shareholders.

The Board has received confirmation from the liquidators of the Octaviar Entities that a further small final distribution may be made in 2023, following which the liquidation will end. It is the current intention of the board that all further amounts received, net of expenses, will be distributed to shareholders.

Subject to retention of approximately \$1 million to meet ARL's ongoing operational costs and other liabilities, it is proposed that the majority of ARL's cash assets be distributed to shareholders considering the best interests of shareholders as a whole.

Shareholder approval is being sought to approve ARL returning up to \$19.1 million as an equal capital reduction, approximately 95% of the assets of the Company.

If the Board determines to return capital, the return of capital will be effected by ARL paying to each registered holder of fully paid ordinary shares in the Company, as at a date and time to be specified by the Board, the pro rata amount of the capital reduction per ordinary share. Any reduction in capital pursuant to this approval is expected to occur no later than 30 September 2022.

In making this decision, the Board will consider the Company's requirements for future capital in light of ARL's circumstances. Surplus capital will only be returned to the extent that the Board forms the view that it is in excess of ARL's known requirements at that time.

Equal Reduction

A capital reduction by ARL will be governed by ARL's constitution and by the Corporations Act, and sections 256B and 256C of the Corporations Act in particular. The proposed return of capital will constitute an equal reduction of ARL's share capital for the purposes of the section 256B(2) of Corporations Act. This is because the reduction:

- relates only to fully paid ordinary shares;
- applies to each holder of shares in proportion to the number of shares they hold; and
- the terms of the reduction are the same for each holder of shares.

No shares will be cancelled in connection with the return of capital. Accordingly, the return of capital will not affect the number of shares held by each shareholder, nor will it affect the control of ARL.

Under section 256B(1) of the Corporations Act, an equal capital reduction:

- must be fair and reasonable to the company's shareholders as a whole;
- must not materially prejudice the company's ability to pay its creditors; and
- must be approved by shareholders of the company.

The Board is satisfied that these requirements will be met, noting that the reduction applies equally and will be paid out of surplus capital after receipt of proceeds from the above divestment transactions.

If the reduction is implemented, shares in ARL may trade at a lower price than they would have if the capital reduction had not been made. This is due to the return of funds to shareholders and the consequent reduction in funds held by the Company.

Tax Implications for Shareholders

The commentary below is general in nature and not intended to be comprehensive. Commentary is based upon the Company's interpretation of Australian income tax law currently in force at the date that this Notice of Meeting was issued.

Only Australian income tax considerations will be addressed and the tax implications of the return of capital for shareholders will depend on their particular circumstances.

This general summary does not take into account the Australian income tax consequences for Eligible Shareholders who:

- Hold their Shares in the course of trading or dealing in securities or otherwise hold the Shares on revenue account or as trading stock;
- Are subject to the Taxation of Financial Arrangements regime in Division 230 of the Income Tax Assessment Act 1997 that have made an election to rely on the fair value or reliance on financial reports methodologies;
- Are exempt from Australian income tax; or
- Are non-residents of Australia for income tax purposes.

It is therefore important that you consult with your own taxation adviser as to the potential tax consequences of participating in the return of capital, having regard to your particular circumstances.

The expected tax consequences that arise for Shareholders as a result of the return of capital are as follows:

Tax treatment of Return of Capital

It is anticipated that the whole of the return of capital will be debited against the Company's share capital account. Accordingly, all of the return of funds will be capital proceeds from the Company and no part of the return of capital will be a dividend.

The Australian income tax legislation contains anti-avoidance provisions which, if applicable, allow the Commissioner of Taxation (Commissioner) to make a determination that all or part of the return of capital received by shareholders is to be treated as an unfranked dividend.

An unfranked dividend is subject to income tax in the hands of the receiving shareholder, with no franking credit available.

Based on the actual circumstances of the Company, its retained earnings and the circumstances of the return of capital, it is considered that the likelihood of the Commissioner making such a determination should be low. Accordingly, the Company has elected not to seek a Class Ruling from the Australian Taxation Office.

Eligible Shareholders should seek their own tax advice in respect of this matter.

