



Adcorp Australia Limited

ABN 72 002 208 915

Notice of Extraordinary General Meeting

Notice is hereby given that the Extraordinary General Meeting of members of Adcorp Australia Limited ABN 72 002 208 915 (**Company**) will be held at the time, date and place listed below to consider and vote on the resolution specified in this notice.

Please refer to the Explanatory Memorandum that accompanies this Notice of Meeting for important information on the resolutions proposed.

The attached Explanatory Memorandum that forms part of this Notice of Meeting is provided to supply Shareholders with information to enable them to make an informed decision regarding the Resolutions set out in this Notice.

Time and date of Meeting:	20 November, 2019 at 12:00 PM AEDT
Place of Meeting:	Level 2, 309 George Street SYDNEY NSW
Business	Resolution 1 – Special Resolution to delist from the ASX To consider and if thought fit to pass the following resolution as an special resolution: <i>“That, for the purposes of ASX Listing Rule 17.11, the Company's request for removal from the official list of ASX is authorised and approved by Shareholders, such removal to occur no earlier than one month after the date this resolution is passed, and that the directors of the Company are authorised to do all things reasonably necessary to give effect to the removal of the Company from the official list of ASX”</i>
Notes	Explanatory Memorandum An explanation of the resolutions is set out in the accompanying Explanatory Memorandum (EM). This EM explains the purpose of the meeting and the resolutions to be considered at the meeting.
Determination of entitlement to attend and vote at EGM	For the purposes of the EGM, shares in the company will be taken to be held by the persons who are registered as holding the shares at 7.00pm (AEDST) on 18 November, 2019
Proxies	<ul style="list-style-type: none">▪ each member has a right to appoint a proxy

- a proxy does not have to be a member of the Company
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion of number of votes each proxy is appointed to exercise. If such apportionment is not made, each proxy may exercise half of the member's voting rights. Neither proxy is entitled to vote on a show of hands.
- the proxy form must be signed personally by the member or his/her attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed in accordance with its constitution or the Corporations Act 2001. In the case of joint members, this proxy must be signed by each person personally or by an authorised attorney.
- if a proxy is executed by an attorney of a member, the original of the relevant power of attorney or a certified copy of the power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
- a form of proxy is attached to this notice of meeting.
- to be effective, proxies must be received by Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia, facsimile (within Australia) 1800 783 447 (outside Australia) 03 9473 2555 at least 48 hours before the time appointed for the meeting.

By order of the Board
David Franks
Company Secretary



Dated: 17 October, 2019



Adcorp Australia Limited

ABN 72 002 208 915

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum contains important information in relation to the resolutions to be considered at the Extraordinary General Meeting (EGM) of Shareholders. This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Extraordinary General Meeting.

You should read this Explanatory Memorandum in its entirety before making a decision on how to vote on the resolutions to be considered at the Extraordinary General Meeting.

The purpose of this Explanatory Memorandum is to:

- provide the Shareholders with information in relation to the resolution to be put to the EGM;
- provide such other information in relation to the resolutions as is prescribed by the Listing Rules and the Corporations Act.

2. Resolution 1 – Special Resolution to delist from the ASX

That, for the purposes of ASX Listing Rule 17.11, the Company's request for removal from the official list of ASX is authorised and approved by Shareholders, such removal to occur no earlier than one month after the date this resolution is passed and on a date to be decided by ASX, and that the directors of the Company are authorised to do all things reasonably necessary to give effect to the removal of the Company from the official list of ASX.

2.1 Overview

On 15 May 2019 ASX had given the Company the following in-principle advice decision which will apply on receipt of an application for the removal of the Company from the official list of ASX pursuant to listing rule 17.11:

ASX would be likely to remove the Company from the official list, on a date to be determined by ASX in consultation with the Company, subject to compliance with the following conditions.

- a) The Company's removal from the official list of ASX is approved by a special resolution of the ordinary shareholders of the Company.
- b) The notice of meeting seeking shareholder approval for the Company's removal from the official list must include a statement, in form and substance, satisfactory to ASX, setting out:

4.

