



V E R T U A

## **Vertua Limited**

ACN 108 076 295

### **NOTICE OF 2018 ANNUAL GENERAL MEETING**

**and**

### **EXPLANATORY STATEMENT**

#### **Date and Time of Meeting**

17 August 2018 at 10.00 am (AEST)

#### **Venue**

Level 5, 97 Pacific Highway  
North Sydney NSW 2060

*These documents should be read in their entirety.*

*If Shareholders are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser.*

## NOTICE OF 2018 ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting of Shareholders of Vertua Limited ACN 108 076 295 (the **Company**) will be held on 17 August 2018, at 10.00 am (AEST) at Level 5, 97 Pacific Highway, North Sydney NSW 2060 (the **Meeting**).

The Explanatory Statement that accompanies and forms part of this Notice of Annual General Meeting (the **Notice**) describes in more detail the matters to be considered at the Meeting.

Please refer to the Explanatory Statement accompanying this Notice for a glossary of terms used in this Notice and the Explanatory Statement. Unless otherwise stated, all references to sums of money, '\$' and 'dollars' are references to Australian currency.

### ORDINARY BUSINESS

#### 1. **Item 1: Financial statements and reports**

To receive and consider the Annual Report of the Company for the financial year ended 31 March 2018, which includes the financial statements of the Company, the Directors' Report and the Auditor's Report.

#### 2. **Resolution 1: Remuneration report**

To consider and, if thought fit, pass the following advisory resolution:

*"That, for the purposes of section 250R(2) of the Corporations Act 2001 and for all other purposes, the Company adopts the Remuneration Report for the financial year ended 31 March 2018 included in the Directors' Report of the Company for that year."*

#### **Voting exclusion statement**

The Company will disregard any votes cast on Resolution 1 (in any capacity) by, or on behalf of, the following persons:

- (a) a member of the key management personnel (**KMP**) details of whose remuneration are included in the 2018 Remuneration Report; or
- (b) a closely related party (as that term is defined in the *Corporations Act 2001*) (such as close family members of any controlled companies) (**Closely Related Party**) of such a member of the KMP.

However, the Company will not disregard the vote if it is cast as a proxy for a person who is entitled to vote and:

- (a) the proxy appointment is in writing and specifies the way the proxy is to vote on the Resolution; or
- (b) the vote is cast by the person chairing the Meeting and the appointment:
  - (i) does not specify the way the proxy is to vote; and
  - (ii) expressly authorises the chairman of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP.

**Note:** under section 250R(3) of the *Corporations Act 2001*, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

#### 3. **Resolution 2: Re-election of Director – Mr Christopher Bregenhoj**

To consider and, if thought fit, pass the following ordinary resolution:

*"That Mr Christopher Bregenhoj, who retires by rotation in accordance with rule 12.9 of the Constitution of the Company, and being eligible, offers himself for re-election as a*

*Director, be re-elected as a Director of the Company effective at the close of this meeting."*

**Voting exclusion statement**

All Shareholders may vote on this Resolution.

**SPECIAL BUSINESS**

**4. Resolution 3: Ratification of past share placements**

To consider and, if thought fit, pass the following ordinary resolution:

*"That, for the purpose of NSX Listing Rule 6.25(1) and for all other purposes, the following issues of Shares to the following persons (each, a **New Shareholder**) are ratified:*

- (a) 250,000 Shares to Defender Shareholders on 31 October 2017 at \$0.20 per Share;*
- (b) 227,273 Shares to FPG Bondi on 31 October 2017 at \$0.07 per Share;*
- (c) 50,000 Shares to Mr Stuart Page, Chief Executive Officer of Horizon Print, on 31 October 2017 at \$0.20 per Share; and*
- (d) 1,300,000 Shares to Alimfresh on 17 March 2018 at \$0.20 per Share."*

**Voting exclusion statement**

The Company will disregard any votes cast on Resolution 3 (in any capacity) by a New Shareholder, and his or her associates, and any person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed, and his or her associates.

However, the Company need not disregard this vote if it is cast as a proxy for a person who is entitled to vote and:

- (a) the proxy appointment is in writing and specifies the way the proxy is to vote on the Resolution; or
- (b) the vote is cast by the person chairing the Meeting and the appointment does not specify the way the proxy is to vote.

