

HAMILTON SECURITIES LIMITED

MARKET ANNOUNCEMENT

PROPOSED CHANGES TO BOARD OF ASSET RESOLUTION LIMITED

Hamilton Securities Limited has given to Asset Resolution Limited (**ARL**) a request under section 249D of the *Corporations Act* that it call and hold a general meeting to consider resolutions to remove ARL's current directors and replace them with three new directors. ARL is required to call the general meeting within 21 days of the request.

Hamilton owns 6.3% of the shares in ARL. Its associates, including Samuel Terry Asset Management Pty Ltd (**Samuel Terry**) in its capacity as trustee of the Samuel Terry Absolute Return Fund (**STAR Fund**), own a further 19.9% of the shares in ARL. In total, Hamilton and its associates own 26.2% of the shares in ARL.

The three new directors nominated by Hamilton for the ARL board are:

- Giles Craig, a private investor and director of Hamilton with extensive experience in capital markets and investment;
- John Sergeant, a successful businessperson and a lecturer in the Business School at Sydney University; and
- Fred Woollard, a director of Hamilton and director and founder of Samuel Terry. The STAR Fund has a proven record of delivering strong returns for its investors.

Hamilton is offering ARL shareholders a choice between:

- the current unelected ARL board which owns no shares in ARL, in Hamilton's opinion is overpaid, and is committed to a strategy of liquidating all of ARL's assets and closing the company down; and
- the Hamilton nominees who are experienced, have interests aligned with ARL's shareholders, and are committed to reducing costs and pursuing the strategy which is best for ARL shareholders.

Hamilton considers there are a number of reasons why ARL shareholders should support these changes.

First, we believe that costs can be cut significantly at ARL, and plan to start by reducing directors' fees. The current board outsources all key functions of ARL but nevertheless

received over \$360,000 in directors' fees in the 2013/14 financial year. The Chairman, David Beddall, whose role is part-time, was paid \$131,000. We believe these amounts are excessive.

Secondly, the current ARL directors are not required to submit themselves to annual election by shareholders. Hamilton considers that this is a critical check and balance which is missing, and intends to change ARL's constitution to give shareholders an annual vote on who should run their company.

Thirdly, we also recognise that ARL shareholders had no say in the formation of ARL and are unable to easily sell their shares. In order to provide liquidity to ARL shareholders, Hamilton intends, if its nominees are appointed to the ARL board, to list ARL's shares on the Australian Stock Exchange or, if that is not possible, on the National Stock Exchange. As a listed disclosing entity ARL would provide a higher level and frequency of disclosure to its shareholders and the market.

If appropriate, we would also like ARL to conduct a buy-back of shares, enabling those who simply wish to dispose of their ARL shares to do so on fair terms.

We have great admiration for the unpaid and tireless efforts which the leaders of the PIF Action Group have performed on behalf of PIF unitholders and ARL shareholders. If elected, the replacement board intends to work constructively with the PIF Action Group to ensure the best outcome for all shareholders, and we are determined to halt the erosion of value which ARL shareholders have suffered for too long.

Hamilton also has considerable respect for the legal and corporate advisory professionals to whom the ARL board has outsourced the realisation of its assets, and hopes to retain their services, subject to a review of performance and costs.

Over coming weeks, Hamilton and its board candidates will be communicating with ARL shareholders explaining our plan to revitalise ARL and seeking the support of ARL shareholders.