- i. that the removal will take place no earlier than one month after approval is granted;
 - ii. the time and date at which the Company will be removed from the ASX if that approval is given;
 - iii. that if shareholders wish to sell their shares on ASX, they will need to do so before the Company is removed from the official list of ASX; and if they do not, details of the processes that will exist after the Company is removed from the official list to allow a shareholder to dispose of their holdings and how they can access those processes;
 - iv. include, to ASX's satisfaction, information prescribed in section 2.11 of ASX Guidance Note 33; and
- c) The Company releases the full terms of this decision to the market upon making a formal application to ASX to remove the Company from the official list of ASX.

On 14 October, 2019, the Company applied to the ASX Limited ("ASX") for removal of the Company from the official list of the ASX ("Official List") under Listing Rule 17.11.

If Shareholders approve Resolution 1, the Company will be removed from the Official List on or around 20 December 2019 (**Removal Date**). This Removal Date will be no earlier than one month after the date such Shareholder approval is obtained and not earlier than 20 December 2019.

The indicative timetable for the proposed delisting is as follows:

Dispatch of notice of EGM	21 October, 2019
Date of EGM	20 November 2019
Release of Results of EGM	20 November 2019
Removal from Official List	7.00pm 20 December, 2019

If shareholders wish to sell their shares on ASX, they will need to do so before the Company is removed from the official list of ASX. Before the Removal Date, the shares may continue to be traded on the ASX. This will provide Shareholders who wish to sell their shares on ASX to exit the Company prior to the Removal Date should they not wish to remain Shareholders in the Company. There will be no processes in place after the Company is removed from the official list to allow a shareholder to dispose of their holdings.

The Company and the acquisition of Shares will continue to be subject to regulation under the Corporations Act and the Company's Constitution.

The proposed de-listing is considered by the Directors to be in the best interests of the Company for the reasons set out in this Explanatory Statement, particularly at section 2.2.

The removal of the Company from the Official List may be perceived to have some disadvantages for Shareholders. Possible disadvantages are set out in of this Explanatory Statement.

The removal of the Company from the Official List will mean the Company is no longer subject to regulation under the ASX Listing Rules. The implications of this are described in section 2.9.

2.2 Key reasons for seeking approval to delist

- (a) **Listing and Related Costs:** Maintaining a stock exchange listing adds significant direct costs to AAU's business. The saving in ASX annual listing fee is estimated to be \$16,000. In addition, there are indirect costs associated with the need to devote management time attending to matters relating to the listing, which could be directed elsewhere if AAU was unlisted.
- (b) **Level of Spread:** AAU currently has 156 shareholders of which only 75 hold a marketable parcel and 81 hold an unmarketable parcel with a total value of only \$8,310.01. Further there is presently a "90% holder" of the ordinary securities of AAU within the meaning of s. 664A of the *Corporations Act, 2001* ("**Act**"). Therefore there is insufficient spread for an orderly and liquid market. AAU will not be taking any action to increase the spread so there will always be insufficient spread for an orderly and liquid market.
- (c) **Negative assets:** The net tangible assets as at 31 December 2018 are a negative \$0.33 per ordinary security.
- (d) **Dependency on financial support of major shareholder:** AAU is totally dependent on the financial support of entities associated with Ian Rodwell who is the Chairman of AAU. As disclosed to the ASX, AAU is, and has been for a considerable time, operating on a cash flow negative basis. It made a loss before income tax (expense) benefit of \$849,772 for the half year ended 31 December 2018 following a loss before income tax (expense) benefit of \$2,084,743 for the income year ended 30 June 2018.

Further as disclosed to the ASX, Millennium Company Pty Ltd ACN 169 798 798 atf The Rodwell (New Millennium) Trust ABN 85 487 686 508 ("**Lender**") which is an entity associated with the 90% holder and Chairperson Ian Rodwell, has had to advance monies from time to time and extend the repayment date to fund AAU's operations. At present total of \$2,600,000 has been advanced to AAU to enable it to continue to operate which is repayable on 31 August, 2020.

- (e) **Lack of support by other shareholders:** As announced to the ASX, a fully underwritten renounceable pro rate entitlement offer was undertaken by AAU in September/October 2018. Despite the attractive offer, there was little interest from security holders. Of the 194,213,932 applications received, only 7,613,196 of those applications were from shareholders other than MCO Nominees Pty Ltd which was the major security holder and underwriter of the issue. There is therefore almost nil shareholder support for AAU. Any further fundraising from shareholders will be a waste of time and costs. This is also illustrated by a lack of attendance either in person or by proxy by security holders at the Annual General Meeting of AAU apart from interests associated with the major shareholder.