Calculating your Capital Gain on the Return of Capital

For Shareholders who are a resident of Australia for Australian tax purposes:

- No part of the capital reduction should be treated as a dividend for income tax purposes.
- The cost base of each Share will be reduced by the amount of the return of capital for the purpose of calculating any capital gain or loss on the ultimate disposal of the Share.
- An immediate capital gain will arise for Shareholders where the cost base of the Share is less than the amount of the return of Capital.
- If you held your Shares for at least 12 months at the return of capital Date (excluding the date of acquisition and sale), you may be eligible for the CGT discount in respect of a capital gain you make from the return of capital. The CGT discount is 50% for individuals and trusts. The CGT discount is 33 1/3% for complying superannuation funds. Companies are not entitled to the CGT discount.

For non-resident Shareholders, no Australian capital gain or loss should arise as a consequence of the return of capital. Non-resident shareholders should seek advice in relation to the specific tax consequences arising from the return of capital under the laws of their country of residence.

No adverse tax consequences are expected to arise for ARL in relation to the Capital Return.



Director's Interests

As at the date of this Notice of Meeting, ARL Directors have the following direct or indirect interests in ordinary fully paid ARL Shares:

Director	Interest
Giles Craig	120,319
Sarina Roppolo	53,118
Therese Cochrane	1,069,803

No other material information

As required by the Corporations Act, ARL has set out in the Explanatory Statement all information known to ARL that is material to the decision on how to vote on this resolution.

Director's recommendation

The Board recommends that shareholders vote in favour of the resolution.

2. RESOLUTION 2 - DELISTING

Background

ARL has applied to the NSX to be removed from the NSX Official List under NSX Listing Rule 2.25 (the **Delisting**).

NSX Listing Rule 2.25 requires that the Company obtain the approval of shareholders of the Delisting by way of three quarters majority vote.

Subject to Resolution 1 being passed, this Resolution will be proposed to seek Shareholder approval for the Delisting under and for the purpose of the NSX Listing Rules.

If this Resolution is passed, the Company will be able to proceed with the Delisting. Once delisted, the Company will become an unlisted public company and will continue its operations, which are anticipated to be minimal following the divestment of the majority of the Company's assets and the capital reduction contemplated by Resolution 1 above.

If this Resolution is not passed, the Company will not be able to proceed with the Delisting. However, if the return of capital contemplated in Resolution 1 is implemented by the Company, the NSX may form the view that the Company does not have sufficient assets to warrant the continued listing of the Company's shares such that the NSX may suspend or cancel the listing of the Company's shares.

An indicative timetable for the Delisting is set out below. All dates and times referred to are Sydney, Australia time. Any changes to the indicative timetable will be communicated by way of market announcement on the NSX company announcements platform.

Indicative Date	Event
19 May 2022	EGM Notice to be lodged on NSX and sent to Shareholders
20 June 2022	Proposed date of EGM
20 June 2022	Results of EGM lodged on NSX
21 June 2022	Ex-date for security holder entitled to participate in the Capital Reduction
22 June 2022	Record date of securities regarding capital reduction
30 June 2022	Capital Reduction payout
4 August 2022	Suspension date ⁽¹⁾ (date on which trading of Shares on the NSX is suspended at the close of trading), subject to Shareholder approval.
11 August 2022	Anticipated delisting date

(1) Any Shareholder wishing to trade on market should do so before the Company's close of trading upon withdrawal.

Reasons for Delisting

The key reasons for the Company's decision to seek removal from the NSX Official List are:

- **Fewer investment opportunities:** When ARL listed on the NSX, the Board believed that there would be significant opportunities to invest in the distressed asset space. While the Company has been able to make a number of very successful investments, the continuing buoyant Australian economy means there have been fewer opportunities than expected in the distressed asset space.
- **Resolution of Octaviar Liquidation:** ARL has received the majority of the amount IT WILL RECEIVE IN RESPECT of the proof of debt lodged by the Company in respect of the Octaviar Entities, and the Board believes that no further significant amounts are receivable in the liquidation of either Octaviar Entity.

The liquidators of the Octaviar Entities have advised the Company that \$205,694,371 and \$137,215,907 respectively of the proof of debt claim had been allowed. To date, the Company has received \$6,331,810 from Octaviar Ltd (In Liquidation) and \$4,020,702 from Octaviar Administration Pty Ltd (In Liquidation), this includes the latest dividends declared by the liquidators of:

- Octaviar Administration Pty Ltd (In Liquidation) on 1 April 2022, being a dividend to unsecured creditors of OA of 0.2584 cents in the dollar. The Company received a dividend of \$354,567 on 1 April 2022.
- Octaviar Ltd (In Liquidation) on 1 April 2022, being a dividend to unsecured creditors of OL of 0.6250 cents in the dollar. The Company received a dividend of \$1,285,590 on 5 April 2022.

