

## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Members of Australian Premier Finance Holdings Limited ACN 099 912 044 (**AHP or the Company**) will be held on **Friday 22 April 2016 at 12.00noon** at the offices of Whittens & McKeough located at Level 5, 137-139 Bathurst Street, SYDNEY NSW 2000 (**EGM or the Meeting**).

### ORDINARY BUSINESS

#### 1. Change in nature and scale of activities of the Company

Resolution 1 - as an ordinary resolution:

That subject to the passage of Resolutions 2 - 10 inclusive for the purposes of NSX Listing Rule 6.41 and for all other purposes, the Company be authorised to make a significant change to the scale and nature of its activities as set out in the Explanatory Memorandum which accompanies and forms part of the Notice of Meeting.

#### 2. Consolidation of Share Capital ("Share Consolidation")

Resolution 2 - as an ordinary resolution:

That subject to the passing of Resolution 1 and Resolutions 3-10 inclusive, that for the purpose of Section 254H(1) of the Corporations Act and pursuant to Article 2.5 of the Constitution and for all other purposes, the Shares of the Company be consolidated through the conversion of every three hundred and fifty (350) Shares held by a Shareholder at the close of business (Sydney time) on 20 April 2016 into one (1) New Share with any resulting fractions of a New Share rounded up to the next whole number of New Shares with the consolidation to take effect in accordance with the timetable and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.

#### 3. Approval of Placement to relevant interests of Andrew Brown ("Brown Placement")

Resolution 3 - as an ordinary resolution:

That subject to the passing of Resolutions 1 & 2 inclusive and Resolutions 4-10 inclusive, for the purposes of section 611 (item 7) of the Corporations Act (Cth) 2001, and for all other purposes, shareholders approve the issue of 1,000,000 fully paid ordinary New AHP Shares at an issue price of \$0.35 per share as part of the Cash Placement to interests associated with Andrew John Brown ("**Brown Parties**") on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of EGM.

***Voting Exclusion Statement***

The Company will disregard and not count any votes cast (in any capacity) on this Resolution on or on behalf of any or all of the following persons:

- (a) Andrew John Brown; and
- (b) any of his associates including other Directors of Stiletto Investments Pty Limited and A Brown and Company Pty Limited

However, the Company need not disregard a vote if:

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

#### **4. Placement of New AHP Shares for cash ("Cash Placement")**

Resolution 4 - as an ordinary resolution:

That subject to the passing of Resolutions 1 - 3 inclusive and Resolutions 5-10 inclusive, for the purposes of NSX Listing Rule 6.25 (1) and for all other purposes, shareholders approve the issue of up to 283,554 fully paid ordinary New AHP Shares at an issue price of \$0.35 per share by way of placement on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of EGM.

#### **Voting Exclusion Statement**

The Company will disregard and not count any votes cast (in any capacity) on this Resolution on or on behalf of any or all of the following persons:

- (a) any person who may participate in the issue of New AHP Shares and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary Shares if the Resolution is passed; and
- (b) any of their associates.

However, the Company need not disregard a vote if:

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

## 5. Election of Andrew John Brown as a Director

### Resolution 5 - as an ordinary resolution:

That subject to the passage of Resolutions 1 - 4 inclusive and Resolutions 6 – 10 inclusive, that Andrew John Brown be elected as a Director of the Company.

## 6. Election of Richard Charles Ochojski as a Director

### Resolution 6 - as an ordinary resolution:

That subject to the passing of Resolutions 1- 5 inclusive and Resolutions 7 - 10 inclusive that Richard Charles Ochojski be elected as a Director of the Company.

## SPECIAL BUSINESS

## 7. Issue of Options to Andrew John Brown

### Resolution 7 - as a special resolution:

That subject to the passing of Resolutions 1-6 inclusive and 8-10 inclusive and for the purposes of NSX Listing Rule 6.44, Chapter 2E of the Corporations Act and all other purposes, approval be given for the issue to Andrew John Brown (or his nominee) 100,000 options over fully paid New AHP Shares at an exercise price of \$0.35 and on other terms described in the Explanatory Memorandum by 20 May 2016.

### ***Voting Exclusion Statement***

The Company will disregard and not count any votes cast (in any capacity) on this Resolution on or on behalf of any or all of the following persons:

- (a) Andrew Brown; and
- (b) any of his associates.

However, the Company need not disregard a vote if:

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

## 8. Issue of Options to Richard Charles Ochojski

### Resolution 8 - as a special resolution:

That subject to the passing of Resolutions 1-7 inclusive and 9-10 inclusive and for the purposes of NSX Listing Rule 6.44, Chapter 2E of the Corporations Act and all other purposes, approval be given for the issue to Richard Charles Ochojski (or his nominee) 50,000 options over fully paid New AHP Shares at an exercise price of \$0.35 and on other terms described in the Explanatory Memorandum by 20 May 2016.

### ***Voting Exclusion Statement***

The Company will disregard and not count any votes cast (in any capacity) on this Resolution on or on behalf of any or all of the following persons:

- (a) Richard Ochojski; and
- (b) any of his associates.

However, the Company need not disregard a vote if:

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

## 9. Issue of Options to Wayne Adsett

### Resolution 9 - as a special resolution:

That subject to the passing of Resolutions 1-8 inclusive and Resolution 10 and for the purposes of NSX Listing Rule 6.44, Chapter 2E of the Corporations Act and all other purposes, approval be given for the issue to Wayne Adsett (or his nominee) 50,000 options over fully paid New AHP Shares at an exercise price of \$0.35 and on other terms described in the Explanatory Memorandum by 20 May 2016.

### ***Voting Exclusion Statement***

The Company will disregard and not count any votes cast (in any capacity) on this Resolution on or on behalf of any or all of the following persons:

- (a) Wayne Adsett; and
- (b) any of his associates.

However, the Company need not disregard a vote if:

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

## **10. Change of name of the Company**

### Resolution 10 - as a special resolution:

That subject to the passing of Resolutions 1 – 9 inclusive and for the purposes of section 157 (1) of the Corporations Act, that the Company change its name from Australian Premier Finance Holdings to East 72 Holdings Limited, effective immediately.

## **Entitlement to Vote**

In accordance with section 1074E(2)(g)(i) of the *Corporations Act* and regulation 7.11.37 of the Corporations Regulations and ASTC Operating Rule 8.3A.1, the Company has determined that for the purposes of the General Meeting all Shares will be taken to be held by the persons who, according to records of the Company's share registrar, held them as registered Shareholders at 7pm (Sydney time) on Wednesday 20 April 2016. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

## **How to Vote**

Members entitled to vote at the General Meeting may vote:

- by attending the meeting and voting in person; or
- by appointing an attorney to attend the meeting and vote on their behalf or, in the case of corporate members or proxies, a corporate representative to attend the meeting and vote on its behalf; or
- by appointing a proxy to attend and vote on their behalf, using the proxy form accompanying this Notice. A proxy may be an individual or a body corporate.

### *Voting in person (or by attorney or by corporate representative)*

Members or their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the Meeting and bring a form of personal identification (such as their driver's licence).

To vote by attorney at this meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by the Registry before 12.00 noon (Sydney time) on Wednesday 20 April 2016 in any of the following ways:

**By post** to the share registry, Boardroom Pty Limited: GPO Box 3993, Sydney NSW 2001

**By hand delivery** to Boardroom Pty Limited at: Level 12, 225 George Street, Sydney NSW 2000

**By fax** to Boardroom Pty Limited on: (02) 9290 9655

To vote in person, you or your proxy, attorney, representative or corporate proxy representative must attend the General Meeting to be held at Level 5, 137 - 139 Bathurst Street, Sydney NSW 2000 on Friday 22 April 2016 commencing at 12.00noon (Sydney time).

A vote cast in accordance with the appointment of a proxy or power of attorney is valid even if before the vote was cast the appointor:

- died;
- became mentally incapacitated;
- revoked the proxy or power; or
- transferred the Shares in respect of which the vote was cast,

unless AHP received written notification of the death, mental incapacity, revocation or transfer before the meeting or adjourned meeting.

To vote by corporate representative at the meeting, a corporate Member or proxy should obtain an Appointment of Corporate Representative Form from the share registry, complete and sign the form in accordance with the instructions on it. The appointment should be lodged at the registration desk on the day of the meeting. The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed. The Chairman of the meeting may permit a person claiming to be a representative to exercise the body's powers even if he or she has not produced a certificate or other satisfactory evidence of his or her appointment.

## *Voting by Proxy*

Any shareholder of the Company entitled to attend and vote at this EGM is entitled to appoint a proxy to attend and vote instead of that shareholder. The proxy does not need to be a Member of the Company. A shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes. A proxy may be an individual or a body corporate. A proxy that is a body corporate may appoint a representative to exercise the powers that the body corporate may exercise as the Member's proxy.

A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular resolution. If an appointment directs the way the proxy is to vote on a particular resolution:

- if the proxy is the chair - the proxy must vote on a poll and must vote in the way directed;
- if the proxy is not the chair - the proxy need not vote on a poll, but if the proxy does so, the proxy must vote in the way directed; and
- in this instance if the proxy does not attend the Meeting, or does not vote on a poll, the chair of the Meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at that Meeting.

If a proxy appointment is signed or validly authenticated by the Member but does not name the proxy or proxies in whose favour it is given, the Chairman may either act as proxy or complete the proxy appointment by inserting the name or names of one or more Directors or Company Secretary.

If:

- a Member nominates the Chairman of the meeting as the Member's proxy; or
- the Chairman is to act as proxy if a proxy appointment is signed by a Member but does not name the proxies in whose favour it is given or otherwise under a default appointment according to the terms of the proxy form,

then the person acting as Chairman in respect of an item of business at the Meeting must act as proxy under the appointment in respect of that item of business.

Proxies must be lodged not later than 48 hours before the EGM i.e. 12.00noon (Sydney time) on Wednesday 20 April 2016 in any of the following ways:

**By post** to the share registry, Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001

**By hand delivery** to Boardroom Pty Limited at Level 12, 225 George Street, Sydney NSW 2000

**By fax** to Boardroom Pty Limited on: (02) 9290 9655

**By electronic lodgement:**

<http://www.votingonline.com.au/ahpegm2016> in accordance with instructions provided on your proxy form.

A form of proxy is provided with this notice.

**Further Information**

If you have any queries in relation to the General Meeting, please contact the Company Secretary, Andrew Whitten, on (02) 8072 1400.

Dated this 22nd day of March 2016

By order of the Board of Directors

Andrew Whitten  
Company Secretary



# EXPLANATORY MEMORANDUM

(This Explanatory Memorandum forms part of the Notice of Meeting)

This Explanatory Memorandum provides information for members in respect of the resolutions to be considered at a General Meeting of the Members of Australian Premier Finance Holdings Limited ACN 099 912 044 (**AHP** or **the Company**) to be held on **Friday 22 April 2016** at **12.00noon** at the offices of Whittens & McKeough located at Level 5, 137-139 Bathurst Street, SYDNEY NSW 2000 (**EGM** or **the Meeting**).

## ORDINARY BUSINESS

### 1. Change to nature and scale of the Company's activities

- 1.1 This Resolution is subject to the successful passing of Resolutions 2 – 10 inclusive and seeks Shareholder approval for the change of the Company's nature and scale of activities to that of an investment company.
- 1.2 At present, AHP has no activities having sold its vehicle finance business after Shareholder approval in September 2014. Given that AHP now proposes to become a specialist investment company, this constitutes a change in activities. In addition, over time, the scale of the Company is expected to build from the current small level of balance sheet footings and it is reasonable to conclude that this constitutes a change in scale of activities. Given the level of effective derivative exposures likely to be taken by AHP, in the event the Resolution is passed, this would also constitute a change in scale of activities.
- 1.3 NSX Listing Rule 6.41 provides that if an entity proposes to make a significant change, either directly or indirectly, to the nature and/or scale of its activities – which under this Notice of Meeting is proposed to occur – then the Company must obtain the approval of its Shareholders and it must set out in detail the relevant terms of the change.
- 1.4 NSX Listing Rule 6.48 requires that the Company include with the Notice of Meeting required by these Rules sufficient information to ensure that security holders are informed of all substantial matters relevant to the resolution proposed.
- 1.5 *Overview of proposed activities*  
Subject to the passage of all Resolutions, AHP will be recapitalised as a specialist investment company. For ease of administration, it is intended to incorporate a new controlled entity, East 72 Investments Pty Limited ("**E72IPL**"), the name of which has been reserved, and which will perform the investment activities.