- (f) **Need to restructure:** Given AAU's current financial circumstances, the only way that AAU can survive long term is for it to restructure. This necessitates that AAU delist and convert to a proprietary company where any restructure options are subject to lesser regulatory involvement and therefore can achieve a favourable result for shareholders in a more efficacious and timely manner.

2.3 Potential disadvantages of de-listing

- (a) Shareholders ability to sell Shares and realise their investment in the Company may be diminished. As Shares will no longer be traded on ASX, the liquidity of Shares will be directly affected and may be further diminished.
- (b) The fact the Company is no longer listed may lead to a perception that the Company's Shares are less valuable. Investors may generally apply a higher valuation to securities of a company that is listed on a recognised exchange.
- (c) If the Company is de-listed, it will have a more limited means by which it can raise capital by the issue of securities. Generally speaking, an unlisted company does not have the ability to raise capital from the issue of securities by means of limited disclosure fundraising documents. Therefore, the main means for the Company (as an unlisted company) to raise equity funds will be by way of an offer of securities pursuant to a full form prospectus or by way of placement to sophisticated and other investors who do not require a prospectus. Balanced against this is that the Company is reliant upon the financial support of an entity associated with the Chairman Ian Rodwell and the "90% holder" through loan funding.
- (d) If the Company is removed from the Official List, various requirements of the ASX Listing Rules will no longer apply to the Company. The reduction of obligations associated with a listing on ASX may include relief from some reporting and disclosure requirements, removal of restrictions on the issue of Shares by the Company, requirements concerning significant changes to the Company's activities and relief from requirements to address ASX Corporate Governance Principles and Recommendations. The absence of continued restrictions in these areas may be perceived to be a disadvantage to some Shareholders, particularly minority Shareholders.
- (e) If the Company is de-listed its ability to conduct any buy-back of Shares will be more limited as it will not be able to buy-back Shares on market. The Company will, however, still be able to conduct an off-market buy back should that be considered appropriate.
- (f) If the number of Shareholders is reduced to no more than 50 non-employee Shareholders it is the intention of the Board to put a resolution to the Shareholders to convert the company to a proprietary limited company which will not be subject to continuous disclosure provisions. The financial statements will not be required to be audited unless specifically required by a provision of the Corporations Act, 2001.

2.4 Effect of delisting on control of the Company

The Company is already subject to the control of the "90% holder". Delisting will not affect this current control.

2.5 Effect on Business

Following the delisting the Company will be conducting its business as usual and the Company has no intention of changing its activities in the near term.

2.6 Effect on financial position

The proposed delisting is not expected to have any adverse effect on the financial position of the Company and is expected to result on savings in annual listing fees and other registry and trading fees.

2.7 Effect on corporate governance policies and procedures

The Company anticipates that following de-listing it would amend its corporate governance policies and procedures which were specific to the requirements of ASX. This would include, for example, amending the share trading policy so as no longer to refer to the "blackout" periods which applied in accordance with the requirements of ASX.

If the Company remains a public company it will be subject to continuous disclosure obligations, corporate governance policies and procedures will be retained or adapted consistent with the Company's unlisted status.

However, if the number of Shareholders is reduced to no more than 50 non-employee Shareholders it is the intention of the Board to put a resolution to the Shareholders to convert the company to a proprietary limited company which will not be subject to continuous disclosure provisions.

2.8 Effect on Share liquidity and ability to sell

If the Company is de-listed from ASX, there will no longer be an ASX market for Shares and there will be no readily available indicator of "market price " for the Company's Shares. This means that the market for the Company's securities is expected to be illiquid and Shareholders will be responsible for finding a purchaser for their Shares should they wish to dispose of them.

The Company will maintain its ASX listing for one month after any resolution to approve the de-listing so as to facilitate the exit of those shareholders who do not wish to remain shareholders in an un-listed company.

Once delisted there will be no active market available in which Shareholders may dispose of their shares.

