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4 May 2015

### **MARKET ANNOUNCEMENT**

On 1 May 2015 Hamilton lodged with the Australian and Securities Investments Commission an amended bidder's statement relating to its off-market takeover bid for all of the shares in Asset Resolution Limited.

A copy of the amended bidder's statement is attached.

Gordon Elkington  
Director

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. THE DOCUMENT CONTAINS AN OFFER WHICH, IF YOU ACCEPT IT AND THE OFFER BECOMES UNCONDITIONAL, WILL RESULT IN YOU CEASING TO HOLD ANY SHARES IN ASSET RESOLUTION LIMITED.

YOU SHOULD SEEK INDEPENDENT FINANCIAL AND TAXATION ADVICE FROM YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER BEFORE DECIDING WHETHER TO ACCEPT THE OFFER.

# BIDDER'S STATEMENT

# CASH OFFER

by Hamilton Securities Limited ACN 138 270 201

to acquire all of your shares in

**ASSET RESOLUTION LIMITED (ARL)**  
ACN 159 827 871

for 1 cent cash per ARL Share

**TO ACCEPT THE OFFER**, complete and sign the enclosed Acceptance Form in accordance with the instructions on it and return it in the enclosed envelope or to the address on the Acceptance Form so that it is received by Link Market Services Limited before the end of the Offer Period.

**Offer closes 7:00 pm (Sydney time) AEST on [11 June 2015]**

If you have any questions in relation to the Offer, or require any assistance, please contact the Offer information line on **1800 990 479** (toll free within Australia) and **+61 1800 990 479** (from outside Australia), or visit Hamilton's website, [www.hamsec.com.au](http://www.hamsec.com.au).

**Please note that information contained in or otherwise accessible from Hamilton's website does not form a part of the Bidder's Statement.**

**SIGNED** for the purposes of section 351 of the Corporations Act

.....  
Signature

.....  
Name of Director / Company Secretary

# Important information

**THIS BIDDER'S STATEMENT IS AN IMPORTANT DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY BEFORE YOU DECIDE WHETHER TO ACCEPT THE OFFER. YOU SHOULD ALSO READ THE TARGET'S STATEMENT PREPARED BY ARL.**

This document is a replacement Bidder's Statement issued by Hamilton Securities Limited ACN 138 270 201 (**Hamilton**) under Part 6.5 of the Corporations Act (as modified by ASIC Class Order [CO 13/528]). The Bidder's Statement is dated [1 May] 2015. It includes the Offer dated [6 May] 2015 made on the terms set out in Section 9 of the Bidder's Statement.

A copy of the Bidder's Statement was lodged with ASIC on [1 May] 2015. The Bidder's Statement replaces the original bidder's statement lodged with ASIC on 7 April 2015.

Neither ASIC nor any of its officers takes any responsibility for the contents of the Bidder's Statement or the merits of the investment to which the Bidder's Statement relates.

## **Investment decisions**

The information provided in the Bidder's Statement is not financial or investment advice and has been prepared without taking into account your individual investment objectives, financial circumstances or particular needs. You should seek independent financial and taxation advice from your financial or other professional adviser before deciding whether to accept the Offer.

## **Disclaimer regarding forward-looking statements**

The Bidder's Statement contains forward-looking statements within the meaning of the Corporations Act and the ASIC Act. These statements are based, among other things, on Hamilton's assumptions, expectations, estimates, objectives, plans and intentions as at the date of the Bidder's Statement regarding the Offer, as well as its success, anticipated benefits, the number of ARL Shares that Hamilton will actually be able to purchase and any change to the Consideration or Conditions.

Forward-looking statements are based on Hamilton's current estimates, expectations and assumptions which Hamilton believes are reasonable as at the date of the Bidder's Statement. Accordingly, they are subject to change after such date. You should not place undue importance on forward-looking statements and should be careful to consider the potential for the factors underlying them to change after they are made.

Except as required under applicable legislation, Hamilton does not undertake to update or revise any forward-looking statements, whether written or verbal, that may be made from time to time by Hamilton or on its behalf, whether as a result of new information, future events or otherwise.

None of Hamilton (or any of its officers) nor any other person named in the Bidder's Statement with their consent, nor any person involved in the preparation of the Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, except to the extent required by law.

## **Privacy**

Hamilton has collected your information from the ARL register of shareholders for the purposes of making this Offer and, if accepted, administering acceptances over your holding of ARL Shares and making payments of the Consideration.

The Corporations Act requires the names and addresses of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Hamilton's Associates, Related Bodies Corporate and external service providers and may be required to be disclosed to regulators such as ASIC.

## **Internet**

References to ARL's website (<http://www.arlimited.com.au>) and references to Hamilton's website (<http://www.hamsec.com.au>) are for your reference only. Information contained in or otherwise accessible from either website does not form a part of the Bidder's Statement.

## **Notice to foreign shareholders**

The distribution of the Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of the Bidder's Statement should inform themselves of, and observe, those restrictions. The Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

## **Defined terms**

A number of defined terms are used in the Bidder's Statement. Unless expressly specified otherwise, capitalised terms have the meaning given in the Glossary.

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# Key dates

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Announcement of Offer	7 April 2015
Original Bidder's Statement lodged with ASIC	7 April 2015
Replacement Bidder's Statement (this document) lodged with ASIC	[1 May] 2015
Date of Offer	[6 May] 2015
Close of the Offer (unless extended or withdrawn)	7pm (Sydney time) AEST on [11 June] 2015

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## How to ACCEPT this Offer

To accept the Offer, complete and sign the enclosed Acceptance Form in accordance with the instructions on it and return it in the enclosed envelope or to the address on the Acceptance Form so that it is received by Link Market Services Limited before the end of the Offer Period.

## Further information

If you have any questions in relation to the Offer, or require any assistance, please contact the Offer information line on 1800 990 479 (toll free within Australia) or +61 1800 990 479 (from outside Australia), or visit our website, [www.hamsec.com.au](http://www.hamsec.com.au). **Please note that information contained in or otherwise accessible from the Hamilton website does not form a part of the Bidder's Statement.**



# Chairman's letter

Dear ARL Shareholder

As you may be aware, Hamilton Securities Limited has recently announced an off-market takeover Offer for the shares in ARL.

On behalf of Hamilton, I am pleased to enclose our Offer for your ARL Shares.

Under the Offer, Hamilton is offering to pay you 1 cent cash for each of your shares. If you accept the Offer in accordance with the Offer terms, you will, subject to limited exceptions, receive payment for your ARL Shares on or before the earlier of: (i) one month after the date of your acceptance or, if the Offer is subject to a defeating condition when you accept the Offer, within one month after the Offer becomes unconditional; or (ii) 21 days after the end of the Offer Period.

The Offer provides a way for you to sell your shares if you wish to do so.

Hamilton is not related to ARL, but is an independent company which invests in other companies.

The price that Hamilton is offering for your shares represents 50 percent of the latest book value of the shares, and may not represent their full value in the future. You are not required to sell your shares, and if you sell them you will be giving up all of the potential future profits from owning them. There are however a number of reasons why you may wish to accept Hamilton's Offer:

- The Offer gives you certainty of cash and eliminates your exposure to the risks associated with ARL.
- Until now, there has been no easy way to sell your ARL shares, as they are not listed on any stock exchange. After the Offer expires, it is possible that there may be no more easy opportunities to sell your shares. Assuming the Offer becomes unconditional, by accepting our Offer you will receive payment of 1 cent per share, with no brokerage or other fees.
- In 2012 ARL was assigned assets with a fair value of \$55.4m. It has since incurred losses of \$26.1m. Nearly half of its value has been lost since its inception.
- ARL's remaining assets (apart from cash) are difficult to value with confidence and may be hard to sell. It is difficult for anyone to accurately predict how long it will take ARL shareholders to receive a return on their investment, or how much they might eventually receive.

For the reasons given above, Hamilton thinks ARL is an attractive proposition at 1 cent per share. The question for you, and perhaps for your professional adviser, is whether you wish to hold on to your ARL shares for an uncertain payout at an uncertain time, or whether you wish to opt for the certainty of accepting Hamilton's Offer now.

Associates of Hamilton presently own 19.9 percent of the shares in ARL, and if Hamilton receives a sufficient number of acceptances for this Offer it may be in a position to take management control of ARL. If this happens, Hamilton intends to operate ARL in the best interests of all ARL shareholders with a view to maximising its longer term potential value.

The Bidder's Statement sets out details of the Offer. You should read it carefully before accepting the Offer. You will also receive a target's statement from ARL, and you should read that carefully also.

If you decide to accept the Offer, you should follow the instructions in the Bidder's Statement and complete the Acceptance Form. The Offer is open for you to accept until 7:00 pm (Sydney time) AEST on [11 June 2015], unless it is extended in accordance with the *Corporations Act*.

Yours sincerely

- 

Steven Pritchard  
Chairman  
Hamilton Securities Limited

# Why you may choose to ACCEPT the Offer

- **An opportunity to sell your ARL Shares**

As ARL is an unlisted public company, ARL Shareholders have limited ability to sell their ARL Shares. The Offer provides ARL Shareholders with an opportunity to sell their ARL Shares and realise their investment in ARL.
- **ARL difficult to value**

ARL's remaining assets (other than cash) are difficult to value with confidence, and may be hard to sell. As a result, it is difficult for anyone to accurately forecast how long it will take ARL Shareholders to receive a return on their investment, or how much they might eventually receive.
- **Significant losses**

In 2012, ARL was assigned by the Premium Income Fund ARSN 090 687 577 assets with a fair value of \$55.4m. It has since incurred losses of \$26.1m. Nearly half of its initial value has been lost since its inception.
- **Significant costs**

ARL continues to incur substantial operating expenses. Since its inception, its operating expenses have been over \$7.2m.
- **Consideration paid in cash**

The all-cash Offer delivers certain cash value and removes exposure to the risks and uncertainties associated with holding ARL Shares.
- **No competing offer**

As at the date of the Bidder's Statement, Hamilton is not aware of any other takeover bid under Chapter 6 of the Corporations Act that has been made in respect of ARL Shares except for this Offer.

## Risks of Acceptance

You should carefully consider the following risks which are discussed further in Section 2 and all other information in the Bidder's Statement in deciding whether to accept Hamilton's Offer, and consult your professional adviser.