**5. Resolution 4: Additional placement capacity**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That, for the purpose of NSX Listing Rule 6.25(1) and for all other purposes, the issue of up to 10,000,000 Shares on the terms set out in the Explanatory Statement is approved."*

**Voting exclusion statement**

The Company will disregard any votes cast on Resolution 4 (in any capacity) by a person who is expected to participate in the proposed issue, and his or her associates, and any other person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed, and his or her associates.

However, the Company need not disregard this vote if it is cast as a proxy for a person who is entitled to vote and:

- (a) the proxy appointment is in writing and specifies the way the proxy is to vote on the Resolution; or
- (b) the vote is cast by the person chairing the Meeting and the appointment does not specify the way the proxy is to vote.

**6. Resolution 5: Approval of change in nature and scale of activities**

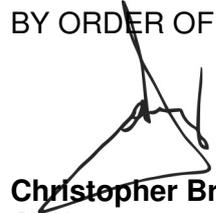
To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That, for the purpose of NSX Listing Rule 6.41 and for all other purposes, approval be given to the significant change in the nature and scale of activities of the Company described in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting exclusion statement**

All shareholders may vote on this resolution.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Christopher Bregenhoj', is written over a faint, illegible stamp or watermark.

**Christopher Bregenhoj**

Chairman

13 July 2018



Login to your Portfolio or via the Single Holding Login using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN). Select “Voting” and follow the prompts to lodge your vote.

### **Enquiries**

All enquires in relation to the Meeting, the Notice or the Explanatory Statement should be directed to the Chief Financial Officer, Mr Christos Kyriakides, on +61 2 8624 6110.

## EXPLANATORY STATEMENT

### IMPORTANT INFORMATION

This Explanatory Statement has been prepared for the information of Shareholders of Vertua Limited ACN 108 076 295 (the **Company**) in connection with the Resolutions and other business to be considered at the Annual General Meeting of Shareholders convened to be held at the Company's offices on 17 August 2018 at 10 am (AEST) at Level 5, 97 Pacific Highway, North Sydney NSW 2060 (the **Meeting**).

This Explanatory Statement has been prepared for the benefit of Shareholders in accordance with the applicable provisions of the NSX Listing Rules and the *Corporations Act 2001* to provide them with sufficient information to ensure that they are informed of all substantial matters relevant to the Resolutions and other business proposed to be considered at the Meeting as notified in the accompanying Notice of Annual General Meeting (the **Notice**).

Shareholders should read this Explanatory Statement in full. Its individual sections do not give a comprehensive review of the Resolutions. Further, this Explanatory Statement should be read in conjunction with the Notice and the Glossary that appears at the end of this Explanatory Statement, where various terms used in both the Notice and this Explanatory Statement are defined. Unless otherwise stated, all references to sums of money, '\$' and 'dollars' are references to Australian currency.

If you are in any doubt about what to do in relation to the Resolutions or any other business contemplated in the Notice and Explanatory Statement, you should seek advice from an accountant, solicitor or other professional adviser.

### INTRODUCTION

The Meeting is being held so that:

- (a) the Directors can table the financial statements and reports of the Company, and the report of the Company's auditor, for the financial year ended 31 March 2018; and
- (b) Shareholders can vote on the re-election of Directors.

This is known as the ordinary business of the Meeting.

Additionally, the special business of the Meeting is to:

- (a) ratify past placements of Shares to replenish the Company's current placement capacity;
- (b) approve an additional placement capacity of up to 10,000,000 Shares over the next 12-month period; and
- (c) approve a change in the nature and scale of activities of the Company arising on a sale of all of the shares in the Company's wholly-owned subsidiary, Horizon Print Management Pty Ltd ACN 158 922 242 (**HPM**).

### ORDINARY BUSINESS

#### 1. ITEM 1: FINANCIAL STATEMENTS AND REPORTS

##### 1.1 Background to Item 1

The *Corporations Act 2001* and the Constitution of the Company require the financial statements, Directors' Report (including the remuneration report) and Auditor's Report for the financial year ended 31 March 2018 to be tabled at the Meeting, and the Constitution of the Company provides for these statements and reports to be received and considered at the Meeting.