E72IPL intends to hold the following exposures:

- Futures, index CFD's, currency and commodity and other derivatives;
- Listed equities in Australia;

- CFD's or other exposures in non-Australian companies; and
- Short sale exposures to selected Australian and overseas companies through CFD's and physical short-sales.

The proposed activities will be carried out by Andrew Brown and will initially require that Mr. Brown puts forward certain personal guarantees to conduct such activities on behalf of E72IPL.

These activities traditionally involve significant leverage - use of borrowed funds in addition to subscribed equity. E72IPL intends to limit the overall level of debt to a maximum of five times equity, meaning that E72IPL could hold gross exposures of six times its equity value. E72IPL has devised a series of investment guidelines whereby limitations are placed on overall leverage, specific leverage in a long or short direction and initial individual stock exposure limits, whether held by physical or derivative exposure, which are illustrated in the following table:

	Illustrative Equity	GROSS EXPOSURES		LONG EXPOSURES		SHORT EXPOSURES	
Proposed Gearing limits							
	\$250,000	6:1	\$1,500,000	4:1	\$1,000,000	4:1	\$1,000,000
Proposed Individual stock limits							
Large cap	\$250,000			6%	\$60,000	4%	\$40,000
Small cap	\$250,000			3%	\$30,000	-	-
Proposed Index limits							
Major	\$250,000	50%	\$750,000		\$500,000		\$500,000
Minor	\$250,000	20%	\$300,000		\$200,000		\$200,000

These exposure limits are relatively aggressive in isolation and could mean a significant and rapid diminution in equity in the event that investment markets move against the chosen positions. In this context, Andrew Brown has significant experience operating such portfolios with significant leverage. The business plan of E72IPL is structured to grow equity aggressively if the investment strategies are successful. Conversely, further diminution in AHP's capital will occur if the investment strategies put in place are not successful, or E72IPL is unable to meet margin calls on its positions.

Furthermore, at the discretion of the proposed Board of Directors, these proposed limits may be amended.

### 1.6 *General risks*

There are business and market risks inherent in any listed security, which could materially affect the Company's earnings and the pricing of AHP Shares, including:

- (a) movements in local and international economies and share and capital markets;
- (b) changes in interest rates and other general economic conditions;
- (c) changes in investor sentiment and perceptions;
- (d) upheaval and uncertainty due to terrorist activities, insurrection, war and general conflict;
- (e) changes in government fiscal, monetary and regulatory policies and statutory changes; and
- (f) the use of leverage within E72IPL will magnify ALL of the above risks within its operation and hence the value and pricing of AHP Shares.

### 1.7 *External risk factors*

There are a number of external risk factors over which AHP has little or no control which could materially affect the future pricing of AHP Shares or the Company's earnings, including:

- (a) taxation, where changes to tax legislation and regulation, or their interpretation, may adversely affect the value of an investment in AHP Shares and may affect AHP shareholders differently;
- (b) changing economic conditions in Australia and globally which may affect AHP's business and financial condition. Any protracted slowdown in economic conditions or adverse changes in such factors as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies) and employment rates, among others, are outside the control of AHP and the directors and may result in materially adverse impacts on the business and its operating results;
- (c) stock market losses, poor investment returns or volatility, a weakening or downturn of the financial services, funds and wealth management industries;
- (d) changes in accounting standards or in the interpretation of those accounting standards that occur in the future may adversely impact on AHP's business or the costs associated with AHP's business and may adversely affect its financial condition; and

- (e) illiquidity and subsequent volatility in the sale price of AHP Shares, with no guarantee that a more active market in AHP Shares will develop despite the changed and increased activities of AHP.

1.8 *Specific risk factors*

The key issues impacting the success of the business undertaken by AHP are:

- (a) the Company's success and growth strategy depends heavily upon the board of Directors, especially Andrew Brown, who will be responsible for the investment operation. The loss of their services and particularly those of Mr. Brown for any reason could have a material and adverse effect on the Company's business, operating results and financial condition;
- (b) the success and profitability of the Company depends, in large part, upon the ability of the Andrew Brown to trade appropriately in leveraged products, optimize the timing of entry and exit from such products, use appropriate protective overlays where desired, and invest in well-managed companies which have the ability to increase in value over time. In most cases, the directors and management of AHP will be unlikely to be in a position to influence materially the decisions and strategies made and adopted by the management of those companies;
- (c) E72IPL, as a subsidiary of AHP, will be operating an investment strategy which will use proportionally large quantum of debt capital to leverage the small equity capital base. Debt capital will be provided by operators of CFD platforms, where leverage can be as high as 199.5:1 for equity index and currency contracts (0.5% equity/margin; 99.5% debt), 19:1 for individual securities (5% equity/95% debt) and by providers of margin loans over individual securities where the highest level of leverage is proportionally lower at 3:1 (25% equity; 75% debt). E72IPL will be maintaining a maximum level of gross exposure (where the gross initial value of long and short positions are aggregated, not netted) of 5:1. This implies that an adverse move of approximately 16% would eliminate E72IPL and hence AHP's equity capital base;
- (d) In the event that AHP's capital is depleted, the Company may need to raise additional equity or debt funds in the future to finance its activities and requirements. There is no assurance that the Company will be able to obtain additional financing when required in the future, that it will be able to pay margin calls to CFD or margin loan providers or that the terms and time frames associated with such funding will be acceptable to AHP. This may have an adverse effect on the Company's ability to achieve its strategic goals and have a negative effect on its financial results.
- (e) CFD and margin loan providers will have a first ranking security over the individual exposures entered into. In the event that E72IPL/AHP is unable to

provide requisite margin financing, CFD and margin loan providers will have an irrefutable right to close out positions, and invoke personal guarantees if there is a shortfall;

- (f) CFD and margin loan providers have a right to change the margin terms offered to customers at any time with little or no notice in light of market movements and circumstances. This can lead to a need to provide additional margin at short notice, which may not be possible, and result in E72IPL reducing or eliminating desired positions.
- (g) the price of investments that the Company may purchase can fall as well as rise; the price of investments that the Company may short-sell can rise as well as fall and lead to theoretically infinite losses;
- (h) the past performance of investments and funds managed by directors and persons associated with the directors are not necessarily a guide to the future performance of the Company;
- (i) E72IPL may make investments in companies with small market capitalisations. In general, trading in securities in such entities has more limited liquidity than larger companies and so has the potential for greater volatility. Accordingly, the returns that may be generated by the Company are likely to also be subject to that greater volatility;
- (j) E72IPL may make investments in securities which have limited or no voting entitlements. In general, such securities trade at a large discount to intrinsic value, but there is no guarantee that E72IPL will be able to exert adequate influence to change the voting rights of such securities, which may remain trading at high discounts. In addition, trading in such securities tends to have more limited liquidity than fully voting securities;
- (k) E72IPL may make investments in securities not listed on an organised stock exchange, where financial performance is heavily uninfluenced by managerial expertise, and where no ready market for the sale or liquidation of such investments exists. Accordingly, these investments carry substantially larger risks of financial loss;
- (l) E72IPL may give financial support to companies whose securities are not listed on an organised stock exchange and where the capacity to repay such financial assistance is heavily influenced by managerial expertise. Accordingly, the extension of such support carries substantially larger risks of financial loss;
- (m) in the course of acquiring or selling investments, the Company is required to deal with counterparties who may be incapable of settling transactions due to

financial stress. E72IPL aims to mitigate this risk by dealing with brokers and counterparties of good standing;

- (n) shareholders are strongly advised to regard any investments in the Company as a long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over time;
- (o) operating costs for the Company as a proportion of total assets are affected by the level of total assets of the Company. The Company's pro-forma balance sheet disclosed in Section 3.4 illustrates that the Company will have a very modest level of initial operating funds, which may have an impact on the Company's ability to execute its strategic plans in the event that a component of that capital is lost;
- (p) the price at which AHP Shares are traded on NSX may be below the net asset value of those AHP Shares. AHP's constitution does not entitle AHP shareholders to require the Company to implement a share buy-back or any other capital reconstruction or to take any other remedial action;
- (q) poor investment performance by AHP could inhibit the ability of AHP to raise funding in the future and reduce the willingness of distribution or administrative partners to do business with AHP;
- (r) AHP could become subject to litigation in relation to investment losses, negligence or claims under contractual relationships with customers or suppliers; and
- (s) AHP is dependent upon its own financial management systems, which if damaged or disrupted could lead to financial loss. AHP attempts to mitigate such damage by utilising third party outsourced providers and backing up key business records.

#### 1.9 *Disclaimer on forward looking statements*

The Directors of AHP note that the material in Sections 1.5 – 1.8 has been provided by Andrew Brown, a proposed Director of the Company and the proposed cornerstone investor in the Company if Resolutions 1-10 are passed by Shareholders at the Meeting. The information is general background information about the proposed activities of the Company as at this date, and does not purport to be complete. The information in this entire Section 1 should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice.

All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk. This list in sections 1.6 – 1.8 is not exhaustive. If Shareholders require further information on material risks, they should seek professional advice.

This Section 1 may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to the proposed activities of AHP. Readers are cautioned not to place undue reliance on these forward looking statements. Other than required by the continuous disclosure regime of ASIC and NSX, AHP does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside AHP's control. Past performance is not a reliable indication of future performance.

1.10 *Pro-forma financial position*

Shareholders are referred to Section 3.4 for a discussion on the pro-forma financial position of AHP in the event that Resolution 1 (and by necessity Resolutions 2-10) are all passed. The Company will have an approximate cash balance of \$350,000 if all Resolutions are passed with which to execute the strategies contained within this Section 1.

1.11 *Independent Experts Report*

The Directors of the Company have commissioned the Independent Expert to prepare a report on whether Resolution 3, which is intrinsic to the change in nature and scale of activities, is fair and reasonable to the Shareholders not associated with Andrew Brown. The Independent Expert Report is attached to this Explanatory Memorandum as Annexure 1.

The Independent Expert has concluded that the Brown Placement in Resolution 3 is fair and reasonable to Shareholders not associated with the proposal. Shareholders are urged to read the Independent Experts Report. The Independent Expert also notes certain disadvantages with the change in nature and scale of activities within Sections 8.7 – 8.10 of that report, which is appended as Annexure 1.

1.12 *Directors' Recommendation*

The Directors, all of whom are eligible to vote their shareholdings, recommend that shareholders vote in favour of this Resolution. Since the three Directors – Messrs Adsett, Ellis and Allen – have a relevant interest in 54.3% of AHP Shares (see Section 3.5), it is likely that Resolution 1 will be passed.

## 2. Share Consolidation

- 2.1 This Resolution is subject to the successful passing of Resolution 1 and Resolutions 3 – 10 inclusive.
- 2.2 Section 254H of the Corporations Act provides that in order for a company to convert its shares into a smaller number, a resolution of shareholders must be passed. The Directors propose to convert the Share capital of the Company such that, leaving aside the treatment of fractions, every 350 existing Shares are converted into 1 new AHP Share (each a **New AHP Share**).

Where dividing by 350 the number of Shares held by a Shareholder results in a fraction, the number of New Shares held by that Shareholder will be rounded up to the nearest whole New Share. Consolidation does not materially alter the dollar value of the issued capital of the Company. It merely reduces the number of Shares on issue. New Shares held post-consolidation will theoretically be 350 times as valuable as 1 Share held before consolidation (all other matters being equal). However, the price at which the New Share may be sold may not equal 10 times the pre-consolidated sale price of an existing Share.

The Company currently has 58,256,207 Shares on issue, which will reduce to approximately 166,466 if Resolution 2 is passed.

The proposed timetable for the share consolidation is as follows:

Key Event	Indicative Date
General Meeting	Friday 22nd April 2016
Notification to NSX that Share Consolidation is approved	Friday 22nd April 2016
Last day of trading in pre-consolidation securities	Tuesday 26th April 2016
Security in trading halt (Effective Date)	Wednesday 27th April 2016
Last day for registration of transfers on a pre-consolidated basis (Record Date)	Friday 29th April 2016
First day for registration of post-consolidated securities	Monday 2nd May 2016
Notices and holding statements sent to applicable holders. (Issue Date)	Tuesday 3rd May 2016
Normal trading starts	Wednesday 4th May 2016
First Settlement Date (T+2)	Friday 6th May 2016



### 3. **Approval of Placement to relevant interests of Andrew John Brown (“Brown Placement”)**

3.1 This Resolution is subject to the successful passing of Resolutions 1 & 2 and resolutions 4 - 10 inclusive seeks Shareholder approval for the issue of \$350,000 worth of New AHP Shares to recapitalise the Company to interests associated with Andrew Brown.