- **Hamilton may acquire control of ARL and you may remain a minority shareholder**
- **There can be no certainty that the Offer will close successfully**
- **Limited information on ARL** - risks may exist in relation to ARL of which Hamilton may not be aware as Hamilton has relied only on publicly available information when preparing any information relating to ARL in the Bidder's Statement.
- **ARL is difficult to value**
- **Potential loss of entitlement to any compensation from legal claims** - if you have an entitlement by reason of your shareholding in ARL, to share in compensation resulting from the ASIC Claim or proceeds of the Proof of Debt claim, you may lose that entitlement by accepting the Offer.
- **A change in control may affect agreements to which ARL is a party**
- **Past performance of Hamilton and Samuel Terry is not indicative of future potential performance of ARL.**
- **Taxation risks**

The risks associated with the Offer are further outlined in Section 2 of the Bidder's Statement. Read section 2 carefully and be aware that there may be other risks of which Hamilton is not presently aware or which may arise in the future. ARL Shareholders should carefully consider these potential risks when considering the Offer.



# 1 Summary of the Offer

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<b>Who is making the Offer?</b>	Hamilton Securities Limited ACN 138 270 201, an Australian public company listed on NSX. Associates of Hamilton currently own 19.9% of ARL Shares.
<b>What is the Offer?</b>	Hamilton is offering to buy all ARL Shares as at the Register Date.
<b>What is the Offer price?</b>	If you accept the Offer you will, subject to satisfaction of the Conditions to the Offer, be paid 1 cent for each ARL Share you hold.
<b>If I accept the Offer, when will I be paid?</b>	Hamilton will pay the consideration due to you for your ARL Shares on or before the earlier of: <ul style="list-style-type: none"><li>(a) one month after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept the Offer, within one month after the Offer becomes unconditional; or</li><li>(b) 21 days after the end of the Offer Period.</li></ul>
<b>How will I be paid?</b>	<p>If you provide details of your bank account in the Acceptance Form, the consideration payable to you will be paid to you by electronic funds transfer to that account.</p> <p>If you do not provide any details of a nominated bank account in the Acceptance Form, Hamilton will issue a cheque for the amount of the consideration payable to you and send it to your address as shown in ARL's members' register.</p>
<b>Will I need to pay brokerage or stamp duty?</b>	You will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.
<b>When does the Offer close?</b>	The Offer Period closes at 7:00 pm (Sydney time) AEST on [11 June] 2015, unless it is extended or withdrawn by Hamilton in accordance with the Corporations Act.
<b>What are the Conditions of the Offer?</b>	<p>The Offer is subject to the following limited Conditions (which Hamilton may choose to waive in accordance with the Offer):</p> <ul style="list-style-type: none"><li>(a) no regulatory action which restrains (amongst other things) the making or completion of the Offer;</li><li>(b) if the NSX requires shareholders in Hamilton to approve the acquisition by Hamilton of ARL pursuant to the Takeover Bid, such shareholder approval being obtained;</li><li>(c) Hamilton and its Associates together holding Relevant Interests in greater than 50% (by number) of the total number of ARL Shares on issue;</li><li>(d) no Material Adverse Change affecting ARL; and</li><li>(e) the absence of any Prescribed Events.</li></ul>
<b>What happens if the Conditions are not satisfied or waived?</b>	<p>If the Conditions are not satisfied or waived by the end of the Offer Period:</p> <ul style="list-style-type: none"><li>(a) in respect of any unaccepted offers, the Offer will lapse; and</li><li>(b) in respect of any accepted offers, any contract will be rescinded by Hamilton in accordance with the terms of this Offer.</li></ul>

<b>How do I accept the Offer?</b>	<p>To accept the Offer, complete and sign the enclosed Acceptance Form in accordance with the instructions on it and return it in the enclosed envelope or to the address on the Acceptance Form so that it is received by Link Market Services Limited before the end of the Offer Period.</p> <p>To accept the Offer you should follow the instructions set out in Section 9.3 and on the Acceptance Form. Your acceptance must be received before the end of the Offer Period.</p>
<b>Can I accept the Offer for part of my holding in ARL?</b>	<p>No. You cannot accept for part of your holding. You can only accept the Offer for <b>ALL</b> of your ARL Shares.</p>
<b>What is the effect of accepting the Offer?</b>	<p>Once you accept the Offer (even while it remains subject to any Conditions and even though Hamilton has not yet provided the consideration due to you under the Offer), subject to your limited statutory rights to withdraw your acceptance in certain circumstances,</p> <p>(a) you will not be able to accept any other offer or otherwise deal with your ARL Shares; and</p> <p>(b) you authorise Hamilton to exercise all the powers and rights you could lawfully exercise as the registered holder of your ARL Shares.</p>
<b>What if ARL declares or pays a dividend or undertakes a return of capital to ARL Shareholders?</b>	<p>By accepting the Offer, you agree to transfer to Hamilton not only all of your ARL Shares, but also the Rights attaching to those ARL Shares (e.g., any dividends or capital distributions attaching to ARL Shares at or after the Announcement Date).</p> <p>If you receive any Rights that should have been paid or otherwise given to Hamilton, Hamilton will deduct from the consideration due to you the amount (or value, as reasonably assessed by Hamilton) of those Rights.</p>
<b>Can I withdraw my acceptance?</b>	<p>Your acceptance is irrevocable and can only be withdrawn in certain circumstances described in the Corporations Act.</p>
<b>What if I am a foreign shareholder?</b>	<p>Foreign ARL Shareholders will be paid the same consideration as stipulated under the Offer. You will be paid in Australian dollars by cheque drawn at an Australian bank branch.</p>
<b>What happens if I do not accept the Offer?</b>	<p>You will remain an ARL Shareholder and will not receive the consideration offered by Hamilton under the Offer. If Hamilton becomes entitled to compulsorily acquire your ARL Shares, it intends to do so. If your ARL Shares are compulsorily acquired by Hamilton, the acquisition will be on the same terms (including the same consideration for each ARL Share acquired) as the terms of the Offer. However you will receive the money later than the ARL Shareholders who choose to accept the Offer.</p> <p>If Hamilton does not become entitled to compulsorily acquire your ARL Shares, you will remain an ARL Shareholder.</p>

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**Important notice**

The information in this Section 1 is a summary only of Hamilton's Offer and is qualified by the detailed information set out elsewhere in the Bidder's Statement, including Section 9 which sets out the full terms of the Offer.

You should read the entire Bidder's Statement and the Target's Statement that ARL will be sending you before deciding whether to accept the Offer.

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## 2 Risks associated with the Offer

You should consider the risks identified in this section and all other information in the Bidder's Statement in deciding whether to accept Hamilton's Offer for all of your ARL Shares. However, Hamilton emphasises that the risks and other information set out in the Bidder's Statement are of a general nature and are not intended to provide you with financial advice. The risks do not take account of your personal circumstances or your financial position and objectives.

There may be other risks of which Hamilton is not presently aware or which may arise in the future.

### ***Hamilton may acquire control of ARL and you may remain a minority shareholder***

If Hamilton and its Associates acquire a Relevant Interest in greater than 50% of ARL Shares, then ARL will be controlled by Hamilton following the end of the Offer Period.

If Hamilton with its Associates acquire a Relevant Interest in greater than 50% of ARL Shares but is not entitled to compulsorily acquire the remaining ARL Shares not acquired under this Offer, the remaining ARL Shareholders will be minority shareholders with limited influence in the running of the business.

### ***There can be no certainty that the Offer will close successfully***

If the Conditions of the Offer are not satisfied or waived by the end of the Offer Period, the Offer will lapse. In this case, if you have accepted the Offer, your ARL Shares will not be acquired by Hamilton, you will not be paid the Consideration and you will remain an ARL Shareholder.

### ***ARL information***

In preparing the information relating to ARL contained in the Bidder's Statement, Hamilton has relied on publicly available information relating to ARL. Risks may exist in relation to ARL of which Hamilton may be unaware. This is particularly the case as ARL is an unlisted public company and therefore subject to only limited continuous disclosure obligations. If any material risks are known to ARL Directors, they must be disclosed in the Target's Statement to be issued by ARL.

### ***ARL difficult to value***

ARL's remaining assets and debts are difficult to value.

It is difficult to predict with any certainty whether ARL will be entitled to receive, or otherwise be able to recover, any amounts in respect of outstanding legal claims, including the Proof of Debt claim described below and in Section 4.4.3 of the Bidder's Statement, and the ASIC Claim described below. The fact there is no certainty of success or recovery in respect of these claims has been taken into account by the Bidder when determining the Consideration.

### ***Potential loss of entitlement to any compensation from legal claims***

#### ***ASIC Claim***

ASIC has commenced proceedings in the Supreme Court of Queensland against the former responsible entity of PIF, MFS Investment Management Ltd (now known as ACN 101 634 146 Limited (in liquidation)), and five other parties in relation to use of \$147.5 million in funds of PIF (**ASIC Claim**). ASIC is seeking orders for declarations of contraventions, pecuniary penalties, compensation and disqualifications from managing corporations.

Statements made by ARL and Wellington Capital (responsible entity of PIF) about the ASIC claim appear to conflict.

ARL has stated in relation to the ASIC claim:

- *"Whilst ARL is not a party to these proceedings, it will be the beneficiary of any successful claim by ASIC. Any such proceeds will then be distributed to ARL shareholders who were also unitholders in PIF as at 15 October 2008."*
- *"Timing of claim completion and success of ASIC action are uncertain. There is limited public disclosure about the progress of the claim."*

Wellington Capital (responsible entity of PIF) has stated in relation to the ASIC Claim:

- *ARL acknowledges that the potential beneficiaries of the ASIC Compensation Claim are the unitholders in the Fund at 15 October 2008; and*
- *ARL undertakes to promptly distribute any compensation arising from that claim to the unitholders of the Fund as at 15 October 2008.*

It is not clear from these statements whether ARL shareholders, by reason of their ARL shareholding, have any entitlement to compensation which may result from the ASIC Claim.

Hamilton has no knowledge of the ASIC Claim other than limited public information it can access through ASIC's website and limited statements made by ARL and Wellington Capital. Hamilton cannot independently verify this public information. Hamilton does not know whether ARL Shareholders have any entitlement to compensation resulting from the ASIC Claim by reason of their ARL shareholding.

If ARL Shareholders have an entitlement, by reason of their shareholding in ARL, to share in any compensation resulting from the ASIC Claim, then they may lose that entitlement by accepting the Offer.

ARL Shareholders should carefully consider this potential risk, read the Target's Statement carefully for further information regarding the ASIC Claim and seek further information and advice in relation to the ASIC Claim, in considering the Offer.

#### *Proof of Debt claim*

ARL is the beneficiary of the Proofs of Debt in the liquidation of Octaviar Ltd (**OL**) and Octaviar Administration Pty Ltd (**OA**). ARL is owed \$137m by OA and \$198m by OL (or circa 8% of the creditor pool of each company). To date, ARL has received two dividends from OA. The timing and amount of any future returns from either OL or OA is uncertain. More information about the Proof of Debt claim is contained in Section 4.4.3 of the Bidder's Statement.