## **1.2 Corporations Act 2001 requirements**

Neither the *Corporations Act 2001* nor the Constitution of the Company requires a vote of Shareholders at the Meeting on such statements and reports.

However, the Meeting provides a forum for Shareholders to ask questions and make comments on the Company's financial statements and reports and on the business operations of the Company for the financial year ended 31 March 2018.

In addition, in accordance with section 250T of the *Corporations Act 2001*, a representative of the Company's auditor is required to attend the Meeting.

Shareholders may ask the auditor's representative questions at the Meeting on the following matters:

- (a) the conduct of the audit;
- (b) the preparation and content of the auditor's report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in its conduct of the audit.

Shareholders may submit written questions to the auditor on the above items. Any written questions to the auditor must be submitted to the Company by no later than 5.00pm on the seventh business day before the date of the Meeting, i.e., by 5.00pm on 10 August 2018.

## **2. RESOLUTION 1 - REMUNERATION REPORT**

### **2.1 Shareholder approval**

Pursuant to section 250R(2) of the *Corporations Act 2001*, the Directors are seeking the approval of Shareholders to adopt the Remuneration Report for the financial year ended 31 March 2018, by way of an advisory resolution.

### **2.2 Corporations Act 2001 requirements**

The Remuneration Report sets out the Company's remuneration policy and reports the remuneration arrangements in place for the Executive and Non-Executive Directors of the Company and certain executives whose remuneration arrangements are required to be disclosed.

The Remuneration Report forms part of the Directors' Report, which is contained in the Annual Report of the Company for the financial year ended 31 March 2018.

Section 250R(3) of the *Corporations Act 2001* requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to a vote.

However, pursuant to section 250R(3) of the *Corporations Act 2001*, the vote on the resolution is advisory only and does not bind the Directors or the Company.

Notwithstanding this, the Directors will take into account the discussion on this item and the outcome of this vote when considering future remuneration arrangements of the Company, particularly in light of the obligations of the Directors pursuant to Division 9 of Part 2G.2 of the *Corporations Act 2001*.

Additionally, section 250SA of the *Corporations Act 2001* requires that a reasonable opportunity be allowed to Shareholders at the Meeting to ask questions about, or make comments on, the Remuneration Report.

Furthermore, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Meeting, the Company is required to put to

Shareholders at the Company's 2019 Annual General Meeting a resolution (**a Spill Resolution**) proposing the calling of another general meeting (**a Spill Meeting**) to consider the appointment of Directors of the Company. However, a Spill Resolution will only be put to the vote at the Company's 2019 Annual General if at least 25% of votes are also cast against the adoption of the 2019 Remuneration Report at the 2019 Annual General Meeting.

If a Spill Resolution is put to vote at the Company's 2019 Annual General Meeting, and more than 50% of Shareholders vote in favour of the Spill Resolution, the Company is required to convene a Spill Meeting within 90 days of the Company's 2019 Annual General Meeting. All of the Directors who were in office when the Company's 2019 Directors' Report was approved, other than the Managing Director of the Company, would cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting, those persons whose election or re-election as Directors is approved will be the Directors of the Company.

### **3. RESOLUTION 2 - RE-ELECTION OF DIRECTOR – MR CHRISTOPHER BREGENHOJ**

#### **3.1 Shareholder approval**

In accordance with rule 12.9 of the Constitution of the Company, Mr Christopher Bregenhøj is retiring as a Director of the Company by rotation, and seeks re-election as a Director.

#### **3.2 Company Constitution requirements**

Rule 12.9 of the Constitution requires that one-third of the Directors of the Company, other than the Managing Director and those retiring having filled a casual vacancy, retire at each annual general meeting of the Company. Rule 12.9 requires that the Directors who retire pursuant to the rule are those who have held office the longest since being elected or appointed.

Mr Bregenhøj is a qualified chartered accountant with over 30 years' experience in the investment banking and private equity sectors, both in Australia and Hong Kong. Mr Bregenhøj was an executive director and responsible for corporate acquisitions and the in-house legal division of what is now oOh! media, acquired by CHAMP Private Equity in 2012 for \$166 million. In 2012, Mr Bregenhøj entered into a joint venture to acquire and redevelop the *Astoria* property. The six house-sized apartments in this development sold for \$44.6 million and set a Lower North Shore (Sydney) record. Mr Bregenhøj currently serves as the chairman of the Company and of other investment banking and property development companies.