#### 3.2 *Background*

The Board of AHP have been investigating various options to recapitalise the Company and provide a suitable new opportunity for Shareholders. Since December 2015, the Company has engaged with Andrew Brown with a view to providing a suitable opportunity to recapitalise. After discussions with Mr. Brown and NSX, Mr. Brown has agreed to be a cornerstone investor for a placement of new AHP Shares subject to receipt of Shareholder approval for this placement and all other proposed measures. In addition, Mr. Brown’s commitment to financing AHP, as disclosed in the Explanatory Memorandum under Resolution 1 should provide benefit to existing AHP shareholders whose equity will be geared up using Mr. Brown’s financial resources.

As a result of these discussions, the Board signed a Heads of Agreement with Mr. Brown and two of his related companies, A. Brown and Company Pty. Limited and Stiletto Investments Pty. Limited (together **Participating Parties**) to inject funds into AHP by means of a placement of New AHP Shares.

The passing of this Resolution has significant control implications for AHP. If Resolution 3 is passed, interests associated with Andrew Brown will effectively control the Company by virtue of:

- Being the largest equity holder with approximately 69% of issued New AHP Shares;
- Being the enabler of provision of leverage capital to the Company’s proposed operating subsidiary, East 72 Investments Pty Limited;
- Being able to rescind access to leveraged finance to the Company’s proposed operating subsidiary; and
- Being a Board Member of the Company.

#### 3.3 *Corporations Act sections 606, 611 (item 7)*

As AHP is a listed company with more than 50 members, the Company is subject to the provisions of Chapter 6 of the Corporations Act dealing with the prohibition by persons of the acquisition of some relevant interests in voting shares of certain types of companies. Broadly, section 606 of the Corporations Act prohibits a person from acquiring a “relevant interest” in voting shares in the Company if that acquisition results in that person’s or their associates’ voting power in the Company increasing to more than 20%, or from a starting point above 20% and below 90%.

Section 611 of the Corporations Act provides a number of exemptions to the prohibition in section 606, including where shareholder approval is received in accordance with item 7 of section 611 of the Corporations Act. ASIC Regulatory Guide 74 (December 2011) (“RG74”) stipulates that amongst other conditions, either an Independent Experts Report or an equivalent Directors Report be provided to evaluate the exemption.

The passing of this Resolution 3 (subject to the passing of all other Resolutions) will not prohibit Andrew Brown and his relevant interests from acquiring an interest in the Company in excess of the takeover threshold of 20% in the Corporations Act.

### 3.4 *Contingency of Resolution and impact on financial position*

The funds raised from the Brown Placement will be used in the following manner:

- Repayment of outstanding trade creditors and accruals, which have been paid by the former subsidiary entity Australian Premier Finance Pty. Limited, to a maximum of \$100,000;
- Establishment and capitalisation of the controlled entity East 72 Investments Pty. Limited which will be utilised to invest and trade in global derivative securities (see further details of the intended activities and associated risks of this strategy in Section 1 of the Explanatory Memorandum); and
- General working capital.

The following table lays out the estimated financial impact on AHP of the issuance of the New AHP Shares if approved. It should be noted that the table also includes the impact of Resolution 2 and Resolution 4 (impact of the Share Consolidation and Cash Placement) since Resolutions 2, 3 and 4 are contingent on each other, and every other proposed Resolution, and cannot be adopted in isolation:

\$	<b>Audited 30/6/2015</b>	<b>Reviewed 31/12/2015</b>	<b>Forecast<sup>1</sup> 20/4/2016</b>	<b>Pro-forma<sup>2</sup> Res 2, 3 &amp; 4</b>	<b>Pro-forma<sup>3</sup> Res 7, 8, 9</b>
Cash	-	-	-	349,244	419,244
Current Assets	-	-	-	349,244	419,244
<b>TOTAL ASSETS</b>	-	-	-	349,244	419,244
Trade creditors	61,850	86,011	100,000	-	-
Current Liabilities	61,850	86,011	100,000	-	-
<b>TOTAL LIABILITIES</b>	61,850	86,011	100,000	-	-
<b>NET ASSETS</b>	(61,850)	(86,011)	(100,000)	349,244	419,244
Issued Capital	182,700	182,700	182,700	631,944	701,944
Accumulated losses	(244,550)	(268,711)	(282,700)	(282,700)	(282,700)
<b>TOTAL EQUITY</b>	(61,850)	(86,011)	(100,000)	349,244	419,244
Issued shares (000's)	58,256	58,256	58,256	1,450	1,650
Equity/share (cents)	(0.11)	(0.15)	(0.17)	24.1	25.4

1: As part of the Agreement with Andrew Brown, the Directors of AHP have agreed to meet any costs incurred by the Company above outstanding indebtedness of \$100,000 by the date of the EGM;

2: assumes 350:1 Share Consolidation, Brown Placement and Cash Placement;

3: assumes all options the subject of Resolutions 7-9 inclusive are exercised

### 3.5 *Contingency of Resolution and impact on voting power*

The impact of the Brown Placement on voting power of AHP is displayed in the table below. The table also incorporates the estimated impacts of Resolutions 2 and 4, since the Brown Placement is contingent on these two relevant Resolutions, as well as all others:

Shareholdings	Current		Post consolidation (Resolution 2) <sup>1</sup>		Post issue of Brown Placement and Cash Placement	
	Holding	%	Holding	%	Holding	%
Northview Group & other entities <sup>1, 2</sup> (A)	15,633,782	26.8	44,668	26.8	44,668	3.1
Charles Garrison	10,866,987	18.6	31,049	18.6	31,049	2.1
MP Ellis Holdings <sup>2</sup>	8,212,740	14.1	23,465	14.1	23,465	1.6
Kenneth Allen <sup>2</sup>	7,806,891	13.4	22,306	13.4	22,306	1.5
Joan Allen	7,806,891	13.4	22,306	13.4	22,306	1.5
Other Shareholders	8,698,916	14.9	22,652	14.9	306,206	21.2
Andrew Brown <sup>3</sup> (B)	-	-	-	-	1,000,000	69.0
<b>TOTAL</b>	<b>58,256,207</b>	<b>100.0</b>	<b>166,446</b>	<b>100.0</b>	<b>1,450,000</b>	<b>100.0</b>
<b>Directors interest (A+B)</b>	<b>15,633,782</b>	<b>26.8</b>	<b>44,668</b>	<b>26.8</b>	<b>1,044,668</b>	<b>72.0</b>
<b>NSX Listing Rule 3.9<sup>4</sup></b>	<b>Compliant</b>		<b>Compliant</b>		<b>Compliant</b>	

1: subject to rounding

2: relevant interests of current Directors of the Company. These interests total 31,653,413 Shares or 54.3% of currently issued capital

3: relevant interests

4: see Resolution 4

### 3.6 *Information required to be given under the Corporations Act*

The following paragraphs set out information required to be provided to Shareholders under item 7 in the table in section 611 of the Corporations Act and ASIC Regulatory Guide 74. Shareholders are also referred to the Independent Expert's Report attached to this Explanatory Statement as Annexure 1.

(a) *Identity of the persons proposing to make the acquisition and their associates*

The persons and entities subscribing for the Brown Placement are:

- Andrew John Brown;
- Donna Ann Brown;
- A. Brown and Company Pty. Limited;
- Abron Management Services Pty Limited <Brown Family Super A/C>;
- and
- Stiletto Investments Pty. Limited (together "the **Brown Parties**")

Andrew and Donna Brown are the two Directors of A. Brown and Company Pty Limited and Stiletto Investments Pty. Limited and Abron Management Services Pty. Limited and jointly or individually control all of these entities.

(b) *Maximum extent of increase in voting power in the Company resulting from the acquisition*

At the date of this notice, the Brown Parties have no relevant interest in the Shares of AHP.

By reason of the Brown Placement, as illustrated in Section 3.5 above, the Brown Parties will be issued with 1,000,000 New AHP Shares which will increase undiluted voting power from 0% to 69.0%. In the event that Resolution 7 is passed, which proposed to issue Options to Andrew Brown, if Andrew Brown exercises these Options, but no other Options proposed to be issued by Resolutions 8 and 9 are exercised, the maximum diluted voting power of the Brown Parties will be 71% (1,100,000 New AHP Shares out of 1,550,000 Issued New AHP Shares).

(c) *Identity, associates and qualifications of proposed Directors*

It is intended that Andrew Brown and Richard Ochojski will become Directors if the New AHP Shares the subject of Resolution 3 are issued. The issue of the Brown Placement is contingent upon Andrew Brown and Richard Ochojski becoming Directors of AHP, approval of which is subject to Resolution 5 and Resolution 6 respectively. Andrew Brown's qualifications are given under Section 5 of this Explanatory memorandum; Richard Ochojski's qualifications are given under Section 6 of this Explanatory Memorandum.

(d) *Intentions regarding the future of the Company*

Resolution 1 of this Meeting deals with a proposal to change the nature and scale of activities of the Company. Resolution 3 is contingent upon the passage of Resolution 1 (and all other Resolutions). Andrew Brown's intentions regarding the future of the Company are detailed in Section 1 of the Explanatory memorandum.

Since the Company has no fixed assets, no employees, and no dividend policy, there are no intentions to effect change to any of these aspects.

(e) *The terms of the proposed acquisition*

The Brown Placement is to be issued at \$0.35 per New AHP Share.

(f) *Timing of the proposed acquisition*

The New AHP Shares to be issued to the Brown Parties will be allotted as soon as practicable after the Meeting, once the administrative aspects of the Share Consolidation have been completed.

(g) *Reasons for the acquisition*

The Brown Parties are cornerstone investors in the intended recapitalisation of the Company and it is Andrew Brown's intention to grow the Company in the future. The acquisition is necessary to recapitalise the Company.

(h) *Directors interests and recommendations*

The Directors, none of whom are allottees of the Brown Placement and are eligible to vote their shareholdings, recommend that shareholders vote in

favour of this Resolution. Since the three Directors – Messrs Adsett, Ellis and Allen – have a relevant interest in 54.3% of AHP Shares (see Section 3.5), it is likely that Resolution 3 will be passed.

- (i) *Independent Expert Report as to whether the issue of Shares is fair and reasonable*  
The Directors of the Company have commissioned the Independent Expert to prepare a report on whether the Brown Placement is fair and reasonable to the Shareholders not associated with the proposal. The Independent Expert Report is attached to this Explanatory Memorandum as Annexure 1.

The Independent Expert has concluded that the Brown Placement is fair and reasonable to Shareholders not associated with the proposal. Shareholders are urged to read the Independent Experts Report.

- (j) *Impact on the Company if Shareholders do not approve the issue of Shares*  
In the event that the Shareholders do not approve the Brown Placement, then all other Resolutions the subject of this Meeting will fail (even if separately approved) since each Resolution at this Meeting is contingent on the passage of all other Resolutions. In this event, the Company will not be recapitalised, and will continue to be dormant. In this circumstance, the Company's future will be dependent on the desire of Directors to continue to support the Company by performing duties for no remuneration and the willingness of Australian Premier Finance Pty. Limited to continue to fund the Company's expenses.

#### **4. Placement of New AHP Shares for cash ("Cash Placement")**

- 4.1 This Resolution is subject to the successful passing of Resolutions 1 - 3 inclusive and 5 – 10 inclusive and seeks Shareholder approval for the placement of up to 283,554 New AHP Shares to sophisticated investors (in accordance with sections 708(8) of the Corporations Act) and professional investors (in accordance with section 708(11) of the Corporations Act).
- 4.2 The issue of the New AHP Shares under the Cash Placement (**Cash Placement Shares**) will exceed the Company's 15% issue limit under NSX Listing Rule 6.25 (1) at the time the Share Placement was offered to investors. Accordingly, the Company agrees to issue the Cash Placement Shares, subject to shareholder approval of the issue. Shareholder approval is now sought under NSX Listing Rule 6.25 (1) for the issue of the Cash Placement Shares.
- 4.3 If Resolution 4 is passed, the Company will be able to issue the Cash Placement Shares and retain its full 15% of equity issue capacity. The Company will retain its flexibility to manage its capital requirements and issue Shares where necessary within the next 12 months.

#### 4.4 *NSX Listing Rule 3.9 (“NSX Spread Requirement”)*

NSX Spread Requirement mandates that a company listed on NSX must have 50 Shareholders with \$2,000 worth of Shares and that Directors not hold in excess of 75% of the Company’s Shares. At the present time, at a last sale price of \$0.05 per Share and the present Directors holding 53% of AHP’s Shares, AHP is compliant with NSX Spread Requirement. However, in the event that the Brown Placement is issued, given that it is contingent upon Resolution 5 (Election of Andrew Brown), the issue of Brown Placement Shares would likely result in NSX Spread Requirement being breached without the issue of any additional Shares.