If you sell your ARL Shares, you will not be entitled to any further amounts received by ARL in respect of the Proof of Debt claim.

#### ***Change in control***

ARL may be a party to agreements that contain change of control or pre-emptive rights provisions that may be triggered if, following completion of the Offer, Hamilton acquires control of ARL. The operation of these provisions could have negative consequences for ARL.

#### ***Past performance***

The past performance of Hamilton and Samuel Terry is not indicative, or intended to be indicative of potential future performance or results of ARL. If Hamilton acquires a Relevant Interest in at least 50% of ARL and decides to continue ARL (which Hamilton makes no assertions it will do), there can be no assurance that ARL will have the same opportunities to invest in assets that generate similar returns to Hamilton and Samuel Terry.

#### ***Taxation risks***

The Australian taxation consequences and risks of the Offer depend upon the specific circumstances of each ARL Shareholder. ARL Shareholders should obtain their own professional taxation advice in relation to the Offer. A general summary of the main Australian taxation consequences for particular ARL Shareholders who accept the Offer are set out in Section 8 of the Bidder's Statement.

# 3 Overview of Hamilton

## 3.1 Corporate information

Hamilton is an NSX listed (NSX code: HSE) Australian investment company which was incorporated on 14 July 2009 and listed on NSX on 29 October 2009.

## 3.2 Overview of Hamilton's principal activities

Hamilton was established with the primary purpose of providing investors with exposure to distressed debt, equity and other illiquid securities where the value of such assets might be expected to improve over time.

### ***Investment objectives***

The investment objectives of Hamilton are to:

- (a) preserve the capital of Hamilton; and
- (b) achieve a high total return for its shareholders.

### ***Investment strategy***

To achieve its investment objectives, Hamilton pursues opportunities in the Australian debt and equities markets. It may however diversify its risks by investing in other financial products such as warrants and interests in registered and unregistered managed investment schemes. It may also invest in overseas securities.

Hamilton may borrow on either a secured or unsecured basis to purchase additional securities or to add to its working capital.

## 3.3 Hamilton directors

Hamilton's directors are all experienced in financial markets. All of them have shareholdings in Hamilton and have been directors of Hamilton continuously since its incorporation in July 2009.

A brief description of their qualifications and other directorships are set out below:

### ***Steven Shane Pritchard***

*B Com, CPA, F Fin - Executive Chairman*

Steven Pritchard obtained a Bachelor of Commerce Degree from the University of Newcastle in 1986, and qualified as a Certified Practising Accountant in 1988. He has been providing investment advice as a representative of a licensed dealer in securities since 1988. He completed the Graduate Diploma in Applied Finance and Investment in 1993, and was admitted as a Fellow of the Financial Services Institute of Australasia.

### ***Giles Cameron Craig***

*B Sc Econ (Hons), FCA - Executive Director*

Giles Craig was previously Managing Director of Cameron Stockbrokers Limited, a Sydney based private client stockbroker. Prior to that, he was Head of Private Clients at AMP Capital, Head of Distribution at Henderson Private Capital and worked in Corporate Finance at Merrill Lynch and Mergers and Acquisitions at Morgan Stanley. He qualified with Ernst & Whinney as a Chartered Accountant in 1986.

### ***Frederick Raymond Woollard***

*B Ec, GAICD - Executive Director*

Fred Woollard is the founder and Managing Director of Samuel Terry, a boutique investment management company based in Sydney. It manages the STAR Fund.

### **Gordon Bradley Elkington**

*B Sc (Hons), M Sc, Ph D, LL.M - Executive Director*

Gordon Elkington undertook his early training in science, engineering and law. He was a lecturer in Pure Mathematics at the University of Sydney between 1971 and 1974, and the Director of the Law Extension Committee of the University of Sydney between 1982 and 1996.

Gordon was admitted as a Barrister of the Supreme Court of New South Wales in 1979. He is a director and the secretary of Winpar Holdings Limited, and a director of Pritchard Equity Limited. He is also a member of the New South Wales Legal Qualifications Committee.

## **3.4 Financial information on Hamilton**

### ***Basis of presentation of financial information***

The historical financial information below relates to Hamilton on a stand-alone basis and accordingly does not reflect any impact of the Offer. It is an extract only and full financial accounts for Hamilton, which include the notes to the accounts, can be found in Hamilton's interim financial report for the half year ended 31 December 2014 (a copy of which is available at [www.hamsec.com.au](http://www.hamsec.com.au)).

### ***Statement of financial position***

The following is a summary of the historical balance sheet of Hamilton extracted from the interim financial report for the half year ended 31 December 2014, being the last financial statement prior to the date of the Bidder's Statement.

	\$
Cash	2,888,734
Other assets	<u>19,897</u>
TOTAL ASSETS	2,908,631
LIABILITIES	51,731
EQUITY	2,856,900

## **3.5 Capital structure and ownership of Hamilton**

As at [30 April 2015] (being the latest practicable date prior to the issue of the Bidder's Statement), the issued share capital of Hamilton was 2,342,374 ordinary shares.

Currently, Hamilton's largest shareholder is Samuel Terry as trustee for the STAR Fund.

The STAR Fund is an Australian unit trust. As at [30 April 2015] it had net assets of \$23.5m. It invests in equity and debt securities in Australia and internationally. The STAR Fund is managed by Samuel Terry which is the holder of an Australian Financial Services Licence (**AFSL**). As the holder of an AFSL, Samuel Terry is subject to the provisions of Chapter 7 of the Corporations Act and is regulated by ASIC. The directors of Samuel Terry are Fred Woollard and Nigel Burgess.

As at [30 April 2015], the STAR Fund held 857,999 ordinary shares in the capital of Hamilton which, on an undiluted basis, is 36.63% of Hamilton's total issued share capital. In addition, the STAR Fund holds 1,019,872 Hamilton options, meaning that the STAR Fund holds 47.24% of Hamilton's share capital on a fully diluted basis.

Hamilton and Samuel Terry are Associates under the Corporations Act for the purposes of the Offer. Further, Fred Woollard, who is a director of Hamilton, is also a director of Samuel Terry. The STAR Fund owns 18.5 per cent of the issued shares in ARL and directors of Samuel Terry and entities associated with them own a further 1.4 per cent of the issued shares in ARL.

The share numbers quoted above are current only as at the date of the Bidder's Statement. Hamilton may undertake one or more transactions affecting its share capital (such as a buy-back or shares or rights issue) which will result in the STAR Fund increasing its percentage shareholding in Hamilton.

### **3.6 Further information on Hamilton**

Hamilton is a limited disclosing entity of the purposes of the Corporations Act. Its shares are listed on NSX (NSX code: HSE). Hamilton is therefore subject to regular reporting and disclosure obligations. A substantial amount of information concerning Hamilton is publicly available and may be accessed at [www.hamsec.com.au](http://www.hamsec.com.au). However, no information on that website is incorporated by reference into the Bidder's Statement.



# 4 Overview of ARL

## 4.1 ARL information

This section provides an overview of ARL and its principal assets. Information about ARL may also be obtained from ARL's website (<http://www.arlimited.com.au>) and from the Target's Statement.

The information below about ARL is based on public information and has not been independently verified. No information has been provided to Hamilton by ARL. Accordingly, Hamilton makes no representation or warranty as to the accuracy or completeness of this information. The information on ARL in the Bidder's Statement should not be considered comprehensive.

## 4.2 Background

ARL is an unlisted Australian public company. As it is not listed on any stock exchange, its shares cannot usually be traded easily.

ARL was formed in August 2012. In September 2012, certain assets were transferred from PIF into ARL and ARL shares were distributed to PIF unitholders. All PIF unitholders received one ARL share for each PIF unit they held on 4 September 2012.

ARL has since sold some of these assets and distributed part of the proceeds to shareholders in the form of a 1 cent per share capital distribution in December 2014.

ARL's stated strategy in a presentation to the ARL Shareholders made on 28 November 2014 is to realise all of its assets and "at the conclusion of all realisations, the residual funds will be distributed to shareholders."

## 4.3 Ongoing losses

Substantial operating expenses and impairment losses on mortgage loans continue to impact ARL:

	8 August 2012 to 30 June 2013	Year to 30 June 2014	6 months to 31 December 2014
Revenue	38,864	3,543,290	701,675
Operating expenses	(2,593,566)	(2,225,158)	(1,090,071)
Impairment losses	(17,466,043)	(5,928,531)	(1,061,914)
Net (loss)	(20,020,745)	(4,610,399)	(1,450,310)

## 4.4 Current material assets and legal claims

The remaining material assets and legal claims of ARL are as follows:

### 4.4.1 Forest Resort Property

ARL owns debts, charges and associated liabilities relating to The Forest Resort located in Creswick, Victoria (**Resort**), which comprises:

- 91 rooms of a 144 room hotel. Operated by Accor, is trading at 50 percent occupancy and producing a small profit;
- an 18 hole golf course, which trades at a substantial loss;
- 26 residential lots and englobo land (105 lots); and
- a waste water treatment plant, which is subject to disputes with the Regional Water Authority.

Castlereagh Capital has been appointed as controller of the assets and has indicated that ongoing investment is necessary to maintain/enhance the Resort in preparation for sale.

#### 4.4.2 Other assets and liabilities

Other assets at 30 December 2014 included cash of \$4.4m. ARL was owed \$1.7m from the sale of land in Townsville and \$4.4m from the sale of land at Kooralbyn in south-east Queensland. Liabilities were \$0.7m.

Since 31 December 2014, the Kooralbyn loan has been reduced from \$4.4m to \$1.9m.

#### 4.4.3 Proof of Debt

ARL is the beneficiary of the Proofs of Debt in the liquidation of OA in the amount of \$137m (or circa 8% of the admitted creditor pool). To date, ARL has received two dividends totalling \$2.56m and ARL has recently stated that it expects to receive a further \$1.65m on 17 June 2015.

ARL anticipates further dividends from OA but is uncertain of timing. The liquidator of OA holds significant cash reserves of \$82m as at 8 March 2015 which could arguably be distributed. The liquidator has commenced various legal actions. If these actions are successful they may result in better returns. If they are not successful they may result in lower returns.

### 4.5 Net Asset Value

Based on the pro forma balance sheet set out below, the net asset value is 1.99 cents per ARL Share.

The pro forma balance sheet and associated note have been extracted from the recently published ARL half-year accounts.

