



HFA Holdings Limited

# Notice of 2012 Annual General Meeting and Explanatory Memorandum



11am on Wednesday, 17 October 2012  
Hilton Hotel  
Room 1, Level 1  
488 George Street  
Sydney NSW 2000

This Notice of Meeting should be read in its entirety. 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 of Meeting please do not hesitate to contact the Company Secretary on +61 7 3218 6200.

# Notice of Annual General Meeting

Notice is given that the 2012 Annual General Meeting of HFA Holdings Limited ABN 47 101 585 737 (**Company**) will be held at:

Time: 11.00am (Sydney time)  
Date: Wednesday, 17 October 2012  
Venue: Hilton Hotel  
Room 1, Level 1  
488 George Street  
Sydney NSW 2000

## Business of the Meeting

### General business

#### 1. Financial and other reports

To receive and consider the financial report of the Company and the reports of the Directors and Auditor, for the financial year ended 30 June 2012.

#### 2. Remuneration Report (Non-binding advisory vote)

##### **Resolution 1**

*That the Remuneration Report be adopted.*

The Remuneration Report for the financial year ended 30 June 2012 appears on pages 31 to 39, inclusive, of the Directors' Report. The resolution is a non-binding advisory resolution as an Ordinary Resolution in accordance with section 250R of the Corporations Act 2001 (Cth)

Note: Votes must not be cast on this resolution by Key Management Personnel and closely related parties in contravention of section 250R or 250BD of the Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.

#### 3. Election of Directors

To consider, and if thought fit, to pass the following resolutions as ordinary resolutions:

##### **Resolution 2**

*That Mr Spencer Young who retires by rotation in accordance with clause 8.1(d) of the constitution of the Company and, being eligible, offers himself for re-election, be re-elected as a director of the Company.*

##### **Resolution 3**

*That Mr FP (Andy) Esteban who retires by rotation in accordance with clause 8.1(d) of the constitution of the Company and, being eligible, offers himself for re-election, be re-elected as a director of the Company.*

##### **Resolution 4**

*That having been nominated by the directors in accordance with clause 8.1(k)(2) of the constitution, Mr Andrew Bluhm to be elected as a director of the Company.*

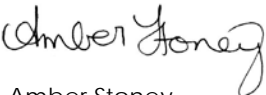
## Explanatory Memorandum

Accompanying this notice is an Explanatory Memorandum that provides shareholders with background information and further details on the resolutions to be considered at the meeting. The information provided is intended to assist shareholders in understanding the reasons for, and effect of, the resolutions. Terms defined in the Explanatory Memorandum and used in this Notice of Meeting bear the same meaning as in the Explanatory Memorandum.

A Proxy Form accompanies this Notice of Meeting.

**By order of the Board**

**14 September 2012**



Amber Stoney  
**Company Secretary**

## Voting exclusion statement

### Voting restrictions

Resolution 1 - The Company will disregard votes cast by a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a closely related party of such a member, in contravention of section 250R or 250BD of the Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.

However, the Company need not disregard a vote if:

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

## Explanatory Memorandum

This Explanatory Memorandum provides shareholders with important information regarding the resolutions to be considered at the meeting. The information provided is intended to assist shareholders in understanding the reasons for, and effect of, the resolutions. If you are in any doubt as to how to act, you should consult your financial or legal adviser as soon as possible.

### Item 1 - Financial and other reports

As required by section 317 of the Corporations Act 2001 (Cth), the following reports for the financial year ended 30 June 2012 will be laid before the Annual General Meeting:

- the Financial Report;
- the Directors' Report; and
- the Auditor's Report.

There is no requirement either in the Corporations Act 2001 (Cth) or the Constitution for the shareholders to vote to approve the Financial Report, the Directors' Report (other than a non-binding vote on the Remuneration Report) or the Auditor's Report. However, shareholders will be given the opportunity to ask questions about the reports.

The Company's auditor will be available at the meeting to answer any questions in relation to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

### Item 2 - Remuneration report (non-binding advisory vote)

Section 250R of the Corporations Act 2001 (Cth) requires that the Company's shareholders vote on whether or not the Company's Remuneration Report should be adopted. This vote is advisory only and the outcome will not be binding on the directors or the Company. However, the directors will take into account the discussion on this resolution when considering the remuneration arrangements of the Company.

Under changes to the Corporations Act 2001 (Cth) which came into effect on 1 July 2011, if at least 25% of the votes cast on the resolution are voted against adoption of the Remuneration Report at the meeting and then again at the 2013 Annual General Meeting, the Company will be required to put to shareholders a resolution at the 2013 Annual General Meeting proposing the calling of an extraordinary general meeting to consider the election of directors of the Company ("spill resolution").

