



KAIZEN GLOBAL
Investments

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Kaizen Global Investments Limited (ACN 602 033 670) (**KGI** or **the Company**) will be held at:

Time: 12:00 PM
Date: 30 September 2024
Venue: Works by Scentre Group
Level 5, 100 Market street
Sydney, NSW, 2000

BUSINESS OF MEETING

Delisting from NSX

To consider and if thought fit to pass, the following resolution as a special resolution:

“That for the purposes of NSX Listing Rule 2.25 and for all other purposes, the directors of the Company are authorised to withdraw the listing of the Company from the Official List of the National Stock Exchange of Australia Limited”.

IMPORTANT

1. The **Explanatory Statement** to this notice of meeting forms part of this notice and provides additional information on matters to be considered at the meeting. This notice of meeting should be read in its entirety.
2. **Voting**

Persons eligible to vote at the meeting are those who are registered shareholders of KGI 48 hours before the commencement of the meeting.

The business of the meeting affects your shareholding, and your vote is important.

To vote in person, attend the meeting on the date and at the place set out above.

To vote by proxy, complete and sign the **Proxy Form** accompanying this notice of meeting, and either:

- deliver it by hand or post to KGI at Suite 115, 377 Kent Street, Sydney NSW 2000, or
- by email to cgrindlay@kaizencapital.com.au

so that it is received no later than 48 hours before the commencement of the meeting, that is **by 26 September 2024**. Proxy Forms received later than this time will be invalid.

If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting. Should you wish to discuss the matters in this notice please do not hesitate to contact Connor Grindlay at cgrindlay@kaizencapital.com.au.

By order of the Board

Connor Grindlay
Director

Dated 30 August 2024

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the shareholders in connection with the business to be conducted at the general meeting to be held at Works by Scentre Group, Level 5, 100 Market Street, Sydney, NSW, 2000 on 30 September 2024.

*The purpose of this Explanatory Statement is to provide information that the KGI board of directors (**Directors**) believe to be material to shareholders in deciding whether to vote for the resolutions in this notice of meeting. If you are in any doubt about what to do in relation to the resolutions contemplated in this notice of meeting and Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor. Full details of the business to be considered at the meeting are set out below.*

RESOLUTION 1 – DELISTING KGI FROM THE NSX

1. Background

- 1.1. At the time of IPO, the Company's mandate was to invest in global listed securities and private assets for the long-term. The latter represented a potential source of cashflows for reallocation into other listed or private investments, and the opportunity to paying dividends, effect share buybacks or other Company strategies.
- 1.2. To date the Company has made two (2) acquisitions of private businesses but maintained a focus on reducing ongoing operating costs (particularly per share).
- 1.3. The challenge the Company faces is that the costs associated with operating a listed company far exceed those of a private company. For example, Directors and Officers insurance premiums and audit costs. With the post Covid-19 rise in inflation has come increasing costs from service providers, well above CPI, and on a fixed number of shares, this equates to an increased cost, per share, of operating the Company. The cost of operating the Company has run at circa an average 1.5% of the net tangible asset value (**NTA**) per year. Additionally, the increased level of disclosure and reporting takes management time away from focusing on investing and finding opportunities. Whilst the accounts are audited there have been no material changes (any changes) any year and whilst a regulatory requirement, this begs the question, does this cost (time and money) add or detract from the Company?
- 1.4. In KGI's 2023 Annual Report (Letter to Shareholders) we analysed that the long-term return to Shareholders, per annum, and the average return over multiple asset classes (share markets, property, bonds/fixed income and cash) was circa 7.2%. For long-term investments in shares alone, the pre-tax return per annum, on average, looking at both Australian and global shares (hedged for Australian dollar moves and unhedged) provided a range of 5.4-8.8% per annum. Therefore, the operating costs of KGI of , on average, approximately of 1.5% per annum of the NTA, represent a headwind of 20.8% per annum of a 7.2% return per year. In other words, if the vehicle earned a return of 7.2% per annum, an average 20.8% of the return would go to costs associated with accountants, auditors, listing fees, insurance etc.
- 1.5. These costs are compounded by the potential need to audit the acquired businesses as well. Not only does this represent a significant financial cost for the Company but also diverts its management's attention away from making and managing investments.
- 1.6. Since the Company intends to purchase more private businesses, the Directors anticipate a situation where incremental administrative costs are continuously being added with each business acquisition. Instead of the audit cost remaining relatively constant in dollar terms, and therefore shrinking as a cost per Share, it will add costs per share. The unintended consequence of these regulations is that there will be so much accounting/audit work created that the time and money invested undermines the strategy and makes the vehicle less nimble and flexible.