Hence, the Directors and Andrew Brown, with the assistance of third party intermediaries, have arranged for a Cash Placement to provide additional working capital and ensure that both components of NSX Spread Requirement are met. The Company expects to receive commitments for the Cash Placement to fulfil the obligation to have over 50 Shareholders holding over \$2,000 at the allotment price of \$0.35.

#### 4.5 *Other relevant Information*

The following information provided for the benefit of Shareholders:

<b>Potential maximum number of Cash Placement Shares to be issued</b>	283,554
<b>The date by which the Company will issue and allot the Cash Placement Shares</b>	If approved, it is anticipated that the Cash Placement Shares will be issued and allotted on or about 26 April 2016 and in any event no later than 3 months from the date of this General Meeting.
<b>The issue price of the Cash Placement Shares</b>	\$0.35 per New AHP Share
<b>Details of the potential allottees to be issued Cash Placement Shares under the Share Placement</b>	The Cash Placement Shares will be issued and allotted to sophisticated investors (in accordance with sections 708(8) of the Corporations Act) and professional investors (in accordance with section 708(11) of the Corporations Act).
<b>The terms of the Cash Placement Shares to be issued</b>	All Cash Placement Shares issued under the Share Placement will be fully paid ordinary New AHP Shares in the Company, that rank pari passu and form one class with all other ordinary New AHP Shares of the Company.
<b>The use (or intended use) of the funds raised</b>	To fund further investments in securities through the proposed subsidiary E72IPL and working capital.
<b>Impact on the financial position of the Company</b>	See Section 3.4

<b>Voting exclusion statement</b>	A voting exclusion applies to this Resolution, please see the notes to Resolution 4 on the Notice of Meeting.
<b>Contingency</b>	The passing of this resolution is subject to the passing of Resolutions 1 – 3 inclusive and Resolutions 5 - 10 inclusive. If these prior Resolutions are not passed, Resolution 4 will not be put to the Meeting and no New AHP Shares will be issued. If these subsequent Resolutions are not passed, no New AHP Shares will be issued.

#### 4.6 *Directors' Recommendation*

The Directors, none of whom are proposed allottees of Cash Placement Shares and are eligible to vote their shareholdings, recommend that shareholders vote in favour of this Resolution.

### 5. **Election of Andrew John Brown as a Director**

- 5.1 This Resolution is subject to the successful passing of Resolutions 1 - 4 inclusive and 6 – 10 inclusive and seeks Shareholder approval for the election of Andrew Brown, who will be the major Shareholder of the Company and operate the investment strategy to the Board of Directors.
- 5.2 Andrew John Brown has been proposed by the Directors of AHP to become a Director of the Company pursuant to Clause 19.3 of the Company's Constitution
- 5.3 Mr Brown has 35 years experience in financial markets as an investment analyst in funds management, stockbroking and corporate investment. He has also successfully managed a number of Australian equity portfolios, and was the Director of Equities at Rothschild Australia Asset Management and successor companies between 1997-2003. Since then, Mr. Brown has been a corporate investor and Company Director of 13 ASX listed companies. Over the past five and a half years Mr. Brown has also successfully run a private investment company which has utilised derivatives and CFD's to invest in global indices and non-ASX listed companies, as well as traditional exposures to Australian larger and smaller companies. This company has also utilised short-selling strategies to hedge exposures, as well as shorting market indices and individual securities where deemed appropriate. This is the type of investment strategy and mandate Mr. Brown hopes to develop over time for the Company.
- 5.4 Mr. Brown is currently a Director and Company Secretary of the ASX-listed Australian Rural Capital Limited and is non-executive Chair of Kirrihill Wines Pty. Limited.



## **6. Election of Richard Charles Ochojski as a Director**

- 6.1 This Resolution is subject to the successful passing of Resolutions 1 – 5 inclusive and Resolutions 7 – 10 inclusive and seeks Shareholder approval for the election of Richard Ochojski to the Board of Directors.
- 6.2 Richard Charles Ochojski has been proposed by the Directors of AHP to become a Director of the Company pursuant to Clause 19.3 of the Company's Constitution.
- 6.3 Richard is an experienced finance executive having been employed within the Banking and Finance industry for more than 30 years. For almost 20 years, until the end of 2005, he worked at Macquarie Bank as a Director of the Banking Division within the Banking and Property Group.

Prior to this he was employed by a number of International Banks in London including The Bank of New York, Swiss Bank Corporation and Sumitomo Bank.

Richard has broad knowledge across a number of industries and in particular he has worked extensively with clients in the services sector. He has an extensive corporate finance and lending background specialising in cash flow lending.

Whilst at Macquarie Richard had a pivotal role in [Realestate.com.au](http://Realestate.com.au)'s public listing on the Australian Stock Exchange and is a former director of Realestate.com.au Limited.

Since leaving Macquarie Richard has been employed in a number of consulting roles across a broad range of industries and has served on a number of Public Company Boards usually as a Non-Executive Director but also as Executive Chairman.

Richard is currently Chairman of an unlisted Public Company.

## **SPECIAL BUSINESS**

### **7. Issue of Options to Andrew John Brown**

- 7.1 This Resolution is subject to the successful passing of Resolutions 1 – 6 inclusive and Resolutions 8 – 10 inclusive and seeks Shareholder approval under NSX Listing Rule 6.44 and Chapter 2E of the Corporations Act for the issue of securities to Andrew Brown, a proposed Director of the Company. The inter-contingency of all Resolutions means that the Options will not be issued unless Andrew Brown becomes a Director of the Company.
- 7.2 NSX Listing Rule 6.44 requires that the Company obtain the approval of members of the issuer by special resolution for any issue of equity securities to a related party or a person nominated by the Exchange unless the person receives the securities under

(i) a pro-rata issue; (ii) an underwriting agreement in relation to a pro-rata issue and the terms of the underwriting were included in offer documents sent to the holders of securities; (iii) a dividend or distribution plan and, in the case of a plan established before the issuer was listed, the plan's terms disclosed in the disclosure document or the plan was established after the issuer was listed, the plan's terms were approved by the members of the issuer; (iv) an employee incentive scheme; or (v) a takeover offer which was required to comply with Part 6.3 Division 1 of the Corporations Act or a scheme under section 411. Issuing options to Directors also requires approval under the Corporations Act.

7.3 A special resolution is defined in section 9 of the Corporations Act as one that is passed by at least three quarters (75%) of the votes cast by shareholders (either on a show of hands at the meeting or by inclusion of proxies if on a poll) being in favour of the resolution.

7.4 The options are being issued for nil consideration, and can be exercised at a strike price of \$0.35 per New AHP Share, once issued, at any time before 30 April 2021. The New AHP Shares issued as a result of the exercise of these options will be allotted within five business days of receipt of the exercise monies, and rank pari passu with the New AHP Shares.

7.5 The issue of options to Andrew Brown is in lieu of Directors fees and for providing future administrative services to AHP. Andrew Brown will not be paid a salary by the Company until AHP reaches an appropriate size. There are no vesting provisions but the Options will lapse if not exercised in the event that Andrew Brown leaves the Board of the Company.

7.6 *Value of the Options*

The Independent Experts Report (see Annexure 1, Section 2.6) opines that the value of the Options assuming expiry of 30 April 2021, a New AHP Share price of \$0.35, exercise price of \$0.35 per New AHP Share, interest rate of 1.96% and volatility factor of 75% and no dividend payments is \$0.2164 per Option. This is consistent with the Directors use of a Black Scholes model valuation using the same inputs.

7.7 *Other relevant information*

The following information is provided for the assistance of Shareholders and to satisfy the requirements of the Corporations Act:

<b>Allotee</b>	Andrew John Brown
<b>Number of options to be issued</b>	100,000
<b>The date by which the Company will issue and allot the options</b>	If approved, it is anticipated that the options will be issued and allotted on or about 2 May 2016 and in any event no later than one month from the date of this General Meeting.
<b>The issue price of the options</b>	No monetary consideration but in lieu of

	providing future administrative services to AHP.
<b>Terms of the options</b>	Each option is exercisable into one New AHP Share at a price of \$0.35 at any time prior to 30 April 2021. The exercise price is subject to adjustment for future pro-rata and capital reconstruction issues only.
<b>Value of the benefit</b>	By reference to Section 7.6 above, the value of the benefit is \$21,640.
<b>Voting exclusion statement</b>	A voting exclusion applies to this Resolution, please see the notes to Resolution 7 on the Notice of Meeting.
<b>Intention for use of funds when options exercised</b>	If the options are exercised, the Company will use the proceeds of \$35,000 for working capital, general corporate and investment purposes
<b>Price of AHP Shares trading on NSX</b>	No AHP Shares have traded on NSX in the last 12months. The last sale price of AHP Shares was \$0.05 on 22 November 2011 since which time the Company has incurred losses and sold its main undertaking.
<b>Share and Option capital</b>	Section 3.5 illustrates the share capital of the Company will be 1,450,000 New AHP Shares if all resolutions are approved. There are currently no Options on issue. 200,000 Options will be issued if all Resolutions are approved.
<b>Directors holding</b>	Andrew Brown does not currently have a relevant interest in AHP Shares. If Resolution 7 (and all other Resolutions) is passed, Andrew Brown will have an undiluted shareholding of 1,000,000 New AHP Shares or 69.0% of the then issued capital (see Section 3.5). If Andrew Brown exercises the Options, and all other Options are exercised, he will hold 1,100,000 New AHP Shares out of 1,650,000 then on issue or 66.7% of the diluted issued capital.
<b>Costs and detriments</b>	It is not considered from an economic and commercial point of view that there are any costs or detriments, including opportunity costs or taxation

	consequences, for the Company or benefits foregone by the Company that will result from the issue of Options pursuant to resolution 7. The Company will, however, be required to expense the options through its Statement of Financial Performance in the year to June 2016.
<b>Directors recommendation</b>	The Directors recommend that Shareholders vote in favour of Resolution 7 on the basis that the quantum of payment for services is contingent, is well below comparable rates of remuneration, and that no recapitalisation of the Company will take place without passage of Resolution 7.

## 8. Issue of Options to Richard Charles Ochojski

- 8.1 This Resolution is subject to the successful passing of Resolutions 1 – 7 inclusive and Resolutions 9 & 10 inclusive and seeks Shareholder approval under NSX Listing Rule 6.44 and Chapter 2E of the Corporations Act for the issue of securities to Richard Ochojski, a proposed Director of the Company. The inter-contingency of all Resolutions means that the Options will not be issued unless Richard Ochojski becomes a Director of the Company.
- 8.2 NSX Listing Rule 6.44 requires that the Company obtain the approval of members of the issuer by special resolution for any issue of equity securities to a related party or a person nominated by the Exchange unless the person receives the securities under (i) a pro-rata issue; (ii) an underwriting agreement in relation to a pro-rata issue and the terms of the underwriting were included in offer documents sent to the holders of securities; (iii) a dividend or distribution plan and, in the case of a plan established before the issuer was listed, the plan's terms disclosed in the disclosure document or the plan was established after the issuer was listed, the plan's terms were approved by the members of the issuer; (iv) an employee incentive scheme; or (v) a takeover offer which was required to comply with Part 6.3 Division 1 of the Corporations Act or a scheme under section 411. Issuing options to Directors also requires approval under the Corporations Act.
- 8.3 A special resolution is defined in section 9 of the Corporations Act as one that is passed by at least three quarters (75%) of the votes cast by shareholders (either on a show of hands at the meeting or by inclusion of proxies if on a poll) being in favour of the resolution.
- 8.4 The options are being issued for nil consideration, and can be exercised at a strike price of \$0.35 per New AHP Share, once issued, at any time before 30 April 2021. The

New AHP Shares issued as a result of the exercise of these options will be allotted within five business days of receipt of the exercise monies, and rank pari passu with the New AHP Shares.

- 8.5 The issue of options to Richard Ochojski is in lieu of Directors fees. There are no vesting provisions but the Options will lapse if not exercised in the event Richard Ochojski leaves the Board of the Company.

8.6 *Value of the Options*

The Independent Experts Report (see Annexure 1, Section 2.6) opines that the value of the Options assuming expiry of 30 April 2021, a New AHP Share price of \$0.35, exercise price of \$0.35 per New AHP Share, interest rate of 1.96% and volatility factor of 75% and no dividend payments is \$0.2164 per Option. This is consistent with the Directors use of a Black Scholes model valuation using the same inputs.