	<b>31 December 2014</b>
<b>Assets</b>	<b>\$</b>
Cash	4,426,896
Receivables	309,057
Financial assets – other	4,357,972
Financial assets – mortgage loans	11,119,500
<b>Total assets</b>	<b>20,213,425</b>
<b>Liabilities</b>	
Payables	624,949
Accrued expenses	25,000
Other payables	45,512
<b>Total liabilities</b>	<b>695,461</b>
Owners' capital	45,599,418
Retained losses	(26,081,454)
<b>Total equity</b>	<b>19,517,964</b>

Note:

The balance sheet has been derived from the financial statements of ARL for the half year ended 31 December 2014.

# 5 Information on ARL's securities

## 5.1 ARL's issued shares

As at the date of the Bidder's Statement, ARL has 980,558,167 ordinary shares on issue.

## 5.2 Securities convertible

To the best of Hamilton's knowledge, as at the date of the Bidder's Statement, there are no securities on issue which are convertible into or otherwise entitle the holder to be issued ARL Shares.

## 5.3 Interests in ARL Shares

At the date of the Bidder's Statement:

- (a) Hamilton and its Associates are the registered holder of 195,217,021 ARL Shares; and
- (b) Hamilton and its Associates have a Relevant Interest in 19.9 per cent of ARL's issued capital or Voting Power in ARL.

Details of the capital structure and ownership of Hamilton and its Associates, including details of Hamilton's Associates' shareholdings in ARL, are set out in Section 3.5 of the Bidder's Statement.

## 5.4 Acquisitions and disposals of ARL Shares

### 5.4.1 *Previous four (4) months*

During the period beginning four (4) months before the date of the Bidder's Statement and ending on the day immediately before the date of the Bidder's Statement, save as described in Section 5.4.2 below, neither Hamilton nor any of its Associates has provided or agreed to provide consideration for any ARL Share.

### 5.4.2 *15 December 2014*

Samuel Terry as trustee for the STAR Fund acquired 103,000,000 ARL Shares on 15 December 2014 for 0.8 cents per ARL Share.

### 5.4.3 *Period before Offer*

Neither Hamilton, nor any of its Associates have provided, or agreed to provide, consideration for any ARL Shares under any purchase or agreement during the period starting on the date of the Bidder's Statement and ending on the date immediately before the date of the Offer.

## 5.5 No pre-offer benefits

Neither Hamilton, nor any of its Associates have during the period of four (4) months ending on the day immediately before the date of the Offer, given, offered or agreed to give, a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- (a) accept the Offer; or
- (b) dispose of ARL Shares,

and which benefit is not being offered to all ARL Shareholders under the Offer.

## 5.6 No escalation agreement

Neither Hamilton nor any of its Associates has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

## 5.7 Compulsory acquisition / Compulsory buy-out

### 5.7.1 *Compulsory acquisition following the Offer Period*

If, during or at the end of the Offer Period, Hamilton and its Associates have:

- (a) Relevant Interests in at least 90% (by number) of all ARL Shares: and

- (b) acquired at least 75% (by number) of the ARL Shares which Hamilton offered to acquire under the Offer and in which Hamilton and its Associates did not at the date of the Offer already have a Relevant Interest,

(together, the **Relevant Thresholds**) Hamilton intends to initiate a compulsory acquisition process to compulsorily acquire the remaining ARL Shares in respect of which it does not have a Relevant Interest in accordance with Part 6A.1 of the Corporations Act.

In order to compulsorily acquire the remaining ARL Shares in accordance with Part 6A.1 of the Corporations Act, Hamilton must send a notice to the holders of such ARL Shares informing them, amongst other things, that Hamilton is entitled to acquire their ARL Shares. The remaining ARL Shares will be compulsorily acquired on the same terms as the terms of the Offer.

#### *5.7.2 General compulsory acquisition power*

If for any reason Hamilton does not compulsorily acquire any remaining ARL Shares under Part 6A.1 of the Corporations Act after the end of the Offer Period, or is not entitled to do so because it has not reached the Relevant Thresholds, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act (for example, as a result of acquisitions of ARL Shares in reliance on the “3% creep” exception in item 9 of section 611 of the Corporations Act). A decision by Hamilton whether to exercise rights of general acquisition under Part 6A.2 of the Corporations Act will be made at the appropriate time.

# 6 Hamilton's intentions

## 6.1 Overview

This section sets out the intentions of Hamilton in relation to the following:

- (i) the continuation of the business of ARL;
- (ii) any major changes to be made to the business of ARL, including any redeployment of the fixed assets of ARL; and
- (iii) the future employment of the present employees of ARL,

on the basis of the facts and information concerning ARL which are available to Hamilton as at the time of the preparation of the Bidder's Statement.

A preliminary review of ARL's operations has been undertaken by Hamilton to identify potential operational efficiencies for ARL going forward. At the conclusion of the Offer Period, Hamilton will, to the extent which it is able, conduct further reviews of ARL's assets, strategies, operations and organisation to evaluate ARL's performance, profitability and prospects.

Final decisions will only be reached after those reviews have been conducted and in light of all material facts known to Hamilton and the circumstances at the relevant time, including the number of ARL Shares owned at that time. Accordingly, any statements set out in the Bidder's Statement referring to intentions are current intentions and may vary as new information becomes available or circumstances change.

## 6.2 Intentions upon ownership of 90% or more of ARL

If Hamilton acquires a Relevant Interest in at least 90% of ARL Shares, Hamilton intends to proceed with the compulsory acquisition of any ARL Shares not acquired under the Offer in accordance with section 661A of the Corporations Act.

## 6.3 Intentions upon ownership of more than 50% of ARL

This Section 6.3 sets out Hamilton's current intentions if it acquires a Relevant Interest in at least 50% and less than 90% of ARL Shares.

### 6.3.1 *ARL Board*

Subject to the Corporations Act and the constitution of ARL, Hamilton intends to replace all members of the ARL board with its own nominees. It is intended that Giles Craig will be nominated by Hamilton to be appointed as a director of ARL. Hamilton also intends to nominate a representative of Samuel Terry to the board of ARL. The third replacement director has not yet been identified and their identity will depend on the circumstances at the relevant time. Hamilton intends to nominate the third director from a range of candidates with appropriate experience and skills in light of those circumstances, selecting a nominee who can add skill, expertise and value to the ARL Board and ARL.

Directors nominated by Hamilton will, in accordance with their duties as directors, act in the best interests of ARL as a whole.

### 6.3.2 *Employees of ARL*

Hamilton believes that ARL does not have any direct employees, other than ARL's directors.

### 6.3.3 *Operational matters*

Hamilton has not had access to all the information relevant to making a final decision regarding what changes, if any, will be made to ARL's operations.

At the end of the Offer Period, Hamilton plans to undertake a review of ARL's operations on both a strategic and financial level to determine mechanisms for improving performance. The extent of this review is not able to be determined at this stage, although it is likely to involve some, or all, of the following:

- (a) reducing the cost structure of ARL, where practical and sensible. This may include a review of board remuneration and management fees paid to external service providers;
- (b) reviewing the strategy for managing and selling ARL's largest remaining asset, a receivable in respect of the Creswick Resort;
- (c) reviewing ARL's position with respect to all legal proceedings involving ARL, particularly the Proof of Debt claim described in Section 4.4.3 of the Bidder's Statement;
- (d) reviewing the case for continuing ARL (rather than the current strategy of selling all assets and winding ARL up); and
- (e) reviewing potential reinvestment opportunities.

#### 6.3.4 *Future capital returns*

Hamilton will review the benefits of paying out further capital, in light of the necessary costs and overheads of operating a company of this type, and taking into account the likelihood that some of its assets may take some time to realise full value and that ARL must avoid being a forced seller of remaining assets.

The outcome of this review may include:

- (a) continuing with the strategy of selling assets and distributing the proceeds where possible but this requires reducing operating costs to a low enough level to justify waiting until all assets are sold at the best possible price; and
- (b) retaining and reinvesting any further sales proceeds, with the intention of adding value to ARL Shares.

#### 6.3.5 *Dividend policy*

The payment of dividends by ARL will be at the discretion of the ARL Board, which may or may not comprise a majority of the Bidder's nominees.

The Bidder has no present intention to change the dividend policy of ARL.

#### 6.3.6 *Further acquisition of Shares*

Hamilton may, at some later time, acquire further ARL Shares in any manner permitted by the Corporations Act.

#### 6.3.7 *Compulsory acquisition at a later time*

If Hamilton becomes entitled at some later time to exercise any compulsory acquisition rights under the Corporations Act, it may exercise those rights.

## 6.4 **Intentions upon ownership of less than 50% of ARL**

In the event that Hamilton does not achieve the Minimum Acceptance Condition after issuing the Bidder's Statement and agrees instead to waive the Minimum Acceptance Condition so that Hamilton obtains a Relevant Interest of less than 50% of ARL Shares, Hamilton's current intentions are the same as its current intentions if it acquires a Relevant Interest in at least 50% of ARL Shares (as detailed in Section 6.3 of this Bidder's Statement) to the extent that it is able to do so.

If however it is unable to implement the proposed changes, Hamilton may:

- (a) vote **against** any proposal to payout further capital:
- (b) propose motions at a general meeting of ARL to effect:
  - (i) changes to the Board; and/or
  - (ii) changes to board remuneration.

## 6.5 **Limitation on intentions**

The implementation of Hamilton's intentions in the event of Hamilton having a Relevant Interest in less than 100% of ARL will be subject to the Corporations Act, ARL's constitution and the obligations of ARL's directors at that time to act in the best interests of ARL and all ARL Shareholders.

In particular, if Hamilton does not obtain a Relevant Interest in at least 90% of the ARL Shares and therefore cannot compulsorily acquire the balance of the ARL Shares but nonetheless obtains control of ARL, Hamilton will act at all times in accordance with the law.

Hamilton will only make a decision on its courses of action in these circumstances after it receives appropriate legal and financial advice on such matters where required, including advice in relation to any requirements for ARL Shareholder approval.

# 7 Provision of cash consideration

## 7.1 Cash consideration

The Consideration for the acquisition of your ARL Shares under the Offer is to be satisfied wholly by payment in cash. The Consideration will be paid at the time specified in Section 9.6 of this Bidder's Statement

## 7.2 Amount payable

Based on the number of ARL Shares on issue as at the date of the Bidder's Statement, the maximum number of ARL Shares which could be acquired by Hamilton under the Offer is 980,558,167. Hamilton's Associates, who hold 195,217,021 ARL shares, have undertaken not to accept the Offer.

As a result, the maximum amount payable by Hamilton to ARL Shareholders under the Offer upon acquisition of all ARL Shares other than those held by Hamilton's Associates is approximately \$7,853,411.46.