If more than 50% of shareholders vote in favour of the spill resolution, the Company must convene the extraordinary general meeting ("spill meeting") within 90 days of the 2013 Annual General Meeting. All of the Directors who were in office when the 2013 Remuneration Report was considered at the 2013 Annual General Meeting, other than the CEO, will cease to hold office immediately before the need 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.

Prior to holding the advisory vote on the Remuneration Report, the Chairman will allow a reasonable opportunity for shareholders to ask questions about or make comments on the Remuneration Report.

The Remuneration Report is set out on pages 31 to 39, inclusive, of the Directors' Report as contained in the Company's Annual Report for the financial year ended 30 June 2012. The Annual Report has been provided to shareholders and is also available from the Company's website (<http://www.hfaholdings.com.au>).

The Remuneration Report:

- includes a discussion of the Board's policies behind, and the structure of, the remuneration arrangements of the Company and the link between the remuneration of employees and the Company's performance; and
- sets out the remuneration arrangements in place for each director and for key members of the senior management team.

### Board recommendation

As the resolution relates to matters including the remuneration of the Directors, the Board, as a matter of corporate governance and in accordance with the spirit of section 250R(4) of the Corporations Act, make no recommendation regarding this resolution.

### Item 3 – Election of directors

The Board selects directors for their knowledge, experience in industries in which the Company operates and their individual contribution to the Board's ability to function efficiently, effectively and with integrity.

Each of Mr Spencer Young, Mr FP (Andy) Esteban and Mr John Larum are retiring at this Annual General Meeting in accordance with rule 8.1(d) of the Company's constitution which provides that at the Annual General Meeting of the Company, depending on the circumstances, one third, or at least 3, of the directors must retire from office.

Mr Young and Mr Esteban offer themselves for election at the Annual General Meeting as directors of the Company. Biographies are set out below.

The Board announces that Mr John Larum has retired as a non-executive director and has not offered himself for re-election as a director of the Company. Mr Larum has confirmed that there is no matter relating to his retirement that needs to be brought to the attention of the shareholders. The Board would like to express its appreciation towards Mr Larum for his contributions to the Company.

In accordance with clause 8.1(k)(2) of the constitution, the Board nominates Mr Andrew Bluhm for election as a director of the Company. Mr Bluhm's relationship with the Company and a biography is set out below.

#### **Mr Spencer Young (Chairperson and non-executive director)**

*BSc. Accounting*

*Appointed director 15 May 2003*

Spencer founded HFA Asset Management in 1998 which later listed on the ASX in April 2006 via an IPO of HFA Holdings Limited. He has over 29 years of investment and management experience including relationships with a network of international alternative investment managers. Spencer holds a B.Eng (U.Qld) and an MBA from the Harvard Business School. Through his executive career he has held several senior investment positions including executive director of Rothschild Australia Private Equity and Lend Lease Corporation's senior executive in the USA for venture capital and private equity investments. On 10 November 2011 Spencer resigned as Chief Executive Officer of HFA Holdings Limited. He continues on the board as non-executive Chair.

#### **Mr FP (Andy) Esteban (Independent non-executive director)**

*Appointed director 18 June 2008*

*Chair of the Audit and Risk Committee*

Andy holds a Bachelor of Business majoring in Accounting, is a CPA and a Member of the Australian Institute of Company Directors. He has over 32 years experience in the financial services industry, of which 21 years were with Perpetual Trustees Australia Ltd. In 1999 he established FP Esteban and Associates, a private business specialising in implementing and monitoring risk management and compliance frameworks in the financial services industry. He has provided consulting services to a number of domestic and global organisations in Australia and South East Asia. From July 2005 until June 2008 he was an independent director of Credit Suisse Asset Management (Australia) Ltd. He is currently the Chair of the board of Certitude Global investments Limited, a wholly-owned subsidiary of HFA Holdings Limited.

#### **Mr Andrew Bluhm**

*Nominated by the directors*

Andrew is the founder and principal of Chicago-based Delaware Street Capital LLC ("DSC") which invests in a wide array of companies and industries seeking to identify and acquire undervalued securities and sell-short overvalued securities. Prior to forming DSC, he was a founder and Principal of WSC, and prior thereto worked as a Vice President at JMB and as an Associate at Goldman Sachs. Mr. Bluhm has a B.S. magna cum laude from the Wharton School at the University of Pennsylvania and an M.B.A. from Harvard Business School.