8.7 *Other relevant information*

The following information is provided for the assistance of Shareholders and to satisfy the requirements of the Corporations Act:

<b>Allottee</b>	Richard Charles Ochojski
<b>Number of options to be issued</b>	50,000
<b>The date by which the Company will issue and allot the options</b>	If approved, it is anticipated that the options will be issued and allotted on or about 2 May 2016 and in any event no later than one month from the date of this General Meeting.
<b>The issue price of the options</b>	No monetary consideration but in lieu of Directors fees.
<b>Terms of the options</b>	Each option is exercisable into one New AHP Share at a price of \$0.35 at any time prior to 30 April 2021. The exercise price is subject to adjustment for future pro-rata and capital reconstruction issues only.
<b>Value of the benefit</b>	By reference to Section 8.6 above, the value of the benefit is \$10,820.
<b>Voting exclusion statement</b>	A voting exclusion applies to this Resolution, please see the notes to Resolution 8 on the Notice of Meeting.
<b>Intention for use of funds when options exercised</b>	If the options are exercised, the Company will use the proceeds of \$17,500 for working capital, general corporate and investment purposes
<b>Price of AHP Shares trading on NSX</b>	No AHP Shares have traded on NSX in the last 12months. The last sale price of

	AHP Shares was \$0.05 on 22 November 2011 since which time the Company has incurred losses and sold its main undertaking.
<b>Share and Option capital</b>	Section 3.5 illustrates the share capital of the Company will be 1,450,000 New AHP Shares if all resolutions are approved. There are currently no Options on issue. 200,000 Options will be issued if all Resolutions are approved.
<b>Directors holding</b>	Richard Ochojski has no current AHP Shares. If Resolution 8 (and all other Resolutions) is passed, if Richard Ochojski exercises the Options, and all other Options are exercised, he will hold 50,000 New AHP Shares out of 1,650,000 then on issue or 3.0% of the diluted issued capital.
<b>Costs and detriments</b>	It is not considered from an economic and commercial point of view that there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits foregone by the Company that will result from the issue of Options pursuant to resolution 8. The Company will, however, be required to expense the options through its Statement of Financial Performance in the year to June 2016.
<b>Directors recommendation</b>	The Directors recommend that Shareholders vote in favour of Resolution 8 on the basis that the quantum of payment for services is contingent, is well below comparable rates of remuneration, and that no recapitalisation of the Company will take place without passage of Resolution 8.

## 9. Issue of Options to Wayne Adsett

- 9.1 This Resolution is subject to the successful passing of Resolutions 1 – 8 inclusive and Resolution 10 and seeks Shareholder approval under NSX Listing Rule 6.44 and Chapter 2E of the Corporations Act for the issue of securities to Wayne Adsett, a Director of the Company.

- 9.2 NSX Listing Rule 6.44 requires that the Company obtain the approval of members of the issuer by special resolution for any issue of equity securities to a related party or a person nominated by the Exchange unless the person receives the securities under (i) a pro-rata issue; (ii) an underwriting agreement in relation to a pro-rata issue and the terms of the underwriting were included in offer documents sent to the holders of securities; (iii) a dividend or distribution plan and, in the case of a plan established before the issuer was listed, the plan's terms disclosed in the disclosure document or the plan was established after the issuer was listed, the plan's terms were approved by the members of the issuer; (iv) an employee incentive scheme; or (v) a takeover offer which was required to comply with Part 6.3 Division 1 of the Corporations Act or a scheme under section 411. Issuing options to Directors also requires approval under the Corporations Act.
- 9.3 A special resolution is defined in section 9 of the Corporations Act as one that is passed by at least three quarters (75%) of the votes cast by shareholders (either on a show of hands at the meeting or by inclusion of proxies if on a poll) being in favour of the resolution.
- 9.4 The options are being issued for nil consideration, and can be exercised at a strike price of \$0.35 per New AHP Share, once issued, at any time before 30 April 2021. The New AHP Shares issued as a result of the exercise of these options will be allotted within five business days of receipt of the exercise monies, and rank pari passu with the New AHP Shares.
- 9.5 The issue of options to Wayne Adsett is in lieu of Directors fees. There are no vesting provisions but the Options will lapse if not exercised in the event that Wayne Adsett leaves the Board of the Company.
- 9.6 *Value of the Options*  
The Independent Experts Report (see Annexure 1, Section 2.6) opines that the value of the Options assuming expiry of 30 April 2021, a New AHP Share price of \$0.35, exercise price of \$0.35 per New AHP Share, interest rate of 1.96% and volatility factor of 75% and no dividend payments is \$0.2164 per Option. This is consistent with the Directors use of a Black Scholes model valuation using the same inputs.
- 9.7 *Other relevant information*  
The following information is provided for the assistance of Shareholders and to satisfy the requirement of the Corporations Act:

<b>Allottee</b>	Wayne Adsett
<b>Number of options to be issued</b>	50,000
<b>The date by which the Company will issue and allot the options</b>	If approved, it is anticipated that the options will be issued and allotted on or about 2 May 2016 and in any event no

	later than one month from the date of this General Meeting.
<b>The issue price of the options</b>	No monetary consideration but in lieu of Directors fees.
<b>Terms of the options</b>	Each option is exercisable into one New AHP Share at a price of \$0.35 at any time prior to 30 April 2021. The exercise price is subject to adjustment for future pro-rata and capital reconstruction issues only.
<b>Value of the benefit</b>	By reference to Section 9.6 above, the value of the benefit is \$10,820.
<b>Voting exclusion statement</b>	A voting exclusion applies to this Resolution, please see the notes to Resolution 9 on the Notice of Meeting.
<b>Intention for use of funds when options exercised</b>	If the options are exercised, the Company will use the proceeds of \$17,500 for working capital, general corporate and investment purposes
<b>Price of AHP Shares trading on NSX</b>	No AHP Shares have traded on NSX in the last 12months. The last sale price of AHP Shares was \$0.05 on 22 November 2011 since which time the Company has incurred losses and sold its main undertaking.
<b>Share and Option capital</b>	Section 3.5 illustrates the share capital of the Company will be 1,450,000 New AHP Shares if all resolutions are approved. There are currently no Options on issue. 200,000 Options will be issued if all Resolutions are approved.
<b>Directors holding</b>	Wayne Adsett has a relevant interest in AHP Shares as disclosed in Section 3.5. If Resolution 9 (and all other Resolutions) is passed, if Wayne Adsett exercises the Options, and all other Options are exercised, he will hold 94,668 New AHP Shares out of 1,650,000 then on issue or 5.7% of the diluted issued capital.
<b>Costs and detriments</b>	It is not considered from an economic and commercial point of view that there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits foregone by the Company that



	will result from the issue of Options pursuant to resolution 9. The Company will, however, be required to expense the options through its Statement of Financial Performance in the year to June 2016.
<b>Directors recommendation</b>	The Directors (with Wayne Adsett abstaining) recommend that Shareholders vote in favour of Resolution 9 on the basis that the quantum of payment for services is contingent, is well below comparable rates of remuneration, and that no recapitalisation of the Company will take place without passage of Resolution 9.

## 10. Change of Name of the Company

- 10.1 This Resolution is subject to the successful passing of Resolutions 1 – 9 inclusive.
- 10.2 It is intended that if Resolutions 1 – 9 inclusive are successfully passed, the Company changes its activities and is recapitalised by interests associated with Andrew Brown, that the Company should be renamed to reflect these changes. The new name, “East 72 Holdings Limited” has been reserved.
- 10.3 Under section 157 (1) of the Corporations Act, a company may change its name by passing a special resolution, adopting a new name, and lodging an application in the prescribed form with ASIC. A change of company name will not create a new legal entity nor affect the Company’s existing property rights or obligations.

## GLOSSARY OF TERMS

AHP	Australian Premier Finance Holdings Limited (ACN 099 912 044)
AHP Shares; Share	An ordinary Share in AHP
ASIC	Australian Securities and Investments Commission
Brown Parties	Andrew John Brown, Donna Ann Brown, A Brown and Company Pty Limited (ACN 003 460 615), Abron Management Services Pty. Limited (ACN 072 910 359) and Stiletto Investments Pty. Limited (ACN 003 384 754)
Brown Placement	The Placement of New AHP Shares the subject of Resolution 3
Brown Placement Shares	The 1,000,000 New AHP Shares to be issued under the Brown Placement
Cash Placement	The Placement of New AHP Shares the subject of Resolution 4
Cash Placement Shares	The New AHP Shares to be issued under the Cash Placement
CFD	Contract for Difference – a security, index, commodity or currency index derivative which eliminates the need to acquire the underlying asset. In purchasing or selling CFD's, margin is required to be posted usually ranging from 0.5% for currency or index contracts up to 75% for larger positions in equities.
Company	Australian Premier Finance Holdings Limited (ACN 099 912 044)
Corporations Act	Corporations Act (Cth) 2001
EGM	General Meeting to be held at 11.00am on Wednesday 20 April 2016
E72IPL	East 72 Investments Pty. Limited, a proposed new controlled entity of AHP
Meeting	General Meeting to be held at 12.00noon on Friday 22 April 2016
New AHP Share	An ordinary Share in AHP after the effect of the 350-1 Consolidation subject to Resolution 2.
NSX	The financial market known as the National Stock Exchange of Australia that is operated by NSX Limited, as the context requires
NSX Spread Requirement	The requirements embedded in NSX Listing Rule 3.9
Option	Options to subscribe for new AHP Shares at a price of \$0.35 per new AHP Share at an time up to 30 April 2021 the subject of Resolutions 7, 8 and 9.
RG74	Regulatory Guide 74 as issued by ASIC in December 2011
Shareholders	Holders of AHP Shares

**Note:** In the notice of meeting and explanatory memorandum, unless the context otherwise requires, the above terms have the meaning set opposite them.

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# ANNEXURE 1

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## INDEPENDENT EXPERT'S REPORT

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**This document forms an essential part of  
the Notice of Meeting and Explanatory  
Memorandum**

**for the Meeting due to be held on  
Friday 22nd April 2016  
at 12.00noon**

8 March 2016

Australian Premier Finance Holdings Limited  
Level 5, 137-139 Bathurst Street  
SYDNEY NSW 2000

## Summary of Opinion

**For the purposes of Section 611 (item 7) of TCA, in relation to the approval to issue 1,000,000 post consolidation shares to the Brown Parties, in our opinion, taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 8 of this report, the proposals as outlined in paragraph 1.3 and Resolution 3 may on balance be considered to be fair and reasonable to the non associated shareholders at the date of this report.**

Dear Sirs

**RE: AUSTRALIAN PREMIER FINANCE HOLDINGS LIMITED (ACN 099 912 044) ("AHP" OR "THE COMPANY") MEETING OF SHAREHOLDERS PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 ("TCA") RELATING TO THE PROPOSAL TO ISSUE 1,000,000 POST CONSOLIDATED SHARES TO THE INTERESTS OF ANDREW JOHN BROWN (REFER BELOW).**

### 1. Introduction

1.1 We have been requested by the directors of AHP to prepare an Independent Expert's Report to determine the fairness and reasonableness relating to the proposals as set out in Resolution 3 of the Notice of Meeting ("the Notice") to be disseminated to shareholders of AHP in March 2016.

Under the proposals put forward by the directors of AHP in conjunction with Andrew John Brown, the interests of Andrew John Brown would increase their shareholdings from a starting point that is nil to a shareholding in a partially recapitalised AHP of in excess of 20%.

1.2 The interests of Andrew John Brown are Andrew John Brown, Donna Ann Brown, A. Brown and Company Pty Limited, Abron Management Services Pty Limited (Brown Family Super A/C) and Stiletto Investments Pty. Limited (together "the Brown Parties"). Further details on the Brown Parties are noted in Section 3.6 of the Explanatory Memorandum ("EM") attached to the Notice that outlines the resolutions being put to the shareholders of AHP.

1.3 Resolution 3, which is subject to the passing of Resolutions 1 to 2 and 4 to 10 relates to the approval for the Company to allot and issue to the Brown Parties 1,000,000 shares on a post consolidated basis at an issue price of 35 cents each ("Brown Placement Shares") to raise a gross \$350,000.