## 7.3 Source of funds for the Consideration

The immediate source of the cash Consideration for the acquisition of the ARL Shares will be Hamilton's own cash resources of \$2.6m, together with a loan facility made available by Samuel Terry of up to \$8m (**New Facility**). Hamilton's existing cash resources combined with the funds available to Hamilton under the New Facility are sufficient to fully fund the aggregate of the maximum payable under the Offer.

On the basis of the arrangements set out below, Hamilton directors are of the opinion that it has a reasonable basis for determining that it will be able to pay the Consideration under the Offer to ARL Shareholders.

## 7.4 Particulars of New Facility

Details of Samuel Terry and the STAR Fund are set out in Section 3.5 above.

On 7 April 2015, Hamilton and Samuel Terry as trustee for the STAR Fund entered into a binding loan facility agreement (**Facility Agreement**) under which Samuel Terry will make available to Hamilton, until such time as Hamilton has satisfied or otherwise discharged all of its obligations under the Offer and any related compulsory acquisition, an aggregate amount of \$8m which may be drawn down in a single or multiple amounts.

Hamilton's ability to drawdown from the New Facility is subject to satisfaction of a number of conditions that are customary for a facility of this nature. The conditions to drawdown which are outstanding as at the date of the Bidder's Statement are:

- (a) Hamilton having received acceptance of the Offer from ARL Shareholders (excluding Samuel Terry and its Associates) in respect of at least 200,000,000 ARL Shares (being less than the Minimum Acceptance Condition);
- (b) the representations and warranties in the Facility Agreement given by Hamilton being true and correct; and
- (c) no event of default or potential event of default (as such terms are defined in the Facility Agreement) subsisting.

As of the date of the Bidder's Statement the Hamilton Board is not aware of any fact or circumstances that would:

- (a) result in a representation or warranty not being true and correct; or
- (b) constitute an event of default under the Facility Agreement.



The New Facility is provided on 'certain funds' terms, which means that Samuel Terry must comply with any drawdown request by Hamilton to fund the Consideration of the Offer, save only where the above conditions to drawdown have not been satisfied.

Samuel Terry must use its best endeavours, within 48 hours of receiving a drawdown notice (but in any event no later than five (5) days of receiving the drawdown notice) to advance to Hamilton the amount specified in the drawdown notice.

Samuel Terry has confirmed to Hamilton that as at the date of the Bidder's Statement it has cash and/or non-cash assets that can be realised within the timeframes required to make an advance under the New Facility, with an aggregate value of at least an amount equal to the facility limit under the New Facility.

If Hamilton receives acceptances in respect of a significant number of ARL Shares, the consideration for which is part-funded by funds drawn-down under the Facility Agreement, Hamilton may choose to undertake a non-renounceable rights issue to Hamilton shareholders (**Rights Issue**). Should Hamilton decide to undertake this course of action, Samuel Terry has agreed that, if the Board resolves to proceed with the Rights Issue (which as at the date of the Bidder's Statement it has not done), Samuel Terry will underwrite the Rights Issue. Hamilton will be unlikely to decide whether to proceed with the Rights Issue until closer to the end of the Offer Period when the level of acceptances under the Offer will be known.

## **7.5 Impact of financing**

Hamilton regards the bid as financially prudent, and believes that its level of gearing following completion of the Takeover Bid is appropriate. The support from Samuel Terry in providing the funding arrangements to pay for the ARL Shares reinforces Hamilton's view that the rationale and financial metrics implied by the Offer are sensible.

# 8 Taxation information

## 8.1 Overview

The following is a general guide to the Australian income tax, GST and stamp duty consequences for ARL Shareholders who accept the Offer. It does not take into account the specific and individual circumstances of any particular ARL Shareholder. This information does not constitute tax advice or advice to any particular ARL Shareholder and should not be relied upon as such.

This summary only applies to ARL Shareholders who are Australian residents for Australian tax purposes and who hold their ARL Shares on capital account. It does not apply to ARL Shareholders who hold their ARL Shares on revenue account (such as entities engaging in share trading) or as trading stock. In addition, this summary does not apply to any ARL Shareholders who:

- (a) acquired their ARL Shares under an employee share or option scheme;
- (b) are subject to special taxation rules (such as insurance companies, tax exempt entities, superannuation funds);
- (c) are subject to the “taxation of financial arrangements” rules in Division 230 of the *Income Tax Assessment Act 1997*; or
- (d) are non-residents of Australia for tax purposes. Non-resident ARL Shareholders should consider the tax consequences of the acceptance of the Offer, both under the laws of their country of residence and under Australian law.

ARL Shareholders should also consider the tax implications that any prior restructures of ARL may have had on their ARL Shares.

The following information is based upon the Australian taxation law in effect at the date of the Bidder’s Statement. It is general in nature and is not intended to be an authoritative or complete statement of the Australian taxation laws applicable to the specific facts and circumstances that apply to any particular ARL Shareholder. Accordingly, we strongly recommend that you seek independent professional advice on the tax consequences of disposing your ARL Shares based on your particular circumstances.

## 8.2 Australian residents for tax purposes

### 8.2.1 *Taxation on disposal of ARL Shares*

The disposal of the ARL Shares by acceptance of the Offer will give rise to a CGT event for Australian capital gains tax (**CGT**) purposes.

If an ARL shareholder does not accept the Offer but their ARL Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, those ARL Shareholders will also be treated as having disposed of their ARL Shares for CGT purposes. The disposal will also give rise to a CGT event for Australian CGT purposes for those ARL Shareholders.

In either case, the time of the CGT event is when the ARL Shares are disposed of for CGT purposes. ARL Shareholders will be taken to have disposed of their ARL Shares for CGT purposes when the contract to sell the ARL Shares comes into existence. This will usually be the date on which they accept the Offer or their ARL Shares are taken to have been compulsorily acquired.

If, for any reason the Offer does not proceed, there is no disposal and, consequently, no CGT event will have occurred.

### 8.2.2 *Capital Gain*

An ARL Shareholder who disposes of their ARL Shares by taking up the Offer or due to their compulsory acquisition may make a capital gain or a capital loss from the disposal of their shares equal to the difference between:

- (a) the capital proceeds received for the disposal of their ARL Shares (ie, the cash received under the Offer); and
- (b) the CGT cost base (or, in the case of a capital loss, reduced cost base) of their ARL Shares (which would generally include the amount paid to acquire the ARL Shares plus any incidental costs of acquisition, eg, brokerage fees and stamp duty). The CGT cost base would not include costs that were deductible to the ARL shareholder, or were subject to any adjustments arising from any transactions in respect of the ARL Shares such as capital reductions, rollovers or prior restructures of ARL.

As each ARL Share constitutes a separate asset for CGT purposes, each ARL Shareholder will need to consider the consequences of the disposal of their ARL Shares acquired in different parcels at different times.

Your net capital gain for the income year is included in your assessable income for the income year. Broadly, your net capital gain for an income year is the total of all of the capital gains made during the income year less capital losses made in the income year and available net capital losses made in previous income years. That amount may be reduced further by other concessions, particularly under the discount capital gains tax rules discussed below.

If you make a capital loss from the disposal of your ARL Shares, the capital loss may be used to offset capital gains made in the same or subsequent years of income (subject to satisfying any applicable carry forward loss conditions) but cannot be offset against ordinary income, nor carried back to offset net capital gains arising in earlier income years.

### 8.2.3 *Discount Capital Gains*

ARL Shareholders who are individuals, or hold the ARL Shares as trustee of a trust or complying superannuation fund may be eligible for a discount (**CGT Discount**) on the amount of any capital gain triggered on the disposal of ARL Shares provided they have held their ARL Shares for at least twelve (12) months before the date of disposal (excluding the day of acquisition and day of disposal).

The date of disposal for CGT purposes is generally the date of the transfer or disposal contract; it is not the date of settlement/completion of the disposal. For ARL Shares compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, the date of disposal for CGT purposes is generally the date Hamilton becomes owner of the ARL Shares.

The CGT Discount is applied only after any available capital losses have been applied to reduce the nominal capital gain. Depending on the ARL Shareholder, the CGT Discount would operate as follows:

- (a) for individuals, one half of the capital gain would be excluded from your assessable income;
- (b) for a trustee of a trust (but not a superannuation fund), one half of the capital gain would be excluded from the "net income" of the trust. The CGT Discount provisions may also apply to capital gains to which beneficiaries in the trust (other than beneficiaries that are companies) are presently entitled. The CGT provisions applying to trustees and beneficiaries of trusts are complex and advice should be sought from your professional tax adviser in this regard;
- (c) for a trustee of a complying superannuation fund, one-third of the capital gain would be excluded from the fund's assessable income.

ARL Shareholders which are companies do not qualify for the CGT Discount.

### 8.2.4 *Capital Loss*

If the capital proceeds received by an ARL Shareholder are less than the reduced cost base of ARL Shares, a capital loss on the disposal of their ARL Shares will arise. Generally, the reduced cost base of ARL Shares is the cost base of ARL Shares (discussed above) subject to certain adjustments. The reduced cost base cannot be indexed. The CGT Discount does not apply to capital losses.

As set out above, if a net capital loss arises, it may not be deducted against the ARL Shareholder's assessable income for income tax purposes. Rather, the net capital loss may be carried forward

to be offset against future capital gains of the ARL Shareholder, subject to satisfaction of the loss recoupment rules for companies and trusts.

### **8.3 Stamp duty**

ARL Shareholders will not be liable to pay stamp duty as a consequence of the acceptance of the Offer and sale of their ARL Shares (or as a consequence of their compulsory acquisition and disposal under Part 6A.1 of the Corporations Act).

### **8.4 Goods and services tax**

The GST implications for ARL Shareholders who accept the Offer will depend on whether they are registered, or required to be registered for GST.

For ARL Shareholders who are registered, or required to be registered, for GST, GST will not apply to the sale of their ARL Shares as the sale will be an input taxed financial supply for GST purposes. However, depending on their particular circumstances, to the extent ARL Shareholders incur GST on acquisitions which they make in relation to their participation in the Offer (such as adviser fees), you may not be entitled to claim input tax credits for GST.

For ARL Shareholders who are not registered, or required to be registered, for GST, the sale of their ARL Shares will not be subject to GST. Those ARL Shareholders will not be entitled to claim input tax credits for GST paid on fees associated with participating in the Offer (such as adviser fees) as they are not registered nor required to be registered, for GST.