#### **3.3 Recommendation**

The Directors, apart from Mr Bregenhøj, unanimously recommend that Shareholders vote in favour of Resolution 2.

## **SPECIAL BUSINESS**

### **4. RESOLUTION 3 – RATIFICATION OF PAST SHARE PLACEMENTS**

#### **4.1 Shareholder approval**

Pursuant to rule 6.25(1) of section IIA of the NSX Listing Rules, the Directors are seeking the ratification by Shareholders of the issue of an aggregate of 1,827,273 Shares during the 12-month period ended 17 March 2018.

## 4.2 NSX Listing Rules, Company Constitution and *Corporations Act 2001* requirements

The Directors have issued Shares to raise funds for acquisition, general working capital and investment purposes over the 12-month period ended 17 March 2018. The Directors propose to raise further funds by obtaining shareholder approval for these past issues and thereby replenishing the Company's 15% annual placement capacity.

### *Share placement capacity*

Rule 6.26(1) of section IIC of the NSX Listing Rules, in conjunction with rule 2.1 of the Constitution, permit the Directors to issue Shares without shareholder approval if the Shares are issued within the Company's 15% annual placement capacity.

On 17 March 2018, the Directors exceeded the Company's placement capacity for the immediate past 12-month period by 120,941 Shares. By arrangement with the NSX, the excess Shares are being held in escrow for the time being.

The Directors are seeking ratification of all share placements within the Company's placement capacity over the 12-month period ended 17 March 2018. Details of these share placements are set out below.

If these past share placements are approved, the Company's 15% annual placement capacity will be replenished and the Directors will again be able to issue additional Shares within its placement capacity without obtaining specific shareholder approval.

### *Past share placements*

On 31 October 2017, the Directors issued an aggregate of 527,273 Shares to Defender Shareholders, FPG Bondi and Mr Stuart Page of Horizon Print for an aggregate issue price of \$75,909.11. The Shares were issued for the following reasons:

- (a) for Defender Shareholders, to acquire all shares on issue in Defender Asset Management Pty Ltd ABN 29 608 281 189;
- (b) for FPG Bondi, to acquire all units on issue in the FPG Bondi Unit Trust ABN 96 873 947 893; and
- (c) for Mr Stuart Page of HPM, part of annual bonus and performance incentives for Mr Page and to recognise his service as General Manager of HPM.

On 17 March 2018, the Directors issued 1,300,000 Shares to Alimfresh at an issue price of \$0.20 per Share. The Shares were issued to raise general working capital and funds for further investment.

These Shares, totalling 1,827,273, were all issued on the same terms as, and rank equally with, all other Shares on issue. Of these Shares, only 120,941 Shares (or 0.63% of all Shares on issue) were issued beyond the Company's 15% annual placement capacity.

By arrangement with the NSX, these excess Shares are being held under the NSX's normal escrow restrictions. They are also being held subject to voting restrictions. These restrictions will end if Resolution 3 is passed.

All Shares were issued under section 708 of the *Corporations Act 2001* without the need to issue a prospectus or disclosure document under Chapter 6D of the *Corporations Act 2001*. No Shares were issued to a related party within the meaning of the *Corporations Act 2001*.

If Resolution 3 is not passed, then the Company's 15% annual placement capacity will replenish progressively on the anniversary of each share issue, and the restrictions on

the 120,941 Shares issued to Alimfresh will end on 31 October 2018. The Directors seek the flexibility to issue additional Shares prior to those anniversary dates.

#### 4.3 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

### 5. RESOLUTION 4 - ADDITIONAL PLACEMENT CAPACITY

#### 5.1 Shareholder approval

Pursuant to Rule 6.25(1) of Section IIA of the NSX Listing Rules, the Directors are seeking the approval of Shareholders to the issue of up to 10,000,000 Shares.

#### 5.2 NSX Listing Rules, Company Constitution and Corporations Act 2001 requirements

The Directors are of the view that the Company will require further general working capital over the next 12-month period, in addition to the 15% annual placement capacity replenished under Resolution 3. The Directors propose to raise such capital by issuing additional Shares progressively over the next 12-month period.