1.4 In addition, as part of the proposed issue of 1,000,000 Brown Placement Shares (Resolution 3), there are the following additional resolutions:

- Resolution 1, which is subject to the passing of Resolutions 2 to 10 seeks to allow the Company to make a significant change to the scale and nature of activities (more fully described in the EM and as noted below);

- Resolution 2, which is subject to the passing of Resolution 1 and 2 to 10 relates to the approval for the Company's existing shares to be consolidated on a 1 for 350 basis;
- Resolution 4 which is subject to the passing of Resolutions 1 to 3 and 5 to 10, relates to the allotment and issue of 283,554 fully paid shares on a post consolidated basis to various unrelated parties at 35 cents each to raise a gross \$99,244;
- Resolution 5 which is subject to the passing of Resolutions 1 to 4 and 6 to 10, relates to the appointment of Andrew John Brown as a director of AHP;
- Resolution 6 which is subject to the passing of Resolutions 1 to 5 and 7 to 10, relates to the appointment of Richard Charles Ochojski as a director of AHP;
- Resolution 7 which is subject to the passing of Resolutions 1 to 6 and 8 to 10, relates to the proposal to issue 100,000 post consolidated shares to Andrew John Brown (or his nominee), exercisable at 35 cents each, on or before 30 April 2021;
- Resolution 8 which is subject to the passing of Resolutions 1 to 7 and 9 to 10, relates to the proposal to issue 50,000 post consolidated shares to Richard Charles Ochojski (or his nominee), exercisable at 35 cents each, on or before 30 April 2021;
- Resolution 9 which is subject to the passing of Resolutions 1 to 8 and Resolution 10, relates to the proposal to issue 50,000 post consolidated shares to Wayne Adsett (or his nominee), exercisable at 35 cents each, on or before 30 April 2021; and
- Resolution 10 which is subject to the passing of Resolutions 1 to 9, relates to proposal to change of name for the Company to East 72 Holdings Limited.

We are not reporting on the fairness and reasonableness of Resolutions 1 to 2 and Resolutions 4 to 10. This report specifically addresses Resolution 3 only. However, we note that all of the other resolutions are all part of the recapitalisation proposal of AHP. Resolutions 1 to 10 are dependent on passing all of the resolutions. Further details on the resolutions are included in the EM.

1.5 We understand that the proposal with the Brown parties also includes the following:

In the event that the recapitalisation proposal is consummated, the Company would have approximately \$449,244 net cash funds and plans to become a specialised investment company involved in futures, CFD's, currency, commodity and other derivatives, investments in listed entities, CFD's or other exposures in non-Australian companies and short sale exposures to selected Australian and overseas companies through CFD's and physical short-sales. It is planned to operate the new business activities via a new subsidiary to be incorporated called East 72 Investments Pty Limited ("E72IPL"). Further details and the risks associated with the planned investment activities are outlined in Section 1 of the EM. The Company will continue to have its shares quoted on National Securities Exchange ("NSX").

- 1.6 The proposed issue of 1,000,000 post consolidation shares to the Brown parties is referred to in this report as the Brown Placement for a total capital raising of a gross \$350,000 and the issue of a further 283,554 to other non-related entities to raise a gross \$99,244 is known as the cash Placement and both are more detailed in Sections 3 and 4 respectively of the EM.
- 1.7 As at the date of this Notice, the Brown Parties have no relevant interest in any shares in AHP.
- 1.8 Following the consummation of the resolutions relating to the issue of new shares, the following table depicts the new share structure of the Company assuming the Brown Parties receive the 1,000,000 post consolidation shares described in Resolution 3. Section 3.5 of the EM refers to the shareholding details if all resolutions are passed and consummated. The total number of post consolidated shares on issue would be 1,450,000 as detailed in

the following table (but may increase to 1,650,000 post consolidated shares if all share options are issued and exercised as noted in Resolutions 7 to 9.

	Existing shareholders/ New shareholders other than the Brown parties	Maximum No. of Shares to be issued to the Brown parties pursuant to Resolution 3	% held by the Brown Parties	Total
<b>Existing shareholders pre consolidation</b>	<b>58,256,207</b>	-	-	<b>58,256,207</b>
1:350 Consolidation	(58,089,761)	-	-	(58,089,761)
<b>Post consolidation</b>	<b>166,446</b>	-	-	<b>166,446</b>
Issue to the Brown Parties (Resolution 3)	-	<b>1,000,000</b>	<b>100</b>	<b>1,166,446</b>
Issue to Other Non-Related Parties (Resolution 4)	<b>283,554</b>	-	-	283,554
<b>Total after issue to the Brown parties and Other Non-Related Parties</b>	<b>450,000</b>	<b>1,000,000</b>	<b>68.97</b>	<b>1,450,000</b>

In addition, it is proposed to allot a total of 200,000 share options exercisable at 35 cents each (on a post consolidated basis), on or before 30 April 2021, of which Andrew John Brown (or nominee) will be allotted 100,000 of such share options. If only Andrew John Brown (or nominee) exercised the 100,000 share options, the Brown Parties shareholding interest in AHP (assuming no other share issues) would increase to 1,100,000 shares or approximately 70.97% of the expanded issued capital of AHP (1,550,000 post consolidated shares would be on issue). If all 200,000 share options were exercised, the Brown Parties shareholding interest (assuming no other share issues) would increase to 1,100,000 shares or approximately 66.67% of the expanded issued capital of AHP (1,650,000 post consolidated shares would be on issue).

- 1.9 The above recapitalisation is subject to the Company obtaining necessary shareholder approvals and any NSX regulatory approvals.
- 1.10 Under Section 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that person's or someone else's voting power in the company increases:
  - (a) from 20% or below to more than 20%; or
  - (b) from a starting point that is above 20% and below 90%.

Under Section 611 (Item 7) of TCA, section 606 does not apply in relation to any acquisition of shares in a company approved by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transaction pursuant to a Section 611 (Item 7) meeting.

- 1.11 The Brown Parties currently holds nil shares in AHP. Following completion of the recapitalisation and the other proposals noted in paragraphs 1.3 and 1.4 above and in the Notice, the Brown Parties would own a total of 1,000,000 post consolidated shares in AHP representing approximately 68.97% of the then shares on issue. There would be 1,450,000 post consolidation AHP shares on issue.
- 1.12 A notice prepared in relation to a meeting of shareholders convened for the purposes of Section 611 (Item 7) of TCA should be accompanied by an independent expert's report stating whether it is fair and reasonable to approve the issue of 1,000,000 post consolidated shares to the Brown Parties.

To assist shareholders in making a decision on the proposals outlined in the Notice, (and in particular Resolution 3 relating to the issue of shares to the Brown Parties), the directors of AHP have requested that Stantons International Securities Pty Ltd prepare an Independent Expert's Report, which must state whether, in the opinion of the Independent Expert, the proposal under Resolution 3 is fair and reasonable to the non-associated shareholders of AHP.

1.13 We are not reporting on the fairness and reasonableness of the other resolutions referred to in the Notice and EM, other than Resolution 3 as outlined above.

1.14 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposals with the Brown Parties (and others)
- Corporate history and nature of business
- Future direction of AHP
- Basis of valuation of AHP shares
- Premium for control
- Fairness of the Proposals
- Conclusion as to fairness
- Reasonableness of the Proposals
- Conclusion as to reasonableness
- Shareholders decision
- Sources of information
- Appendix A and Financial Services Guide

1.15 In determining the fairness and reasonableness of the transaction pursuant to Resolution 3 we have had regard to the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Content of Expert Reports". The Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair.

An offer may also be reasonable, if despite not being "fair", there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. It also states that, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to Section 611 (Item 7) of TCA, it is desirable to commission a report by an independent expert stating whether or not the proposal is fair and reasonable, having regards to the proposed allottees and whether a premium for potential control is being paid by the allottees. Regulatory Guide 111 also provides that such an allotment should involve a comparison of the advantages and disadvantages likely to accrue to non associated shareholders if the transactions proceed compared with if they do not.

1.16 Accordingly, our report in relation to Resolution 3 comprising the approval to issue a total of 1,000,000 post consolidated shares to the Brown Parties is concerned with the fairness and reasonableness of the proposal with respect to the existing non-associated shareholders of AHP and whether the Brown Parties are paying a premium for control.

## Summary of Opinion

- 1.17 **For the purposes of section 611 (item 7) of TCA, the proposal in relation to the approval to issue 1,000,000 post consolidated shares as set out in Resolution 3 is in our opinion taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 8 of this report, be considered to be fair and reasonable to the non associated shareholders at the date of this report.**
- 1.18 Each shareholder needs to examine the share price of AHP, market conditions and announcements made by AHP up to the date of the shareholders meeting at the time of exercise of vote to ascertain the impact, if any, on Resolution 3. The opinion expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

## 2. Implications of the Proposals

- 2.1 As at 2 March 2016, there are 58,256,207 pre-consolidated ordinary fully paid shares on issue in AHP. Post the implementation of all of the recapitalisation proposals, the number of shares may increase to 1,450,000 post consolidated shares as set out in paragraph 1.8 above.

Further details on the shares that could be on issue and the shareholding interests of the Brown parties and other parties are noted in Section 1 of this report and in Section 3.5 of the EM.

- 2.2 Initially, pursuant to Resolution 2 the Company will undertake a consolidation of capital on a 1 for 350 basis resulting in 166,446 post consolidated shares on issue.
- 2.3 Pursuant to Resolutions 3 and 4 the Company will raise a gross \$449,244 on the issue of 1,283,554 post consolidated shares at an issue price of 35 cents per share. Following this issue of shares the Brown Parties shareholding will increase from nil% to approximately 68.97%.
- 2.4 The Company will repay an amount owing to its former subsidiary an amount expected to approximate \$100,000 at time of completion of the Brown Placement and the cash Placement. This \$100,000 includes estimated costs of the Notice for the Meeting of Shareholders and other recapitalisation costs of approximately \$13,989. The amount owing to the former subsidiary (who has been financing the operating costs of AHP since the former subsidiary was sold) as at 31 December 2015 was \$86,011.
- 2.5 The recapitalisation proposal provides that from the date of the Meeting, Messrs Andrew John Brown and Richard Charles Ochojski will be appointed new Board members. Resolutions 5 and 6 seek to achieve this. The existing directors are Wayne Adsett, Kenneth Allen and Mark Ellis.
- 2.6 Set out below is an unaudited (but audit reviewed) statement of financial position of the Company as at 31 December 2015 together with the pro-forma balance sheet (statement of financial position) adjusted to include the transactions assuming all resolutions are passed and consummated.



	Statement of Financial Position* \$	Statement of Financial Position after Resolutions 1 to 10 passed \$
<b>Current Assets</b>		
Cash Assets	-	349,244
Total current assets	-	349,244
<b>Non Current Assets</b>		
Other financial assets	-	-
Total non-current assets	-	-
Total Assets	-	349,244
<b>Liabilities</b>		
Trade Creditors and Accruals	86,011	-
Total Current Liabilities	86,011	-
Net Assets/ (Liabilities)	(86,011)	349,244
<b>Equity</b>		
Issued Capital	182,700	631,944
Reserves	-	43,281
Accumulated Losses	(268,711)	(325,981)
Total Equity/(Deficiency)	(86,011)	349,244
Post consolidated shares on issue	166,446	1,450,000
Net assets/(liabilities) per post consolidated share (cents) (rounded)	(51.67)	24.08

It is noted that values of shell companies vary considerably but for small cap companies may vary between \$150,000 and \$400,000 for companies listed on the NSX (not the ASX). However it is noted that the Company cannot sell itself and parties are only prepared to place funds in a company shell on the back of a firm proposal (as is the case with AHP). The amount payable is dependent on a number of factors including shareholder spread, NSX compliance matters and extent of debt amongst many factors. In our view a Company such as AHP may have a shell value not exceeding \$200,000 but realistically this would be based on the premise that the Company has no or very minimal debt. AHP has net liabilities.

In the event that a notional value was ascribed to the Company as a shell company of \$200,000, the value per share would be positive pre-recapitalisation of 68.48 cents on a post consolidation basis. However, we consider this is misleading as no investor(s) would pay for a controlling interest in AHP without a firm recapitalisation proposal that not only assumes the investor(s) would place funds in AHP but would assume further investors would place funds in AHP to recapitalise the Company (at least to the extent of sufficient funds to pay out creditors) and have some sufficient working capital to explore new business opportunities.

Note 1

The movement in the cash assets is reconciled as follows:	\$
Cash Assets:	
Opening Balance	-
Placement of 1,283,554 post consolidation shares (Resolutions 3 and 4)	449,244
Repayment of creditors (estimated)	(100,000)
Net cash on hand	<u>349,244</u>

Note 2

The movement in the issued capital is reconciled as follows:	\$
Issued Capital:	
Opening Balance	182,700
Brown Placement of shares to the Brown Parties (Resolution 3)	350,000
Cash Placement of shares to Other Parties (Resolution 4)	99,244
Closing balance (estimated)	<u>631,944</u>

We have assumed a fair value to the issue of the 200,000 share options at \$43,281 assuming a exercise price of 35 cents, a 5 year term, an interest rate of 1.96% and a volatility factor of 75%. The final valuation as determined by the AHP directors may well be different but whatever value is used does not affect the net asset position of AHP (until and if the share options are exercised).