# 9 Terms of the Offer

## 9.1 Offer

- (a) Hamilton offers to acquire all of your ARL Shares on and subject to the terms and conditions set out in Section 9 of the Bidder's Statement.
- (b) Subject to the terms of this Offer, the consideration under the Offer is 1 cent (A\$0.01) per ARL Share.
- (c) By accepting the Offer, you agree to transfer to Hamilton not only all of your ARL Shares, but also the Rights attaching to those ARL Shares.
- (d) This Offer is being made to each person registered as the holder of ARL Shares at 7:00 pm (Sydney time) AEST on the Register Date.
- (e) If, at the time this Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of the ARL Shares to which this Offer relates:
  - (i) a corresponding offer on the same terms and conditions as the terms of this Offer will be deemed to have been made to that other person in respect of those ARL Shares;
  - (ii) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other ARL Shares you hold to which the Offer relates; and
  - (iii) this Offer to you will be deemed to have been withdrawn immediately in respect of any ARL Shares you no longer hold.
- (f) If at any time during the Offer Period you are registered as the holder of one or more parcels of ARL Shares as trustee or nominee for, or otherwise on account of, another person, you may accept for each parcel as if this Offer had been made in relation to each parcel and any parcel you hold in your own right. To validly accept the Offer for each distinct parcel, you must comply with the procedure set out in section 653B(3) of the Corporations Act by giving Hamilton notice in writing stating that your ARL Shares consist of separate parcels and specifying the number of ARL Shares in each separate parcel to which the acceptance relates.
- (g) If, for the purposes of complying with the procedure referred to above, you require additional copies of the Bidder's Statement and/or the Acceptance Form, please contact Hamilton to request those additional copies.
- (h) The Offer is dated [6 May] 2015.

## 9.2 Offer Period

- (a) Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 7:00 pm (Sydney time) AEST on the later of:
  - (i) [11 June 2015]; and
  - (ii) any date to which the Offer is extended.
- (b) Hamilton reserves the right to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last seven (7) days of the Offer Period, either of the following events occurs:
  - (i) the Offer is varied to improve the Consideration offered; or
  - (ii) Hamilton's voting power increases to more than 50%,then the Offer Period will be automatically extended so that it ends fourteen (14) days after the event in accordance with section 624(2) of the Corporations Act. Hamilton must give

ARL and any ARL Shareholders who have not accepted an Offer a written notice that the extension has occurred within three (3) days after that event.

- (d) Hamilton may not extend the Offer Period beyond [5] May 2016.

### 9.3 How to accept the Offer

- (a) You can only accept this Offer during the Offer Period for all of your ARL Shares.
- (b) You may accept this Offer at any time during the Offer Period, subject to the terms and conditions of this Offer.
- (c) The Acceptance Form forms part of this Offer.
- (d) To accept the Offer you must complete and sign the accompanying Acceptance Form in accordance with the instructions on it and return it to the address set out below (as applicable) so that it is received by the Bidder's Registry before the end of the Offer Period:

**(By mail)**

*Link Market Services Limited  
Asset Resolution Limited Takeover  
Locked Bag A14  
SYDNEY SOUTH NSW 1235*

**(By hand delivery)**

*Link Market Services Limited  
Asset Resolution Limited Takeover  
1A Homebush Bay Drive  
RHODES NSW 2138*

A reply paid envelope is enclosed for your convenience. The envelope is not able to be used by overseas ARL Shareholders.

- (e) Acceptance of this Offer will be deemed to have been effected when the duly completed Acceptance Form is received at the applicable address set out in Section 9.3(d).
- (f) You may only return the Acceptance Form by email with the prior written approval of Hamilton.
- (g) The postage and transmission of the Acceptance Form is at your own risk.
- (h) You must provide Hamilton with all documents necessary to enable Hamilton to become the holder of the securities. So far as Hamilton is aware, no share certificates have been issued to ARL Shareholders. Therefore, under ARL's constitution, the only document necessary to transfer your ARL Shares is a completed Acceptance Form. If you have accepted the Offer but further transfer documents are required to register Hamilton as the holder of your ARL Shares, Hamilton will notify you requesting such additional documents from you. Hamilton will not be obliged to pay the consideration due to you until it receives these additional documents.

### 9.4 Validity of acceptance

- (a) Subject to this Section 9.4, your acceptance of the Offer will not be valid unless it is made in accordance with the procedure set out in Section 9.3(d).
- (b) Hamilton will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. Hamilton is not required to communicate with you prior to making its determination. The determination of Hamilton will be final and binding on all parties.
- (c) Hamilton may treat the receipt by it of a signed Acceptance Form as a valid acceptance of the Offer even though it has not received the other documents required by the instructions on the Acceptance Form or under Section 9.3(h) of the Bidder's Statement or there is non-compliance with any one or more of the other requirements for acceptance.
- (d) If Hamilton does treat such an Acceptance Form as valid, subject to Section 9.6 of the Bidder's Statement, Hamilton will not be obliged to give the Consideration to you until Hamilton receives all those documents and all of the requirements for acceptance referred to in Section 9.4 and in the Acceptance Form have been met.

## 9.5 The effect of acceptance

- (a) Once you have accepted this Offer, you will not be able to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your ARL Shares from the Offer or otherwise dispose of your ARL Shares, except as follows:
- (i) if, by the end of the Offer Period, the Conditions set out in Section 9.7 of the Bidder's Statement have not all been satisfied or waived, the contract resulting from acceptance of this Offer will be rescinded by Hamilton;
  - (ii) if the Offer Period is varied in a way that postpones for more than one month the time when Hamilton has to meet its obligations under the Offer and, at the time, this Offer is subject to one or more of the conditions in Section 9.7 of the Bidder's Statement, you may be able to withdraw your acceptance for your ARL Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time of the variation explaining your rights in this regard.
- (b) By completing, signing and returning the Acceptance Form, or otherwise accepting this Offer in accordance with Section 9.3 of the Bidder's Statement, you:
- (i) irrevocably accept the Offer (and any variation of it) in respect of it and agree to transfer to Hamilton all of your ARL Shares in accordance with the terms and conditions of the Offer;
  - (ii) agree to transfer all of your ARL Shares to Hamilton and agree that, subject to satisfaction or waiver of the Conditions, Hamilton shall be entitled to be entered in the register of members of ARL as the holder of such ARL Shares (and you hereby authorise and direct ARL to register your ARL Shares in Hamilton's name), notwithstanding that at the time of such registration you have not yet received the Consideration due to you under the Offer;
  - (iii) represent and warrant to Hamilton as a fundamental condition going to the root of the contract resulting from your acceptance that, at the time of your acceptance, and the time the transfer of your ARL Shares (including any Rights) is registered, all your ARL Shares are and will be free from all mortgages, charges, liens, Encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in your ARL Shares (including any Rights) to Hamilton, and that you have paid to ARL all amounts which have fallen due for payment to ARL in respect of your ARL Shares;
  - (iv) irrevocably authorise Hamilton to notify ARL on your behalf that your address for the purpose of serving notices upon you in respect of your ARL Shares is the address specified by Hamilton in the notification;
  - (v) irrevocably authorise and direct ARL to pay to Hamilton, or to account to Hamilton for, all Rights in respect of your ARL Shares except in relation to any Rights which Hamilton has waived (subject however to any such Rights received by Hamilton being accounted for by Hamilton to you, in the event that the Offer is withdrawn or rescinded);
  - (vi) with effect immediately on acceptance of the Offer (notwithstanding that the Offer remains subject to any Conditions and even though Hamilton has not yet provided the Consideration due to you under the Offer) you irrevocably appoint Hamilton (and each director, secretary and nominee of Hamilton) jointly and severally as your attorney with power to exercise all the powers and rights you could lawfully exercise as the registered holder of your ARL Shares, including (without limitation) powers and rights to:
    - (A) requisition, convene, attend and vote in respect of your ARL Shares at all general and class meetings of ARL or appoint a proxy or proxies to attend and vote in the manner directed by Hamilton on your behalf in respect of your ARL Shares at any such meeting;

- (B) execute all forms, notices, documents (including any proxy appointment) and resolutions relating to your ARL Shares;
  - (C) authorise and direct ARL to pay to Hamilton, or to account to Hamilton for, all Rights attaching to your ARL Shares (subject however to any such Rights received by Hamilton being accounted for by Hamilton to you, in the event that the Offer is withdrawn or rescinded);
  - (D) authorise and direct ARL to register, in the name of Hamilton, your ARL Shares;
  - (E) execute all forms, notices, documents required to give effect to your payment direction under Section 9.5(b)(vi)(C) of the Bidder's Statement; and
  - (F) execute all documents as Hamilton may require for the purpose of vesting good title in your ARL Shares and all Rights attaching to your ARL Shares in Hamilton;
- (vii) agree that in exercising the powers conferred by the power of attorney set out in Section 9.5(b)(vi) of the Bidder's Statement, Hamilton (and each director, secretary and nominee of Hamilton) is entitled to act in the interest of Hamilton;
  - (viii) agree to do all such acts, matters and things that Hamilton may require to give effect to the matters the subject of this Section 9.5 if requested by Hamilton;
  - (ix) with effect immediately on acceptance of the Offer (notwithstanding that the Offer remains subject to any Conditions and even though Hamilton has not yet provided the Consideration due to you under the Offer) agree not to attend or vote in person at any general or class meeting of ARL or to exercise or to purport to exercise, in person, by proxy or otherwise, any of the powers conferred on Hamilton (and each director, secretary and nominee of Hamilton) under the terms of this Offer (unless requested to do so by Hamilton);
  - (x) represent and warrant to Hamilton that unless you have notified it in accordance with Section 9.1(f) of the Bidder's Statement your ARL Shares do not consist of separate parcels of securities;
  - (xi) irrevocably approve Hamilton (and any director, secretary or nominee of Hamilton) to altering the Acceptance Form on your behalf by inserting correct details of your ARL Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Hamilton to make it an effective acceptance of this Offer or to enable registration of your ARL Shares in the name of Hamilton;
  - (xii) indemnify Hamilton and each of its officers and agents in respect of any claim or action against it or loss, damage or liability whatsoever incurred by it as a result of your not producing your share certificate (if you hold one) or in consequence of the transfer of your ARL Shares being registered by ARL without the production of a share certificate for your ARL Shares;
  - (xiii) agree to execute all such documents, transfers and assurances, and do all such acts, matters and things that Hamilton may consider necessary or desirable to transfer your ARL Shares and associated Rights to Hamilton; and
  - (xiv) agree that the undertakings and authorities referred to in this Section 9.5 will remain in force after you receive the Consideration for your ARL Shares and after Hamilton becomes registered as the holder of your ARL Shares.