Rule 6.26(1) of section IIC of the NSX Listing Rules, in conjunction with rule 2.1 of the Constitution, permit the Directors to issue Shares exceeding the Company's 15% placement capacity if shareholder approval is obtained.

The Directors are seeking an additional placement capacity to permit up to 10,000,000 Shares to be issued progressively over the next 12-month period without obtaining specific shareholder approval.

A maximum of 10,000,000 Shares would be issued at a minimum price of \$0.15 per Share. The Shares would be issued under section 708 of the *Corporations Act 2001* without Chapter 6D disclosure.

The Shares would be issued on the same terms as, and rank equally with, all pre-existing Shares on issue. All Shares are intended to be quoted on the NSX.

None of the Shares would be issued to a related party within the meaning of the *Corporations Act 2001* without further specific shareholder approval being obtained.

If the Shares are issued within the additional placement capacity, Shareholders are at risk of economic and voting dilution. In particular, there is a risk that the Shares may be issued at a price that is at a discount to the market price for those Shares on the issue date.

The following table illustrates the potential for dilution of Shareholders if Shares are issued within the Company's additional placement capacity:

**Dilution table**

	If none of the additional placement capacity is used	If 50% of the additional placement capacity is used	If 100% of the additional placement capacity is used
Total number of Shares quoted on the NSX if Resolution 3 is passed	19,202,821	24,202,821	29,202,821
Total funds raised if the issue price is the current market value, being \$0.07	\$0	\$350,000	\$700,000

Total funds raised if the issue price is \$0.15	\$0	\$750,000	\$1,500,000
Percentage interest of a non-participating Shareholder holding 100,000 Shares	0.52%	0.41%	0.34%
Percentage interest of a non-participating Shareholder holding 500,000 Shares	2.60%	2.07%	1.71%
Percentage interest of a non-participating Shareholder holding 1,000,000 Shares	5.21%	4.13%	3.42%

Conversely, the market price for Shares may be significantly lower on the issue date than on the date of this Meeting. Additionally, the Directors may decide not to issue Shares within the additional placement capacity.

By arrangement with the NSX, if Resolution 4 is passed, the Company will make announcements to the market as soon as practicable after 50%, 75% and 100% of the additional placement capacity has been used. These announcements will be in addition to the usual NSX Quotation of Additional Securities announcements.

### 5.3 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

## 6. RESOLUTION 5 – APPROVAL OF CHANGE IN NATURE AND SCALE OF ACTIVITIES

### 6.1 Shareholder approval

Pursuant to Rule 6.41 of the NSX Listing Rules, the Directors are seeking the approval of Shareholders for a change in the nature and scale of activities occasioned by a sale of all of the shares in the Company's wholly-owned subsidiary, HPM.

### 6.2 NSX LR 6.41

NSX LR 6.41 empowers NSX, in relation to a proposed significant change in the nature or scale of the activities of a company listed on the NSX, to, amongst other things, require the company to seek and obtain the approval of its shareholders to the change.

Vertua Investments Ltd ACN 101 816 353 (**Investments**) currently is the holder of all of the shares on issue in HPM.

Investments is currently in confidential discussions to sell all of its shareholding in HPM. Should a sale (the **Sale**) be completed, it may be that the sale can be characterised as a significant change to the nature and scale of the Company's activities. Though HPM's contribution to the consolidated profit of the Company and group is relatively small, the sale when completed would see a significant reduction in the consolidated gross revenue of the Company.

One of the requirements that NSX may impose on a NSX-listed company in such circumstances is to require the Company to obtain the approval of its shareholders. If

resolution 5 were passed, the Company will have satisfied that requirement. Information regarding the Sale and its effect on the Company is set out below.

### **6.3 Guidance on NSX LR 6.41**

NSX does not publish guidance on how it applies NSX LR 6.41 to proposed significant changes in the nature and scale of a listed company's activities.

### **6.4 Guidance on equivalent ASX listing rule**

ASX has, however, published guidance on the nearest equivalent ASX listing rule, ASX LR 11.1, principally in ASX Guidance Note 12. Discussed below are matters addressed in that Note.