### 3. Corporate History and Nature of Business

- 3.1 At present, AHP has no activities having sold its vehicle finance business after shareholder approval in September 2014. Given that AHP now proposes to become a specialist investment company, this constitutes a change in activities. In addition, over time, the scale of the Company is expected to build from the current small level of balance sheet footings and it is reasonable to conclude that this constitutes a change in scale of activities.
- 3.2 A summarised unaudited consolidated balance sheet (statement of financial position) of the AHP post ratification of Resolutions 1 to 10 is outlined in paragraph 2.6 of this report.

### 4. Future Directions of AHP

- 4.1 We have been advised by the directors that the initial proposals are to:
- Complete all the proposals as noted in the resolutions in the Notice and raise \$449,244 from the Brown Parties and other non-related parties. These funds will be used to pay approximately \$100,000 to the former subsidiary of AHP who has been funding the operating activities of AHP since late 2014 (the payment will include paying for the recapitalisation costs);
  - Composition of the Board of directors of AHP will change in the near future as outlined in paragraph 2.5;
  - No dividend policy has been set and it is not proposed to be set until such time as the Company is profitable and has a positive cash flow; and
  - The Company plans to become a specialised investment company involved in futures, CFD's, currency, commodity and other derivatives, investments in listed entities, CFD's or other exposures in non-Australian companies and short sale exposures to selected Australian and overseas companies through CFD's and physical short-sales. It is planned to operate the new business activities via a new subsidiary, E72IPL planned to be incorporated. Further details and the risks associated with the planned investment

activities are outlined in Section 1 of the EM. The Company will continue to have its shares quoted on National Securities Exchange ("NSX").

## **5. Basis of Valuation of AHP**

### **5.1 Shares**

5.1.1 In considering the proposals as outlined in Resolution 3, we have sought to determine whether the issue price of the shares to the Brown Parties is in excess of the current fair value of the shares in AHP on issue and whether the proposed Brown Placement is at a price that AHP could make to unrelated third parties and then conclude whether the proposal is fair and reasonable to the existing non associated shareholders of AHP.

5.1.2 The valuation methodologies we have considered in determining a theoretical value of a AHP share are:

- capitalised maintainable earnings/discounted cash flow;
- takeover bid - the price at which an alternative acquirer might be willing to offer;
- adjusted net asset backing and windup value; and
- the recent market prices of AHP shares.

### **5.2 Capitalised maintainable earnings and discounted cash flows**

5.2.1 AHP in its own right does not have a reliable cash flow or profit history from a business undertaking (the main business activity was sold in 2014) and therefore this methodology is not considered to be appropriate.

### **5.3 Takeover Bid**

5.3.1 It is possible that a potential bidder for AHP could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. Currently the Company does not have sufficient funds to repay its creditors. In the view of the Board, the recapitalisation proposal with the Brown Parties is the most appropriate for the Company. However, if all of the 1,000,000 Brown Placement Shares are issued, the Brown Parties would control approximately 68.97% of the expanded ordinary issued capital of the Company.

### **5.4 Adjusted Net Asset Backing**

Net asset backing and windup value

5.4.1 As noted above prior to the recapitalisation proposal, AHP has no cash or other assets and nil business activities. As per the latest audit reviewed accounts of the Company for the half year ended 31 December 2015, the net asset backing is nil as there is a net liability position of approximately \$86,011. On a windup basis, the return to shareholders arguably is nil (refer paragraph 2.6 of this report) as the Company has no assets to repay the liabilities.

It is noted that values of shell companies vary considerably but for small cap companies may vary between \$150,000 and \$400,000 (assuming no or immaterial debt) for companies listed on the NSX (as distinct from the ASX). However it is noted that the Company cannot sell itself and parties are only prepared to place funds in a company shell on the back of a firm proposal (as is the case with AHP). The amount payable is dependent on a number of factors including shareholder spread, NSX compliance matters and extent of debt amongst many factors. In our view a Company such as AHP may have a shell value not exceeding \$200,000 (on the assumption that all debt was eliminated). We have conducted a number of expert's reports involving companies being recapitalised and in all cases the "shell value" was based on no or minimal debt. In view of a poor market and lack of investor sentiment for small cap companies over the past several years, a potential "shell value" may be on the lower side of the above range. Shell value is only paid for on the basis of a recapitalisation proposal and not in isolation.

We reiterate that “shell value” is dependent on a commercial recapitalisation proposal and if shareholders do not approve Brown Parties proposal or a more superior offer (made before shareholders vote on Resolutions 1 to 10), then shell value does not exist.

In the absence of a recapitalisation proposal, returns to shareholders are nil (and creditors are not repaid in full).

In the absence of a commercial recapitalisation (such as proposed by the Brown Parties), eventually, the creditor (former subsidiary) and shareholders would withdraw support to keep AHP alive and it would then be placed into liquidation.

- 5.4.2 Purely based on the net cash value of AHP following the issue of the 1,283,554 post consolidation shares to the Brown Parties and other Non Related Parties (pursuant to Resolutions 3 and 4 respectively), the net assets would be disclosed at approximately \$349,244 (assuming the Company raises \$449,244 as noted above) which would be equivalent to approximately 24.08 cents per share, assuming 1,283,554 post consolidated shares would be on issue (inclusive of Resolution 3 also being consummated). This compares with the estimated current net value of an AHP share of nil cents as noted elsewhere in this report (but recognising it may have some value as a shell company if all debts were eliminated). The Company has a deficiency in shareholders' funds and if placed into liquidation shareholders would receive nil value.

## 5.5 Market price of AHP shares

- 5.5.1 There has been no shares traded on the NSX in AHP shares since 2011 and thus this methodology is not appropriate.

### Summary conclusion on value of a share in AHP

- 5.6 After taking into account the matters referred to in the preceding paragraphs, we are of the view that the current theoretical value of an AHP share (prior to the recapitalisation proposal) is nil cents (notwithstanding a potential share value that is dependent on a firm recapitalisation proposal and all debts eliminated). As disclosed above the Company has no assets with nil current business activities.
- 5.7 If the issue of the 1,283,554 post consolidation shares to the Brown Parties and Other Non-Related Parties is finalised to raise a gross \$449,244, the net value of a AHP share immediately post these issues would approximate 24.08 cents per post consolidated share.

## 6. Premium for Control

- 6.1 Premium for control for the purposes of this report has been defined as the difference between the price per share that a buyer would be prepared to pay to obtain a controlling interest in the Company and the price per share at which the same person would be required to pay per share which does not carry with it control of the Company.
- 6.2 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders' control more than 20% of the issued capital. In this case, the Brown Parties could initially hold up to approximately 68.97% of the expanded issued capital of AHP. In take-over offers, it is often the case that a premium for control falls in the normal range of 15% to 40% and it is often accepted that a 20% premium for control should be payable. The actual premium may be more or less. In this case, we assume a reasonable premium for control in the current financial circumstances should be 20%.
- 6.3 The AHP shares that are proposed to be issued to the Brown Parties (the subject of Resolution 3), are deemed to be theoretically worth nil cents. After various transaction costs and payment of creditors, a net cash balance of approximately \$349,244 will remain in the Company (assuming the raising of the \$449,244 pursuant to Resolutions 3 and 4 referred to above).

In our opinion, it is possible that the Brown Parties are only paying a small premium for control, however, the non associated shareholders of AHP are benefiting in that the theoretical value of a AHP share rises from nil cents (with \$nil of net business assets and no business activities) to a company with a theoretical cash backed value of approximately 24.08 cents per post consolidated share.

If Resolutions 1 to 10 are passed together with the completion of the recapitalisation proposal, the Company's chances to commence new business activities as outlined elsewhere in this report are enhanced and in the EM as without the recapitalisation, it is likely that the Company may eventually be dissolved and struck off.

- 6.4 Our preferred methodology is to value AHP and an AHP share on a technical net asset basis which assumes a 100% interest in the Company. Therefore no adjustment is considered necessary to the technical asset value determined under paragraph 5.4.2 as this already represents the fair value of the Company or a share in the Company on a pre Proposed Transaction (issue of Brown placement Shares and Cash Placement Shares) control basis.
- 6.5 We set out below the comparison of the low, preferred and high values of an AHP share compared to the issue price for the 1,000,000 post consolidated shares to be issued to the Brown Parties.

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of a AHP Share	5.6	0.00	0.00	0.00
Issue price of the Shares to the Brown Parties (and Other Non Related Parties)		35.0	35.0	35.0
		<hr/>	<hr/>	<hr/>
Excess between Brown Placement Price and fair value		<hr/> 35.0	<hr/> 35.0	<hr/> 35.0

We note elsewhere in this report the potential shell value of AHP but also note that technically AHP is insolvent and thus without a recapitalisation proposal, the value of a share in AHP has no value.

- 6.6 On a pre Proposed Transaction control basis, the value of an AHP share is nil cents per share. The issue of 1,000,000 post consolidation shares to the Brown Parties is expected to raise \$350,000 (and the issue of 283,554 post consolidated shares to raise \$99,244 from Other Non-Related Parties). Based on the preferred value of nil cents per share, a premium for control of 35 cents per share is being paid by the Brown Parties.
- 6.7 We note that the Brown Parties will be able to elect two new board members. In addition, the proposed activities will be carried out by Andrew Brown and will initially require that Mr. Brown puts forward certain personal guarantees to conduct such activities on behalf of E72IPL. These activities traditionally involve significant leverage - use of borrowed funds in addition to subscribed equity. E72IPL intends to limit the overall level of debt to a maximum of five times equity, meaning that E72IPL could hold gross exposures of six times its equity value. E72IPL has devised a series of investment guidelines whereby limitations are placed on overall leverage, specific leverage in a long or short direction and initial individual stock exposure limits, whether held by physical or derivative exposure

## 7. Fairness of the Proposals

7.1 The concept of “fairness” is to be taken to be the value of the offer price, or the consideration being equal to or greater than the value of the securities in the above mentioned offer. As noted above the AHP shares that are proposed to be issued to the Brown Parties, the subject of Resolution 3 are deemed to be theoretically worth nil cents. Assuming a 20% premium for control, the deemed theoretical value is still nil.

7.2 If the issue of the 1,000,000 post consolidation shares to the Brown Parties is completed, (along with the issue of 283,554 Cash Placement Shares), the theoretical value of a AHP share increases to approximately 24.08 cents. The theoretical value of a AHP share post the issue of the shares to the Brown Parties (and Other Non-Related Parties) from a non associated shareholder’s perspective, based on the estimated net assets of \$349,244 is approximately 24.08 cents as noted in paragraph 2.6 above which is in excess of the theoretical value pre recapitalisation of nil cents per share (a company with nil assets and debts totalling approximately \$86,011).

7.3 In arriving at our conclusion on fairness, we considered whether the transaction is “fair” by comparing:

- (a) the fair market value of a AHP share pre-transaction on a control basis; versus
- (b) the fair market value of a AHP share post-transaction on a minority basis, taking into account the additional cash raised and the associated dilution resulting from the issue of new shares under the transactions.

7.4 The low, preferred and high values of a AHP share pre the Recapitalisation on a control basis is:

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of a AHP Share	5.6	nil	nil	nil

7.5 The preferred fair market value of an AHP share has been estimated at nil cents on a pre Proposed Transaction control basis. The Brown Placement (and the Cash Placement) results in an adjusted value of 24.08 cents per AHP post consolidated share. As the preferred fair market value of an AHP share is greater on a post transaction basis, the proposed Brown Placement is considered to be fair to the non associated shareholders.

7.6 We set out below the range of estimated technical net asset values of AHP based on the post recapitalisation Pro-forma Balance Sheet as detailed in paragraph 2.6 adjusted for a minority discount.

	\$
AHP Business Assets	nil
Cash	349,244
Other current assets	nil
Other current liabilities	nil
Total net assets	<u>349,244</u>
Number of post consolidated shares on issue	1,450,000
Net asset value per share (cents)	24.08
Minority interest discount	16.67%
Minority value per share (cents)	20.06
Issue Price (see paragraph 6.5 above) (approximate cents on a post consolidated basis)	35.0

- 7.7 As noted above the fair market value of an AHP share Post-Transaction on a minority basis, taking into account the additional cash raised and the associated dilution resulting from the issue of new post consolidated shares under Resolutions 3 and 4 has a preferred fair value of approximately 24.06 cents. Thus on such a basis, the proposals under Resolution 3 would be fair.
- 7.8 In order to reflect the minority interest value we have applied a minority interest discount to the technical net asset value. The minority interest discount has been calculated as the inverse of the premium for control of 20% as discussed in paragraph 6.2.
- 7.9 We also set out below a comparison of:
- (a) the fair market value of a AHP share pre-transaction on a control basis; versus
  - (b) the fair market value of a AHP share post-transaction on a minority basis, taking into account the additional cash raised and the associated dilution resulting from the issue of new shares pursuant to Resolutions 3 and 4.