2. NSX Requirements

- 2.1. Under Listing Rule 2.25, the Company may voluntarily withdraw its listing if it gives the NSX at least 90 days' notice and obtains the approval of shareholders by way of a three quarters majority vote at a general meeting.

If Resolution 1 is passed and, the Company will be able to voluntarily withdraw from the official list of the NSX and the Company's shares will cease altogether to be quoted on the NSX and will not be able to be traded through the market operated by NSX.

If Resolution 1 is not passed, the Company will not be permitted to voluntarily withdraw from the official list of the NSX and the Company's shares will remain quoted on the NSX.

- 2.2. The Company gave formal notice to the NSX on 29 August 2024 that it intends to delist and has applied for a waiver to shorten the 90-day period required under Listing Rule 2.25. Should that waiver be granted the Directors intend KGI's delisting to occur on or around 30 September 2024. However, if the waiver is not granted, then the Directors anticipate that KGI, if successful with the GM vote, will be delisted after 1 October 2024.

3. Reasons for Delisting

- 3.1. Below is a list of the primary reasons the Board has considered in connection with delisting KGI from the NSX.

Listing and related costs

Relative to the size, complexity and activities of the Company the Directors consider that the financial, administrative and compliance obligations and associated costs with remaining listed are difficult to justify or in the long-term best interests of the shareholders. The operating costs for the Company, per annum, per share, are shown in the table below. Whilst the cost, per share is decreasing, the board anticipates that these will begin to rise again as we acquire more businesses.

Year end	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21	Jun-22	Jun-23	Jun-24
Cost per share per year in %	1.76%	1.59%	1.40%	2.16%	1.80%	1.37%	1.16%	1.13%	1.10%
Average	1.49%								

Source: KGI accounts

Minimal trading of Shares on the NSX

- 3.2. Since the Company's IPO and initial listing in 2015 its Shares have traded on market 97 times. There have been several off-market trades, at or around the last traded price, that have made up more of the traded volume. The Shares have only traded 6 times since the start of 2024. This constitutes a relatively minimal level of trading on the NSX. Investors have been able to buy and sell shares over time, but the volumes remain quite low. This may be due to the size of KGI overall, the ease of access to the NSX as a platform and broader investor awareness.

Lack of liquidity

- 3.3. One of the main reasons to list was to provide liquidity to the Company's Shareholders through a listed company on the NSX. Whilst the Company's Shares have traded, given the low level of trading on the NSX the Directors consider that a similar result would likely be achieved via a mechanism that would operate in a low volume private market, where buyers and sellers put forward a price and volume, they would be willing to buy/sell shares.

Management time and effort

- 3.4. A disproportionate amount of the Company's management's time is devoted to audit and other listing-related matters, instead of being dedicated to Company operations or other activities/matters for the benefit of the Company. The audit of one entity is something the Company accepted, however as additional private businesses are acquired, the scope for audit increases, together with the workload for management. This additional workload is a headwind and distraction for the Company's management. At IPO the audit of the listed company was seen as a fixed time/cost requirement, but as we have acquired another business and intend to keep doing so, there is an additional audit required for each incremental business.

Timing

3.6 The Company is currently in the process of completing our full year audit. Delisting with a recent, clean, completed audit is something that closes off the listing completely. We could have saved some money, and time, by delisting before the audit was completed but prefer to close off with the annual disclosure. The Directors consider that it is now an appropriate time to consider de-listing from NSX.

4. Advantages of Delisting

4.1. Delisting the Company is likely to be beneficial in the following ways:

- (a) The Company will be free of overly onerous governance and compliance requirements which apply to a listed company. This will allow the Company and its Board to focus on the business operations and attract directors not comfortable with a public directorship and its additional responsibilities and risks.
- (b) It will lead to a savings of relatively high listing and other compliance-related fees.
- (c) It will enable the Company to carry on its business without the pressure of the public markets, especially given the relatively little trading in its shares. Delisting will enable the Company to continue to make decisions which will have long-term benefits, but which may not suit some investors with shorter term investment horizons.
- (d) Being nimble. One of the benefits of having a smaller investment vehicle is that it can be nimble and make quick decisions. In looking at acquisitions and funding them, KGI has been somewhat constrained. In not being able to talk publicly about a potential acquisition but requiring that disclosure to raise the funds to complete the bid, the Company has been hamstrung. It might be easier with a larger entity, as a broker would support the capital raise, but at the current scale there isn't enough dollar commission to attract a reputable broker.
- (e) With KGI beginning to pay dividends, cash returns have come back to shareholders as fully franked dividend income. Whilst there is no guarantee that the dividends continue, cash has been returning to shareholders and the 11.5 cents post tax return (16.42 cents including the franking credits) in the past 14 months (check) on an IPO price of \$1. By keeping the operating costs per share as low as possible, the Company will, potentially, be able to pay more in dividends over time.