Delaware Street Capital LLC is the manager of Delaware Street Capital Master Fund LP, which holds 26,054,100 shares in the Company, representing 21.94% of issued ordinary shares.

#### **Board recommendation**

The Board, with the relevant director abstaining, considers that it is in the best interests of shareholders that each of the above mentioned directors remain on the Board of the Company and in the case of Mr Bluhm, joins the Board of the Company, and recommends that shareholders **vote in favour** of each resolution.

## Voting information

1. The required quorum for the meeting is at least five members present in person or by proxy, attorney or representative.
2. Ordinary Resolutions will be passed if a majority of the votes that are cast by members entitled to vote on the resolution are voted in favour of the resolution.
3. Special Resolutions will be passed if 75% of the votes cast by members entitled to vote on the resolution are voted in favour of the resolution.
4. Voting will be decided on a show of hands unless a poll is demanded by the chairperson or members entitled to do so before the show of hands is taken, or before or immediately after the declaration of the result on a show of hands.
5. On a show of hands, every member present in person or by proxy, attorney or representative shall have one vote.
6. On a poll, each member present in person or by proxy, attorney or representative shall have one vote for each share held by that member and in respect of which that member is entitled to vote.
7. If shares are jointly held and more than one of the joint holders votes, only the vote of the holder whose name appears first in the register of members will be counted.
8. For more information on voting see clause 7.8 of the Company's constitution.

### Individuals

If you plan to attend the meeting, we ask that you arrive at the venue at least 30 minutes prior to the time designated for the meeting so that we may check the number of your shares and note your attendance.

### Voting by Proxy or Attorney

1. A Proxy Form accompanies the Notice of Meeting and Explanatory Note.
2. A member is entitled to appoint a proxy, attorney or representative (who need not be a shareholder in the Company) to vote on his or her behalf at the meeting. A member may appoint no more than two proxies or attorneys. Each proxy or attorney must be appointed to represent a specified proportion of the member's voting rights. If no proportion is specified, each proxy or attorney is entitled to exercise half the member's votes. Where a member appoints two proxies or attorneys, neither will be entitled to vote on a show of hands if more than one proxy or attorney attends, and each may only exercise the voting rights the proxy or attorney represents on a poll.
3. An instrument appointing a proxy shall be in writing under the hand of the appointer or of his or her duly appointed attorney. A Proxy Form is enclosed with this Notice of Meeting. Proxy voting instructions are outlined on the back of the Proxy Form.
4. Voting by Proxy in regard to the Remuneration Report: If a member has nominated the Chairman of the Meeting as his or her proxy and has failed to direct their vote in regard to the Remuneration Report resolution, the Chairman will cast their vote **in favour** of the adoption of the Remuneration Report. If the member wishes to vote against or abstain from voting on this resolution, the member **must** clearly mark either the 'against' or 'abstain' box on the proxy form.
5. To be valid, the Proxy Form or attorney and the authority pursuant to which the instrument is signed must be received by no later than 11.00am (Sydney time) on Monday 15 October 2012 at:

#### **By Post**

HFA Holdings Limited  
C/- Link Market Services Limited  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

#### **By Facsimile**

Attention: Link Market Services Limited (HFA Holdings Limited Annual General Meeting)  
Facsimile No: +61 2 9287 0309

#### **By Hand**

Delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000

#### **Enquiries**

Link Market Services Limited: Telephone: 1300 55 44 71 or Overseas: +61 2 8280 7454

6. Alternatively, members may lodge their proxy online by visiting the Company's share registry's website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au), going to the online voting page and following the prompts and instructions on the website. To use the online lodgements facility, members will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form.
7. For more information on appointing a proxy or attorney see clause 7.9 of the Company's constitution.

### **Voting by corporations**

In order to vote at the meeting (other than by proxy), a corporation that is a shareholder must appoint a person to act as its representative. The appointment must comply with the Corporations Act 2001 (Cth). A letter of representation must be either lodged with the registrar prior to the commencement of the meeting or the representative must bring to the meeting evidence of his or her appointment including any authority under which it is signed.

### **Entitlement to vote**

The Board has determined that a shareholder's voting entitlement at the Annual General Meeting will be taken to be the entitlement of the person shown in the register of members as at 7.00pm (Sydney time) on Monday 15 October 2012. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitlement to attend and vote at the Annual General Meeting.

### **Voting restrictions**

Resolution 1 - The Company will disregard votes cast by a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a closely related party of such a member, in contravention of section 250R or 250BD of the Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.

However, the Company need not disregard a vote if:

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

Further details regarding proxy voting are set out in the proxy form accompanying this Notice of Meeting.