### **6.5 The Sale**

HPM is a print brokerage business that was purchased by Investments in 2015.

Investments is in confidential and incomplete negotiations for sale of all of its shares in HPM. If and when a share sale agreement is entered into, or if negotiations otherwise come to an end, an announcement will be made to the market.

Apart from the shareholder approval the subject of resolution 5, the sale and purchase is subject to the purchaser completing due diligence investigations to its reasonable satisfaction.

The purchase price under discussion is between \$2,000,000 and \$3,000,000 with a number of variables, surrounding the performance between exchange and settlement and the working capital of the company at settlement all impacting the total proceeds to be received by the Company. There will be an element of deferred consideration to be paid in milestones over a 12-month period.

The purchase price is payable in cash.

The proceeds of the sale are proposed at this stage to be held as part of the Company's cash reserves.

### **6.6 Financial considerations in assessing the Sale are discussed below.**

As there is to be no change in the shares on issue in the Company as a result of the Sale, there will be no change in the substantial holders in the Company or the size of their shareholdings or relevant interests in Vertua's shares. Accordingly, set out below is a discussion of the financial impact of the Sale on the Company and group.

The principal activities of the Company and its controlled entities (**Group**) for the 12 months ended 31 March 2018 are described in its 2018 Annual Report (the **Annual Report**). A copy of the Annual Report is published on the Company's website as well as on the website of the NSX. Copies of the Annual Report may also be sourced from ASIC.

The Sale would see the Group exit the print brokerage business, leaving the Group to focus on development and sale of parcels of residential real estate, principally through its Fiducia business, and accounting and wealth management services, through its Locumsgroup business.

## **6.7 Historical and current nature and scale of activities of HPM**

The principal activities of HPM during the financial year ended 31 March 2017 were print brokering and agency services.

## **6.8 As at 31 March 2017**

For the financial year ended 31 March 2017, HPM pursuant to the segment report had:

- net assets of negative \$149,807;
- an annual net profit of \$401,810;
- annual expenses of \$11,722,891; and
- annual revenues of \$12,124,701.

Expressed in percentage terms, for the financial year ended 31 March 2017, HPM's:

- net assets led to a 2% reduction in the Group's net assets at financial year end;
- annual net profit reduced by 40% the Group's annual net loss for the financial year;
- annual expenses were 55% of the Group's annual expenses for the financial year; and
- annual revenues were 60% of the Group's annual revenue for the financial year.

## **6.9 As at 31 March 2018**

For the following financial year, ended 31 March 2018, HPM pursuant to the segment report had:

- net assets of negative \$340,186;
- an annual net profit of \$476,626;
- annual expenses of \$9,995,177; and
- annual revenues of \$10,471,803.

Expressed in percentage terms, for the financial year ended 31 March 2018, HPM's:

- net assets led to a 5% reduction in the Group's net assets at financial year end;
- annual net profit reduced by 50% the Group's annual net loss for the financial year;
- annual expenses were 62% of the Group's annual expenses for the financial year; and
- annual revenues were 69% of the Group's annual revenue for the financial year.

## **6.10 Nature and scale of activities on completion of the Sale**

Should the Sale be approved and subsequently complete, and the purchase price under discussion be agreed, the Sale will initially result in:

- no change in the number of shares on issue in the Company;
- the net assets of the Group increasing by 5.6% to \$7,116,290;
- the annual net loss of the Group increasing by 50% to \$1,422,074;
- the annual expenses of the Group decreasing by 62% to \$6,008,660;
- the annual revenue of the Group decreasing by 69% to \$4,586,586;
- the debt of the Group decreasing by approximately \$1,800,000 or by 16% to \$9,521,544 based on 31 March 2018 accounts

- the cash reserves of the Group increasing by at least 209% to \$3,327,044 based on 31 March 2018 accounts; and
- the Group ceasing to have a print brokering and agency business.

### **6.11 Vertua Share history**

For the 3 months ended 30 June 2018, the share price has remained constant at \$0.07 per share.

### **6.12 Post-Sale impact**

#### *No proposed changes to the Vertua Board*

No changes to the Vertua Board are intended or anticipated to occur as a result of the Sale.