## 9.6 Payment of the Consideration

- (a) Subject to this Section 9.6 of the Bidder's Statement and the Corporations Act, Hamilton will pay the Consideration due to you for your ARL Shares on or before the earlier of:
  - (i) one month after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept this Offer, within one month after the Offer becomes unconditional; or



- (ii) 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney) or you are notified that further transfer documents are required under Section 9.3(h):
  - (i) if that document is given with your Acceptance Form, Hamilton will provide the Consideration in accordance with Section 9.6(a);
  - (ii) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is subject to a defeating condition, Hamilton will provide the Consideration due to you on or before the earlier of one month after this Offer becomes unconditional and 21 days after the end of the Offer Period;
  - (iii) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is not subject to a defeating condition, Hamilton will provide the Consideration due to you on or before the earlier of 21 days after that document is given and 21 days after the end of this Offer period; and
  - (iv) if that document is given after the end of the Offer Period, and the Offer is not subject to a defeating condition, Hamilton will provide the Consideration within 21 days after that document is delivered. However, if at the time the document is given, the Offer is still subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, Hamilton will provide the Consideration due to you within 21 days after the Offer becomes unconditional.
- (c) If you do not provide Hamilton with the required additional documents within one month after the end of the Offer Period, Hamilton may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.
- (d) All payments of the Consideration payable to you will be made by an electronic funds transfer to the bank account specified by you in the Acceptance Form. If the Acceptance Form does not contain any details of a nominated bank account, Hamilton will issue a cheque for the amount of the Consideration payable to you. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) to the address as last provided by ARL to Hamilton. Payment by electronic funds transfer or dispatch of the cheque as described in this Section fully discharges Hamilton's obligation to pay the Consideration due to you whether or not you receive the transfer or cheque.
- (e) If you accept this Offer, Hamilton is entitled to all Rights in respect of your ARL Shares. Hamilton may require you to provide all documents necessary to vest title to those Rights in Hamilton, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to Hamilton, or if you have received the benefit of those Rights, Hamilton will deduct from the Consideration otherwise due to you the amount (or value, as reasonably assessed by Hamilton) of those Rights, together with the value (as reasonably assessed by Hamilton) of the franking credits, if any, attached to the Rights.
- (f) If at the time you accept the Offer or at the time the Consideration is provided under it:
  - (i) any authority or clearance of the Reserve Bank of Australia or Australian Tax Office is required for you to receive any Consideration under this Offer; or
  - (ii) you are resident in or a resident of a place to which, or you are a person to whom any of the following applies:
    - (A) the *Banking (Foreign Exchange) Regulations 1959* (Cth);
    - (B) the *Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002* (Cth);
    - (C) the *Charter of the United Nations (Sanction – Afghanistan) Regulations 2001* (Cth);
    - (D) the *Iraq (Reconstruction and Repeal Sanctions) Regulations 2003* (Cth); or

- (E) any other law of Australia or elsewhere that would make it unlawful for Hamilton to provide consideration for your ARL Shares,

then your acceptance of this Offer does not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until you obtain all requisite authorities or clearances.

## 9.7 Conditions of the Offer

Subject to Section 9.8 of the Bidder's Statement, the completion of this Offer and any contract that results from an acceptance of this Offer, are subject to the fulfillment of the conditions set out below:

(a) *Minimum acceptance*

During, or at the end of the Offer Period, Hamilton and its Associates together have Relevant Interests in greater than 50% (by number) of the total ARL Shares on issue at that time.

(b) *Hamilton shareholder approval*

If the NSX requires shareholders in Hamilton to approve the acquisition by Hamilton of ARL pursuant to the Takeover Bid, such shareholder approval being obtained.

(c) *No regulatory actions*

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) no preliminary or final decision, order or decree issued by a Regulatory Authority is in effect; and

- (ii) no action or investigation is commenced by any Regulatory Authority;

(other than an application to, or decision of ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act in consequence of or in connection with the Offer, or other action agreed between the parties) which restrains or prohibits the making or completion of the Offer, the acquisition of any ARL Shares under the Offer, the completion of any of the transactions contemplated by the Offer or the rights of Hamilton in respect of ARL or any ARL Shares.

(d) *No Material Adverse Change*

Between the Announcement Date and the end of the Offer Period (each inclusive), no Material Adverse Change occurs or becomes known to Hamilton.

(e) *No ARL Prescribed Event*

Between the Announcement Date and the end of the Offer Period (each inclusive), no ARL Prescribed Event occurs.

## 9.8 The nature and benefit of the Conditions

- (a) The Conditions in Section 9.7 of the Bidder's Statement are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period, prevent a contract to sell your ARL Shares from arising, but entitles Hamilton by notice, to rescind the contract resulting from your acceptance of this Offer without penalty or compensation.
- (b) Subject to the Corporations Act, Hamilton alone is entitled to the benefit of the Conditions in Section 9.7 of the Bidder's Statement, and to rely on any non-fulfilment of any of them.
- (c) Each condition in Section 9.7 is a separate, several and distinct Condition. No Condition will be taken to limit the meaning or effect of any other Condition.

## 9.9 Freeing the Offer from the Conditions

- (a) Hamilton may free this Offer, and any contract resulting from its acceptance, from the Conditions in Section 9.7, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to ARL and to ASIC

declaring this Offer to be free from the relevant Condition or Conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given not less than seven (7) days before the end of the Offer Period.

- (b) If at the end of the Offer Period the Conditions in Section 9.7 have not been fulfilled and Hamilton has not declared the Offer (or it has not become) free from the Conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

## **9.10 Notice of status of Conditions**

The date for giving the notice on the status of the Conditions as required by section 630(1) of the Corporations Act is [3 June 2015] (subject to extension in accordance with the Corporations Act if the Offer Period is extended).

## **9.11 Withdrawal of the Offer**

- (a) This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Hamilton will give notice of the withdrawal to ARL and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Offer is withdrawn, this offer has been freed from all the Conditions in Section 9.7 of the Bidder's Statement, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the Conditions in Section 9.7, all contracts arising from its acceptance will be void (whether or not the events referred to in the relevant Conditions have occurred).
- (d) A withdrawal under to this Section 9.11 will be deemed to take effect:
  - (i) if the withdrawal is not subject to conditions imposed by ASIC, after the date that consent in writing is given by ASIC; or
  - (ii) if the withdrawal is subject to conditions imposed by ASIC, after the date those conditions are satisfied.

## **9.12 Variation of the Offer**

Hamilton may vary the terms of the Offer or the Takeover Bid in accordance with the Corporations Act.

## **9.13 Brokerage and stamp duty**

- (a) No stamp duty is payable by you as a consequence of accepting the Offer.
- (b) As long as your ARL Shares are registered in your name and you deliver them directly to Hamilton, you will not incur any brokerage charges in connection with your acceptance of this Offer.

## **9.14 Governing law**

This Offer and any contract that results from your acceptance of the Offer are governed by the laws in force in Victoria and the Commonwealth of Australia.

# 10 Additional information

## 10.1 Status of the Conditions

At the date of the Bidder's Statement, Hamilton is not aware of any events which would result in a breach or inability to satisfy any of the Conditions. At the date of the Bidder's Statement, the following is the status of each of the Conditions of the Offer.

### 10.1.1 *Minimum Acceptance*

This Condition is not fulfilled as at the date of the Bidder's Statement.

### 10.1.2 *Hamilton shareholder approval*

On 30 April 2015, NSX formally informed Hamilton that NSX does not require the shareholders in Hamilton to approve the acquisition by Hamilton of ARL pursuant to the Takeover Bid.

Accordingly, this Condition has been fulfilled as at the date of the Bidder's Statement.

### 10.1.3 *No regulatory actions*

Hamilton is not aware of any regulatory actions.

### 10.1.4 *No Material Adverse Change*

Hamilton is not aware of any ARL Material Adverse Change having occurred, being announced or becoming known to Hamilton.

### 10.1.5 *No ARL Prescribed Event*

Hamilton is not aware of any ARL Prescribed Event having occurred.

## 10.2 ACCC position

As at the date of the Bidder's Statement, Hamilton has neither sought nor obtained ACCC's position or opinion in respect of the Offer or the Takeover Bid.

## 10.3 ASIC modifications

### 10.3.1 *Specific Relief*

On the same date as the date of the Bidder's Statement, Hamilton has sought a written agreement from ASIC to reduce the time within which Hamilton may dispatch the Bidder's Statement following lodgement with ASIC to allow Hamilton to dispatch the Bidder's Statement to ARL Shareholders on or after [6 May 2015] for the purposes of item 6(b) of section 633(1) Corporations Act (as provided by ASIC Class Order [CO 13/528]).

As at the date of the Bidder's Statement, ASIC has not yet agreed to provide the written agreement sought from ASIC.

### 10.3.2 *Class Orders*

Hamilton has relied upon various "class order" instruments issued by ASIC (including as specified elsewhere in the Bidder's Statement) which provide for modifications and exemptions that apply generally to all persons, including Hamilton.

## 10.4 Date for determining holders of Shares

For the purposes of section 633 of the Corporations Act, the date for determining the persons to whom information is to be sent under Items 6 and 12 of subsection 633(1) is the Register Date.

## 10.5 Miscellaneous matters

### 10.5.1 *Consents*

Each of Samuel Terry and Mills Oakley Lawyers has consented to be named in the Bidder's Statement in the form and context in which they are named and has not withdrawn its consent as

at the date of the Bidder's Statement, but should not be regarded as authorising the issue of the Bidder's Statement or any statements in it.

*10.5.2 Approval of Bidder's Statement*

The copy of the Bidder's Statement that is to be lodged with ASIC has been approved by a resolution passed by the directors of Hamilton in accordance with section 637(1)(a)(i) of the Corporations Act.

*10.5.3 No other material information*

Except as set out in the Bidder's Statement, there is no other information that:

- (a) is material to the making of a decision by an ARL Shareholder whether or not to accept the Offer;
- (b) is known to Hamilton; and
- (c) has not previously been disclosed to ARL Shareholders.