5. Disadvantages of Delisting

Absence of public mechanism to sell Shares

5.1. If the Shares cease to be listed, they will no longer be traded on the NSX. Instead, it will be necessary for Shareholders to buy and sell the Shares privately off market. Given the lack of liquidity and relatively low levels of trading of KGI Shares on the NSX to date, the Directors do not consider that trading of the Shares off market would be too dissimilar. The Company will continue to release a monthly NTA (net tangible asset) calculation. Historically this has been a guide for share transactions, although it is up to investors to decide what price they wish to buy and sell at.

Availability of, and access to, restricted information

5.2. Shareholders may perceive that if the Company is no longer subject to continuous disclosure requirements and Listing Rules, restricted information may not be available to them. The Company will continue to prepare an annual report and make ad hoc announcements to shareholders. In the case that the Company is looking at a potential acquisition and potentially seeking additional shareholder funds, ironically it might be easier to communicate with current shareholders alone, without worrying about not fully informing the market, as a whole, ahead of the actions. This could speed up decision making and capital raises.

Removal of Exchange requirements

5.3. The cessation of various listing requirements would include restrictions on the issue of new securities, a governance framework for related party transactions and requirements to seek shareholder approval for significant changes in the nature or scale of the Company's activities. In order to alleviate these concerns,

we would anticipate the continued release of monthly unaudited NTAs, the release of half yearly and full year accounts, with commentary and hold an AGM to engage with shareholders.

- 5.4. Trading of shares could continue using a “matching” mechanism whereby buyers or sellers contact the Company Secretary and register their interest to Buy/Sell shares and a price. The Company Secretary would then ask each party, buyer and seller, if they would give permission for an exchange of contact details. The buyer and seller could then speak and negotiate a price and volume of shares in which to transact. The process would go through the Company Secretary to ensure that a buyer received shares and ownership transferred, and the seller confirmed receipt of cleared funds. Either the Company Secretary or a third-party registry company could be used to keep a record of the register. The Board proposes the retention of Boardroom or select another registry company to provide registry services for a year from de-listing and then review the arrangement.

Limited opportunities to raise capital

- 5.5. As an unlisted company, KGI will no longer be able to issue securities using limited disclosure documents. Therefore, if the Company wishes to raise capital following Delisting, it would generally have to do so either by way of an offer of securities under a prospectus or by way of a placement to sophisticated and professional investors.

- 5.6. The Directors recommend that Shareholders vote in favour of Resolution 1.

DEFINITIONS

Unless otherwise in the Notice of Meeting or Explanatory Statement, the terms listed below are defined as follows:

Listing Rules means the NSX Listing Rules.

NSX means the National Stock Exchange of Australia (ACN 000 902 063).

Shareholders mean registered owners of the Shares.

Shares means shares in the Company.

ENQUIRIES

Shareholders are asked to contact Connor Grindlay at cgrindlay@kaizencapital.com.au or by telephone on +61 2 7903 0007 if they have any queries in respect of the matters set out in this document.



☐ **Change of address:** If your address, as it appears on the left is incorrect, please mark this box and make any necessary corrections in the space provided below. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

Step 1: Appoint A Proxy

I/We being a member/s of Kaizen Global Investments 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 the Company to be held at Works by Scentre Group, Level 5, 100 Market street, Sydney, NSW, 2000 on **30 September 2024** 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.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business. 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: Appoint A Proxy*

		For	Against	Abstain*
Resolution 1	Delisting KGI from the NSX	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* 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.

Step 3: Signature of Shareholder/s

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

Individual or Security holder 1

Security holder 2

Security holder 3

Sole Director and Sole Company Director

Director

Director/Company Secretary

Contact Name:

Contact Daytime Tel:

Date: / /

VOTING INSTRUCTIONS

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded before 26 September 2024.

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 security holder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two (2) 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 Secretary, or you may copy this form.

To appoint a second proxy you must:

- (a) complete two (2) 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; and,
- (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 Secretary.

Step 3:

Sign the Form

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

- **Individual:** This form is to be signed by the security holder.
- **Joint holding:** where the holding is in more than one name, all the security holders 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 the 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 26 September **2024**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged in person or by post to the following address:

Suite 115, 377 Kent Street, Sydney NSW 2000

Attending the Meeting

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