#### *Post-Sale business model*

Except that the Group will no longer operate a print brokering and agency business, the principal change to the Group's business model is its increased focus on its remaining businesses.

#### *Net tangible asset backing per Vertua share*

As at 31 March 2018, the net tangible asset backing per Vertua share was \$0.28. Should the Sale complete, the net tangible asset backing per Vertua share is anticipated to increase to \$0.31, an increase of 11%.

#### *Post-Sale dividend policy*

No changes to the dividend policy of the Company are intended or anticipated to occur as a result of the Sale.

### **6.13 Taxation considerations**

#### *Taxation considerations - for Vertua*

Your directors have taken advice on the taxation considerations for Vertua in relation to the disposal of shares in Horizon Print Management Pty Ltd. In summary, the tax considerations for Vertua are as follows:

#### *Availability of tax losses*

Subject to the continued and ongoing satisfaction of the Continuity of Ownership Test (COT), which the company is rely on, the group may have access to utilise the existing taxation losses to offset any Capital Gains Tax (CGT) event impacts associated with the disposal of the interest in HPM.

Where the COT is failed, a company may still carry-forward losses if it satisfied the "same business test". Given that the Company has spent considerable time and resources satisfying the COT, including being given a private ruling from the Australian Taxation Office as to its application in the Vertua circumstances, the Directors have not sought detailed advice on the Same Business Test.

Accordingly, the Company believes that some carried forward losses may be able to be applied against the CGT event associated with the disposal of HPM. Failing this then the company will be liable to tax on the disposal at the applicable tax rates.

#### *Impacts for existing shareholders*

Given there are no changes to the existing share structure as part of this transaction, the Company has been advised that shareholders should not be individually impacted with respect of their tax position as a result of the transaction proceeding.

#### *Stamp duty*

No stamp duty is payable on the Sale.

#### *Nature of taxation disclosures, advice and certainty*

These taxation disclosures are of a general nature only and are not an exhaustive analysis of all potential tax implication relevant to the Sale. They are not intended to be legal, accounting, financial product or taxation advice and should not be relied upon as such.

### **6.14 Advantages and disadvantages of the Sale**

Set out below is a statement of the anticipated principal advantages and disadvantages of the Sale.

None of what is said below is intended to be, nor should be taken to constitute, financial product advice or either a general or specific nature. Neither Vertua nor its directors is qualified to give any such advice nor is any of them the holder of an appropriate Australian Financial Services (AFS) licence that permits them to give any such advice. Shareholders should consider taking their own legal, taxation and financial advice on the proposal.

#### *Advantages*

The Board believes that the Sale will be advantageous to Vertua and will provide the Company with the following principal benefits:

- the Sale will see a healthy capital profit realised from the Group's efforts while owning and in control of the HPM business, with the rate of increase in both the growth of income and capital gains in and from the HPM business likely to reduce, significant improvements having already been generated;
- accumulated tax losses will likely become available for offset against other businesses within the Group;
- Group expenses will be substantially reduced, leaving the profits of the Group requiring less capital per dollar of profit generated to produce.

#### *Disadvantages*

The following may be considered to be potential disadvantages of the Sale:

- cash-flow for the Group business will be reduced;

- Investments is anticipated to be required to undertake not to carry on any competing business in Australia for a period of 3 years after completion of the Sale; and
- the regularity of the HPM cash flow has operated as an offset to the irregularity of cash flow arising from the Group's property development business, leaving profit generation more volatile.

Your Board has carefully weighed the advantages and the disadvantages of the Sale, and are strongly of the belief that the advantages of the Sale outweigh its disadvantages.

### 6.15 Risks

Below is a statement of specific risks if the Sale does and does not proceed.

#### *Specific risks if Sale proceeds*

There is a theoretical risk that the purchaser may not pay the outstanding \$250,000 purchase price by monthly instalments. This risk is considered remote.

The sale is otherwise to proceed on market appropriate commercial terms and conditions customary for a transaction of this nature. Customary warranties have been given, which are qualified by due diligence disclosures. No claim may be made under the warranties beyond 12 months completion of the Sale. The maximum aggregate liability under the Share Sale Agreement is capped at the purchase price.