2.9 Cessation of regulation under ASX Listing Rules

As a result of de-listing, the Company will no longer be subject to various requirements of the Listing Rules. However, the Company as long as it remains a public company will still be required to lodge annual and half-yearly reports and financial statements under the Corporations Act.

Changes in capital and new issues exceeding 15% of capital the Company will no longer be required under Listing Rule 7.1 to obtain prior approval of shareholders for an issue of equity securities if the equity securities will, when aggregated with the ordinary securities issued by a company during the previous 12 months, exceed 15%

of the number of ordinary securities on issue at the commencement of that 12 month period.

The Company will not be required to seek shareholder approval of transactions for the acquisition from or disposal to directors, other related parties and shareholders holding 10% or more of Company Shares under Listing Rule 10.1 or to seek prior shareholder approval for the issue of shares to directors and other related parties under Listing Rule 10.11. The Company will while it remains a public company however still be subject to regulation under Part 2E of the Corporations Act which generally requires shareholder approval for the provision of any financial benefit to a director or other related party subject to certain exceptions.

Significant transactions the Company will not be subject to regulation under Listing Rule 11.1 (change of nature or scale of activities) and Listing Rule 11.2 (change of main undertaking) which generally require shareholder approval of significant changes to the Company's assets, undertakings or activities in certain circumstances. The Company has no present intention of changing its activities or disposing of any major asset.

2.10 Continued regulation under the Corporations Act and the Constitution

Shareholders who remain on the Company's register after the removal of the Company from the Official List will retain the protections afforded to them under the Corporations Act and the Company's Constitution. Removal of the Company from the Official List will not result in any diminution of the protection for minority shareholders afforded by the Corporations Act, for the following reasons:

- (a) the Company will, while it remains a public company, still be required to lodge annual audited and half-yearly financial statements in accordance with the requirements of the Corporations Act although if it converts to a proprietary company it will not have to do so;
- (b) while the Company has 100 or more Shareholders, the Company will still be required to give continuous disclosure of material matters in accordance with the Corporations Act by filing notices with ASIC under section 675 of the Corporations Act.

2.11 Continuous disclosure requirements

Following the de-listing, while the Company has more than 100 shareholders, as an unlisted disclosing entity, the Company's securities will be classified as unlisted Enhanced Disclosure ('ED') securities under the Corporations Act, and the Company will be obliged to lodge with ASIC as soon as practicable information material to the price or value of its Shares.

Therefore, although the Company will not be subject to the continuous disclosure requirements of the ASX Listing Rules, the Company will still be required to give continuous disclosure of material information under the Corporations Act. The Company would no longer lodge announcements of material information with ASX or another market operator but information lodged with ASIC will be available from ASIC.

2.12 Corporate Governance

The Company anticipates that following de-listing it will amend its corporate governance policies and procedures which were specific to the requirements of ASX. This would include, for example, amending the share trading policy so as no longer to refer to the "blackout" periods which applied in accordance with the requirements of ASX. However, while the Company remains a public company it will continue to be subject to continuous disclosure obligations, corporate governance policies and procedures will be retained and adapted consistent with the Company's unlisted status.

2.13 Shareholder remedies

A security holder may take action pursuant to Part 2F.1 of the Corporations Act if:

- (a) the conduct of a company's affairs; or
- (b) an actual or proposed act or omission by or on behalf of a company; or
- (c) a resolution, or a proposed resolution, of members or a class of members of a company;

is either:

- (d) contrary to the interests of the members as a whole; or
- (e) oppressive to, unfairly prejudicial to, or unfairly discriminatory against, a member or members whether in that capacity or in any other capacity.

The Takeovers Panel also may take action if they consider the removal from the official list if the removal involves "unacceptable circumstances".


2.14 Recommendation of Directors

The Board unanimously recommends Shareholders approve Resolution 1 for the reasons set out in this Explanatory Statement.



AAU
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?

 **Phone:**
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **12:00 pm (AEDT) on Monday, 18 November 2019.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

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

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

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Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Adcorp Australia Limited hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Adcorp Australia Limited to be held at Level 2, 309 George Street, Sydney NSW 2000 on Wednesday, 20 November 2019 at 12:00pm AEDT and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Special Resolution to delist from the ASX	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

<input type="text"/>	<input type="text"/>	<input type="text"/>	/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

<input type="text"/>	<input type="text"/>
Mobile Number	Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