# 11 Glossary

## 11.1 Glossary

<b>ACCC</b>	means the Australian Competition and Consumer Commission.
<b>Acceptance Form</b>	means the form of acceptance accompanying the Bidder's Statement
<b>Accepting Shareholder</b>	means an ARL Shareholder who accepts the Offer in respect of an ARL Share.
<b>ACN</b>	means Australian Company Number.
<b>AEST</b>	means Australian Eastern Standard Time.
<b>Announcement Date</b>	means the date the Offer was announced, being 7 April 2015.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>Associate/s</b>	has the meaning given in section 12 the Corporations Act.
<b>ARL</b>	means Asset Resolution Limited ACN 159 827 871.
<b>ARL Board</b>	means the board of directors of ARL.
<b>ARL Directors</b>	means the directors on the ARL Board.
<b>ARL Prescribed Event</b>	means except to the extent contemplated by the Takeover Bid, any of the events listed below: <ul style="list-style-type: none"><li>(a) (Special resolution) ARL makes any changes to its constitution or passes any special resolution;</li><li>(b) (Conversion) ARL converts all or any of its shares into a larger or smaller number of shares;</li><li>(c) (Reduction of share capital) ARL resolves to reduce its share capital in any way;</li><li>(d) (Buy-back) ARL:<ul style="list-style-type: none"><li>(i) enters into a buy-back agreement; or</li><li>(ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;</li></ul></li><li>(e) (Distribution) ARL makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);</li><li>(f) (Issuing or granting shares or options) ARL:<ul style="list-style-type: none"><li>(i) issues shares;</li><li>(ii) grants an option over its shares; or</li><li>(iii) agrees to make such an issue or grant such an option;</li></ul></li><li>(g) (Securities or other instruments) ARL:<ul style="list-style-type: none"><li>(i) issues securities or other instruments convertible into shares or debt securities; or</li><li>(ii) agrees to issue securities or other instruments convertible into shares or debt securities;</li></ul></li></ul>

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- (h) (Insolvency) ARL or any of its Related Bodies Corporate becomes insolvent;
  - (i) (Acquisitions) ARL acquires, or agrees to acquire, assets the total consideration for which, or the value of which, in aggregate exceeds \$1m;
  - (j) (Disposals) ARL disposes, or agrees to dispose of, assets the total consideration for which is less than the book value of such asset;
  - (k) (Commitments) ARL enters into or amends or varies, or agrees to enter into or amend or vary, any agreements or commitments the value of which, in aggregate, exceeds \$1m;
  - (l) (Services contracts) ARL enters into, or agrees to enter into, any contract of service for the appointment of a director, senior manager, consultant, contractor or adviser, or otherwise agrees to vary an existing contract of service for the appointment of a director, senior manager, consultant, contractor or adviser;
  - (m) (Indebtedness) other than in the ordinary course of business ARL:
    - (i) borrows any money or incurs new financial indebtedness (or agrees to do so); or
    - (ii) enters into any guarantee or indemnity on behalf of, or provides security for the obligations of, any person or (agrees to do so); or
  - (n) (Encumbrances) ARL creates, or agrees to create, any encumbrance over the whole or a substantial part of its business or assets.
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<b>ARL Share/s</b>	means a fully paid ordinary share in the capital of ARL, and all Rights attaching to that share.
<b>ARL Shareholder/s</b>	means a person registered in the register of members of ARL as a holder of an ARL Share.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASIC Act</b>	means the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
<b>Bidder's Statement</b>	means this bidder's statement in respect of the Offer given by Hamilton pursuant to Part 6.5 of the Corporations Act.
<b>Board</b>	means board of directors of Hamilton.
<b>Business Day/s</b>	means a business day in Victoria.
<b>CGT</b>	means capital gains tax under the <i>Income Tax Assessment Act 1936</i> (Cth).
<b>Closing Date</b>	means 7.00 pm Sydney time AEST on [11 June] 2015, unless extended or withdrawn.
<b>Compulsory Acquisition Threshold</b>	means the threshold prescribed in section 661A(1) of the Corporations Act as outlined in Section 5.7.1 of the Bidder's Statement.

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<b>Condition and Condition/s Precedent</b>	means each condition of the Offer as set out in Section 9.7 of the Bidder's Statement.
<b>Consideration</b>	means the aggregate amount of the consideration per ARL Share payable to each Accepting Shareholder, being 1 cent per ARL Share.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>EBITDA</b>	means earnings before interest, taxes, depreciation and amortisation.
<b>Encumbrance</b>	means any: <ul style="list-style-type: none"> <li>(a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or (2) of the <i>Personal Property Securities Act 2009</i> (Cth); or</li> <li>(b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or</li> <li>(c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease or licence to use or occupy; or</li> <li>(d) third party right or interest or any right arising as a consequence of the enforcement of a judgement;</li> </ul> or any agreement to create any of them or allow them to exist.
<b>Facility Agreement</b>	means the binding loan facility agreement between Samuel Terry as trustee for STAR Fund and Hamilton as described in Section 7.4 of the Bidder's Statement.
<b>FY</b>	means financial year ended 30 June of any year (e.g. FY13 means the financial year to 30 June 2013).
<b>GST</b>	means Goods and Services Tax under the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>Hamilton</b>	means Hamilton Securities Limited ACN 138 270 201.
<b>Material Adverse Change</b>	means one or more events, matters, changes or circumstances including any litigation or dispute which, whether individually or when aggregated with all such events, matters, changes or circumstances, has had or could be considered reasonably likely to have the effect of the consolidated net assets of ARL (taken as a whole) being reduced by \$1m or more; or other than any event, matter, change or circumstance: <ul style="list-style-type: none"> <li>(a) (economic conditions) in or relating to economic conditions in general;</li> <li>(b) (markets) in or relating to credit, financial or currency markets in general;</li> <li>(c) (accounting policy) in or relating to any change in accounting policy required by law;</li> <li>(d) (Bidder consent) occurring directly or indirectly as a result of any event, occurrence or matter that occurs</li> </ul>



	with the prior written consent of Hamilton;
	(e) (change in law) directly or indirectly as a result of any adoption, implementation or change in applicable law or any interpretation of applicable law by a Regulatory Authority;
	(f) (natural disaster) occurring directly or indirectly as a result of any act of God, lightning, storm, flood, earthquake, cyclone, tidal wave or landslide; or
	(g) (insurance coverage) in respect of which ARL is entitled to recover an amount under any applicable insurance contract,
	provided that such event, matter, change or circumstance does not affect ARL in a manner that is materially disproportionate to the effect on other companies of a similar size operating in the same industry as ARL.
<b>Minimum Acceptance Condition</b>	means the condition set out in Section 9.7(a) of the Bidder's Statement.
<b>New Facility</b>	means the facility between Samuel Terry and Hamilton described in Section 7.4 of the Bidder's Statement.
<b>No ARL Prescribed Event</b>	means the condition set out in Section 9.7(e) of the Bidder's Statement.
<b>NSX</b>	means the National Stock Exchange of Australia Limited.
<b>OA</b>	has the meaning given in Section 2 of the Bidder's Statement.
<b>Offer or Hamilton's Offer</b>	means the offer by Hamilton to acquire ARL Shares made by way of an off-market takeover bid under Chapter 6 of the Corporations Act, on the terms set out in Section 9 of the Bidder's Statement (and for the avoidance of doubt includes each other offer made by Hamilton to ARL Shareholders in the form of that offer), including, in each case, as varied in accordance with the Corporations Act.
<b>Offer Period</b>	means the period that the Offer is open for acceptance, commencing on [6 May] 2015 and ending on the Closing Date.
<b>OL</b>	has the meaning given in Section 2 of the Bidder's Statement.
<b>PPS Security Interest</b>	means a security interest that is subject to the PPSA.
<b>PPSA</b>	means the <i>Personal Property Securities Act 2009</i> (Cth).
<b>PIF</b>	means the Premium Income Fund ARSN 090 687 577 formerly known as Octaviar Premium Income Fund, MFS Premium Income Fund, MFS Capital Insured Income Fund and MFS Master Mortgage Trust.
<b>Register Date</b>	means the date set by Hamilton under section 633(2) of the Corporations Act, being 8 April 2015.
<b>Regulatory Authority</b>	includes: <ul style="list-style-type: none"> <li>(a) NSX, the Australian Stock Exchange, ACCC, ASIC and the Foreign Investment Review Board;</li> <li>(b) a government or governmental, semi-governmental or judicial entity or authority;</li> <li>(c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and</li> </ul>

	(d) any regulatory organisation established under statute.
<b>Relevant Interest</b>	has the meaning given in the Corporations Act.
<b>Relevant Threshold</b>	has the meaning given in Section 5.7.1 of the Bidder's Statement.
<b>Related Bodies Corporate</b>	has the meaning given in section 50 of the Corporations Act.
<b>Rights</b>	means all accretions and rights attaching to or arising from ARL Shares, directly or indirectly, at or after the Announcement Date (including dividends and all rights to receive them, bonuses or other shares of its profits or assets, as well as rights to receive or subscribe for shares, notes, bonds, options, or other securities and all other distributions or entitlements declared, paid, made or issued by ARL or any of its subsidiaries).
<b>Samuel Terry</b>	means Samuel Terry Asset Management Pty Ltd ACN 108 611 785 in its capacity as the trustee of the STAR Fund.
<b>STAR Fund</b>	means Samuel Terry Absolute Return Fund.
<b>Takeover Bid</b>	means the takeover bid by Hamilton for all of the ARL Shares to be implemented in accordance with Chapter 6 of the Corporations Act.
<b>Takeovers Panel</b>	the panel established by Part 10 of the <i>Australian Securities and Investments Commission Act 2001</i> (Cth) and having functions specified in Part 6.10, Division 2 of the Corporations Act.
<b>Target's Statement</b>	means the target's statement to be issued by ARL in response to the Bidder's Statement in accordance with section 633(1) of the Corporations Act.
<b>Voting Power</b>	has the meaning given to this term in section 610 of the Corporations Act.

## 11.2 Interpretation

Terms used in the Bidder's Statement have the meaning (if any) given to them in Chapter 6 of the Corporations Act, unless that meaning is inconsistent with the context in which a term is used.

In the Bidder's Statement (including the Offer) and the Acceptance Form, the following principles of interpretation apply unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the meaning of the paragraphs they introduce;
- (b) the singular includes the plural and vice versa;
- (c) words importing any gender include any other genders;
- (d) references to persons include corporations;
- (e) appendices, annexures, cover page and chairman's letter to and in the Bidder's Statement form part of the Bidder's Statement;
- (f) references to AUD, \$, and cents are references to Australian currency;
- (g) references to a document or instrument include the document or instrument as novated, altered, supplemented, or replaced from time to time;
- (h) references to sections are references to sections in the Bidder's Statement;
- (i) references to time and/or date is a reference to Sydney, Australia time; and

- (j) to the extent permissible under applicable law, the Bidder's Statement (including the Offer) and the Acceptance Form are governed by the laws in force in Victoria and the Commonwealth of Australia.

# 12 Approval of Bidder's Statement

The Bidder's Statement has been approved by a resolution passed by the directors of Hamilton.

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Signed for and on behalf of  
**Hamilton Securities Limited ACN 138 270 201**

# 13 Corporate Directory

## **Hamilton Securities Limited ACN 138 270 201**

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