#### *Risks if Sale does not proceed*

If the Sale were not to proceed, Investments will have incurred transaction costs unable to be recouped from sale proceeds. No break fee is payable

### 6.16 Timetable

The Sale, and its approval, should negotiations be concluded and the Sale complete, are likely to proceed as follows:

<b>Event</b>	<b>Date (2018)</b>
AGM proxies close	15 August 2018
AGM held	17 August 2018
Financial close and completion of Sale	30 September 2018

### 6.17 Directors' interests

No director has any interest in the outcome of the resolution that he does not have in common with Shareholders as a class.

### 6.18 Requisite majority

Resolution 5 must be passed as an ordinary resolution. That is, the resolution needs only to be passed by more than 50% of all votes cast by Shareholders present and

voting, and being entitled to do so, on this resolution. All Shareholders may vote on the resolution.

**6.19 Recommendation**

Your directors unanimously recommend that you vote in favour of this resolution.

**6.20 Voting exclusion statement**

All Shareholders may vote on this resolution.

## GLOSSARY

In this Explanatory Statement the following terms have the meaning set out below:

<b>ACN</b>	Australian Company Number.
<b>AEST</b>	Australian Eastern Standard Time.
<b>Alimfresh</b>	Francis George Pace and Dianna Pace in their capacities as trustees of the Alimfresh No. 2 Superannuation Fund ABN 61 212 170 926.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited
<b>Company</b>	Vertua Limited ACN 108 076 295 of Level 5, 97 Pacific Highway, North Sydney, New South Wales 2060.
<b>Defender Shareholders</b>	All shareholders in Defender Asset Management Pty Ltd ACN 608 281 189 immediately prior to the Company's acquisition of all their shares.
<b>Directors</b>	The directors of the Company as at the date of the Notice and Explanatory Statement.
<b>Entitlement Time</b>	7:00 pm (AEST) on 15 August 2018.
<b>Explanatory Statement</b>	The Explanatory Statement accompanying the Notice.
<b>FPG Bondi</b>	All unitholders in the FPG Bondi Unit Trust ABN 96 873 947 893 immediately prior to the Company's acquisition of all their units.
<b>Group</b>	The Company and its controlled entities.
<b>HPM</b>	Horizon Print Management Pty Limited ACN 158 922 242 of Level 5, 97 Pacific Highway, North Sydney, New South Wales 2060.
<b>Investments</b>	Vertua Investments Ltd ACN 101 816 353
<b>Listing Rules</b>	The official listing rules of NSX and any other rules of NSX which are applicable while the Company is admitted to the official list of NSX, each as amended or replaced from time to time, except to the extent of any express written waiver by NSX.
<b>Meeting</b>	The Annual General Meeting of the Company convened to be held on 17 August 2018 at 10.00 am (AEST) at the Company's offices, Level 5, 97 Pacific Highway, North Sydney, New South Wales 2060.
<b>Notice</b>	The notice convening the 2018 Annual General Meeting of Shareholders of the Company.
<b>NSX</b>	National Stock Exchange of Australia Limited ACN 000 902 063 and the financial market of which it operates of Level 3, 1 Bligh Street, Sydney, New South Wales 2000.
<b>Remuneration Report</b>	The remuneration report of the Company, included in the Directors' Report for the financial year ended 31 March 2018.
<b>Resolutions</b>	The resolutions the subject of the Notice.
<b>Sale</b>	A sale of all of the shares on issue in HPM by Investments, each a wholly-owned subsidiary of the Company.
<b>Share</b>	A fully paid class A share in the capital of the Company.

<b>Shareholder(s)</b>	A person or company registered in the register of members of the Company as the holder of one or more Shares as at the Entitlement Time.
<b>Spill Resolution</b>	The resolution required by the <i>Corporations Act 2001</i> to be put to Shareholders at the 2019 Annual General Meeting of the Company proposing the calling of a Spill Meeting to consider the appointment of Directors of the Company.
<b>Spill Meeting</b>	The general meeting of Shareholders required to be convened by the Company within 90 days of the Company's 2019 Annual General Meeting pursuant to the <i>Corporations Act 2001</i> following the approval of a Spill Resolution by more than 50% of Shareholders.
<b>Vertua</b>	The Company.