ARL has also realised the majority of its non-cash assets as described in this Explanatory Statement in respect of Resolution 1. As such, the Board believes that there the Company will have no material assets other than cash and, being an entity founded for the purpose of facilitating the receipt of dividends in the liquidation of the Octaviar Entities, will have no further purpose.

- **Costs:** The Company believes that the ongoing administrative and compliance obligations and costs associated with maintaining its listing on the NSX are disproportionate to the benefit obtained. Legal, accounting, and other expenses incurred in satisfying NSX filing, reporting, and compliance requirements are, and would continue to be burdensome for the Company in circumstances where the Company has ceased its material operations and has returned the majority of its assets to shareholders.
- **Time and effort:** A significant portion of the Board's time is presently dedicated to matters relating to the Company's NSX listing. That time would be able to be spent on other matters for the benefit of the Company if the Company Delists.

Consequences of Delisting

- Shares in the Company will no longer be publicly quoted or traded on the NSX and Shareholders will only be able to sell their Shares in off-market private transactions requiring Shareholders to identify and agree terms of sale. Such transactions will be subject to applicable laws and regulations and the Company's constitution.
- The Company will remain a disclosing entity for the purposes of the Corporations Act and it will therefore continuously disclose information, including financial information, to shareholders following Delisting.
- If the Shareholders:
 - pass Resolution 1 and the Company undertakes the equal capital reduction; and
 - pass Resolution 2 and the Company Delists,

the Directors of the Company intend to consider a solvent members voluntary liquidation of the Company under which all of the remaining assets of the Company not previously distributed as part of the capital reduction is used to pay the outstanding debts of the Company and the remainder (if any) will be distributed to the Shareholders. However, the Board has not made any decision with respect to a solvent members voluntary liquidation up of the Company at this time, and does not intend to do so prior to the consideration of Resolution 1 and / or Resolution 2 by the Shareholders.

Disadvantages of Delisting

The Board has considered the following potential disadvantages and risks associated with Delisting as follows:

- **Liquidity:** Shares in the Company will no longer be capable of being traded on the NSX, meaning some Shareholders may find it difficult to divest their shareholding in the Company after the Suspension Date. After Delisting, Shareholders wishing to trade their shares will be entitled to transfer their Shares off-market to a willing third-party purchaser in accordance with the Company's constitution, any agreements between such Shareholder and the Company, and applicable securities laws. However, such third-party market may not be liquid and Shareholders will be personally responsible for sourcing purchases of their Shares, which may prove difficult. The Company has no present intention to apply to list any securities of the Company on any securities

exchange and no assurance is given that a liquid market for the Company's securities will exist.

Despite this, Shareholders should note that the Directors intend to consider a solvent members voluntary liquidation of the Company (if Resolution 1 and Resolution 2 are passed) under which all remaining assets of the Company (after its liabilities are paid) would be distributed to Shareholders and all of the Shares being cancelled.

- **Regulation:** The NSX Listing Rules will no longer apply to the Company if the Delisting proceeds, such that Shareholders will no longer benefit from the protections of the NSX Listing Rules with respect to:
 - disclosures and restrictions on issues of securities in the Company;
 - significant changes in the Company's activities; or
 - requirements to obtain shareholder approval for certain transactions involving related parties of the Company.

However, the Company will continue to be bound by the Corporations Act and will therefore, subject to its Constitution and any agreement between the Company and its shareholders, require such Shareholder approvals as the Company is required to seek under the Corporations Act.

Glossary

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

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

"**Board**" means the board of directors of the Company from time to time.

"**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.

"**Explanatory Statement**" means the explanatory statement enclosed with this Notice.

"**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.

"**NSX**" means National Stock Exchange of Australia Limited ACN 330 894 691 or the exchange operated by that entity as the context requires.

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

"**Octaviar Entity**" means each of Octaviar Ltd (In Liquidation) and Octaviar Administration Pty Ltd (In Liquidation) and "**Octaviar Entities**" is a reference to them collectively.

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

"**Resolution**" means a resolution proposed 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.