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of a AHP Share Pre Transaction on a control basis	5.6	nil	nil	nil
Estimated fair value of a AHP Share Post Transaction on a minority basis	7.6	<u>24.08</u>	<u>24.08</u>	<u>24.08</u>
Excess/(shortfall) between Pre transaction Price and Post transaction Price		<u>24.08</u>	<u>24.08</u>	<u>24.08</u>

Using the preferred net asset fair values, the estimated fair value of an AHP share Pre Transaction on a control basis is less than the estimated fair value of an AHP share Post Transaction on a minority basis and on this basis Brown Placement is considered to be fair to the non associated shareholders of AHP.

In the event that all 200,000 new share options were issued and exercised, the Company would raise a further \$70,000. Assuming all share options are issued and exercised and assuming no further share issues and ignoring any losses or profit from future business activities, the net assets of AHP would increase to \$419,244 and the net asset backing per post consolidated share would increase to approximately 25.40 cents (1,650,000 shares on issue). The fair market value of an AHP share Post-Transaction on a minority basis, taking into account the additional cash raised and the associated dilution resulting from the issue of new post consolidated shares from the exercise of 200,000 share options has a preferred fair value of approximately 21.17 cents. Thus on such a basis, the proposals under Resolution 3 would also be fair.

#### 7.10 Conclusion as to fairness

**After taking into account the matters referred to in 7 above and elsewhere in this report, we are of the opinion that, in the absence of a superior proposal, the proposals as outlined in Resolution 3 are on balance fair to the non-associated shareholders of AHP as at the date of this report.**



As noted above, if we ascribed a shell value of \$200,000 to the Company the net liabilities pre the recapitalisation proposals would decrease from \$86,011 to a positive \$113,989 being 68.48 cents per post consolidated share. This is greater than the share price of 35 cents per post consolidated share being subscribed by the Brown Parties under Resolution 3. However, we reiterate that "shell value" is dependent on a commercial recapitalisation proposal and if shareholders do not approve the Brown Parties proposal or a superior offer (made before shareholders vote on Resolutions 1 to 10), then shell value does not exist.

## **8. Reasonableness of the Proposals**

### Advantages

- 8.1 The passing and consummation of Resolutions 1 to 10 as part of the recapitalisation proposal would result in a net cash position of approximately \$349,244 (assuming the capital raising of the \$449,244 referred to above) and having a company with minimal or no liabilities, compared with the current position whereby the Company has net assets of \$nil and significant debts to pay.
- 8.2 If the proposals per Resolutions 1 to 10 are consummated as part of the recapitalisation process, the net cash asset backing of a AHP share rises from nil cents to approximately 24.08 cents (assumes \$449,244 worth of shares are issued for cash).
- 8.3 If Resolutions 1 to 10 are passed together with the completion of the recapitalisation proposal, the Company's chances to become a specialised investment company involved in futures, CFD's, currency, commodity and other derivatives, investments in listed entities, CFD's or other exposures in non-Australian companies and short sale exposures to selected Australian and overseas companies through CFD's and physical short-sales is enhanced. Without the recapitalisation or a more superior recapitalisation proposal, it is likely that the Company may be dissolved and struck off.
- 8.4 The proposed directors bring additional expertise to the Company in that such Directors have financial, finance and corporate experience and/or experience as directors or managers of public listed companies or other trading entities. The EM discloses the background of the proposed directors.
- 8.5 The shares in AHP may start to re-trade on the NSX once the recapitalisation of AHP is completed and the Company starts its new business activities. There have been no trades in AHP shares since 2011, so if trading recommences, it provides opportunities for existing shareholders to trade shares in AHP (sell shares or acquire further shares).
- 8.6 If the 200,000 share options are exercised. The Company would receive a further \$70,000.

### Disadvantages

- 8.7 A significant shareholding in the Company is being given to the Brown Parties in that they could collectively own up to approximately 68.97% of the expanded issued capital of the Company after the passing of Resolutions 1 to 10 (the passing of Resolutions 1 to 10 are dependent on all resolutions being passed). However, we note that AHP will be partly recapitalised with approximately \$349,244 in net cash (assuming only the \$449,244 total capital raising), will have no debt and will have the opportunity to enter into the businesses as noted in paragraph 8.3 above and as more fully detailed in the EM. The existing shareholders are diluted to approximately 11.48% after the passing of Resolutions 1 to 10. It is assumed that all investors will obtain a benefit particularly if the Company enters into the new business activities.
- 8.8 AHP would only have approximately net cash of \$349,244 (assuming the raising of \$449,244 as noted above) after the issue of the 1,000,000 post consolidation shares to the Brown Parties (and the issue of 283,554 shares to Other Non-Related Parties). Time will tell as to whether this is sufficient funds to start and operate the new business activities.



8.9 If the Company commences the new business activities more fully described in Section 1 of the EM, there is no guarantee that such businesses will be profitable. It is assumed that all investors will obtain a benefit particularly if the Company enters into the new business activities. However there are significant risks into entering into the new proposed business activities and some of the risks are outlined in detail in Sections 1.6 and 1.7 of the EM.

8.10 The exercise price (35 cents on a post consolidated basis) of the 200,000 share options if and when exercised may be less than the share price of an AHP share trading on the NSX, particularly if the proposed new business activities are commercially successful.

## **9. Conclusion as to Reasonableness**

**9.1 After taking into account the matters referred to in 8 above and elsewhere in this report, we are of the opinion that, in the absence of a superior proposal, the proposals as outlined in Resolution 3 are on balance reasonable to the non-associated shareholders of AHP as at the date of this report.**

## **10. Shareholder Decision**

10.1 Stantons International Securities Pty Ltd has been engaged to prepare an independent expert's report setting out whether in its opinion the issue of 1,000,000 post consolidation shares to the Brown Parties is fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to Resolution 3 (and all other resolutions) (but we have been requested to determine whether the proposal pursuant to Resolution 3 is fair and/or reasonable to those shareholders not associated with the Brown Parties). The responsibility for such a voting recommendation lies with the directors of AHP.

10.2 In any event, the decision whether to accept or reject Resolution 3 (and all other resolutions) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If in any doubt as to the action they should take in relation to the proposal under Resolution 3 (and all other resolutions) shareholders should consult their own professional adviser.

10.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in AHP. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the proposal under Resolution 3 (and all other resolutions). Shareholders should consult their own professional adviser in this regard.

## **11. Sources of Information**

11.1 In making our assessment as to whether the proposal pursuant to Resolution 3 is fair and reasonable, we have reviewed relevant published available information and other unpublished information of AHP which is relevant in the current circumstances. In addition, we have held discussions with Wayne Adsett of AHP about the present state of affairs of AHP. Statements and opinions contained in this report are given in good faith, but in the preparation of this report, we have relied in part on information provided by the Company and publicly filed information on the financial position of the Company lodged via the NSX website.

11.2 Information we have received includes, but is not limited to:

- draft of the February 2016 Notice of General Meeting of Shareholders of AHP (and draft of the EM attached);
- discussions with Wayne Adsett of AHP;
- shareholding details of AHP;

- announcements, if any, made by AHP to the NSX from January 2014 to 7 March 2016; and
- Audit Reviewed financial statements of AHP for the six months ended 31 December 2015;

11.3 Our report includes Appendix A and Financial Services Guide, attached to this report.

Yours faithfully

**STANTONS INTERNATIONAL SECURITIES PTY LTD**  
**(Trading as Stantons International Securities)**

A handwritten signature in dark ink, appearing to read 'John Van Dieren', with a long horizontal flourish extending to the right.

**John Van Dieren - FCA**  
**Director**

## **APPENDIX A**

### **AUTHOR INDEPENDENCE**

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd (trading as Stantons International Securities) dated 8 March 2016, relating to Resolution 3 outlined in the Notice of Meeting of Shareholders and the accompanying EM to be distributed to shareholders of AHP in March 2016.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposals. There are no relationships with AHP other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities and the parties participating in the transactions detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated not to exceed \$8,500 (excluding GST). The fee is payable regardless of the outcome. With the exception of that fee, neither Stantons International Securities nor John Van Dieren and Martin Michalik have received nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report. Stantons International Securities and Stantons International Audit and Consulting Pty Ltd or any directors of Stantons International Securities and Stantons International Audit and Consulting Pty Ltd do not hold any securities in AHP. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities has consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice. Stantons International Securities has prepared one other independent expert report AHP in 2014 (relating to the sale of the then main operating subsidiary of AHP).

### **QUALIFICATIONS**

We advise Stantons International Securities is the holder of an Investment Advisers Licence (No 448697) under the Corporations Act relating to advice and reporting on mergers, takeovers and acquisitions involving securities. A number of the directors of Stantons International Audit and Consulting Pty Ltd are the directors and authorised representatives of Stantons International Securities. Stantons International Securities and Stantons International Audit and Consulting Pty Ltd (trading as Stantons International) have extensive experience in providing advice pertaining to mergers, acquisitions and strategic and financial planning for both listed and unlisted companies and businesses.

Mr John Van Dieren – FCA and Martin Michalik - ACA the persons responsible for the preparation of this report, have extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuations and financial aspects thereof, including the fairness and reasonableness of the consideration offered. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

### **DECLARATION**

This report has been prepared at the request of a director of the Company in order to assist the shareholders of AHP to assess the merits of the proposal (Resolution 3) to which this report relates. This report has been prepared for the benefit of the AHP shareholders and those persons only who are entitled to receive a copy for the purposes of Section 611 (Item 7) of the Corporations Act 2001 and does not provide a general expression of Stantons International Securities opinion as to the longer term value of AHP and its future business activities. Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of AHP. Neither the whole, nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

## **DUE CARE AND DILEGENCE**

This report has been prepared by Stantons International Securities with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposals set out in Resolution 3 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolution 3.

## **DECLARATION AND INDEMNITY**

Recognising that Stantons International Securities may rely on information provided by the directors (represented by Steve Nicols in lieu of the Directors), its officers and other parties (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), the directors (on behalf of AHP) has agreed:

- (a) to make no claim by it or its officers against Stantons International Securities (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which AHP may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by the directors; and
- (b) to indemnify Stantons International Securities (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from the directors officers and AHP providing Stantons International Securities any false or misleading information or in the failure of the directors, AHP and their officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A draft of this report was presented to the Directors of AHP for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE  
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD  
(Trading as Stantons International Securities)  
Dated 8 March 2016**

1. Stantons International Securities Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated entities receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

SIS is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. From time to time, SIS and Stantons International Audit and Consulting Pty Ltd (that trades as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer  
Stantons International Securities Pty Ltd  
Level 2  
1 Walker Avenue  
WEST PERTH WA 6005

Telephone: 08 9481 3188  
Facsimile: 09 9321 1204

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

## 9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited  
PO Box 3  
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08  
Facsimile: (03) 9613 6399

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600



**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 12.00noon (Sydney Time) on Wednesday 20<sup>th</sup> April 2016**

### 🖨 TO VOTE ONLINE

**STEP 1: VISIT** [www.votingonline.com.au/ahpegm2016](http://www.votingonline.com.au/ahpegm2016)

**STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**

**STEP 3: Enter your Voting Access Code (VAC):**

### 📱 BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

##### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

##### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **12.00noon (Sydney Time) Wednesday, 20<sup>th</sup> April 2016**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 **Online** [www.votingonline.com.au/ahpegm2016](http://www.votingonline.com.au/ahpegm2016)

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia

👤 **In Person** Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.



## PROXY FORM

### STEP 1 APPOINT A PROXY

I/We being a member/s of **Australian Premier Finance Holdings Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the **General Meeting of Australian Premier Finance Holdings Limited to be held at Level 5, 137-139 Bathurst Street, SYDNEY NSW 2000 on Friday 22 April 2016 at 12.00noon** (Sydney time) and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 9, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 9 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 9). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

### STEP 2 VOTING DIRECTIONS

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Change in nature and scale of activities of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Consolidation of Share Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of placement to Andrew John Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of placement to sophisticated and professional investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Election of Andrew John Brown as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Richard Charles Ochojski as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of issue of Options to Andrew John Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of issue of Options to Richard Charles Ochojski	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval of issue of Options to Wayne Adsett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Change of name of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary