



17 October 2014

## Notice of Meeting and updated additional information required by ASX Listing Rules in Annual Report

The Company's Annual General Meeting will be held on Thursday, 20 November 2014 at 11:00am at the InterContinental Sydney, Albert Room, Level 2, 117 Macquarie Street, Sydney, NSW, 2000. The Notice of Meeting and example Proxy Form are attached.

The Company also attaches updated shareholder information, as at 16 October 2014, required by the ASX Listing Rules to be contained within the Annual Report. For shareholders who have elected to receive a hard copy the Annual Report, this updated shareholder information will also be provided in hard copy. For shareholders who have elected to receive a soft copy of the Annual Report, the updated shareholder information will also be available on the Company's website [www.hfaholdings.com.au](http://www.hfaholdings.com.au).

Amber Stoney  
Chief Financial Officer & Company Secretary  
07 3218 6200



HFA Holdings Limited



## Notice of Annual General Meeting

The 2014 Annual General Meeting of HFA Holdings Limited ABN 47 101 585 737 (Company) will be held at:

Time: 11.00am (Sydney time)

Date: Thursday, 20 November 2014

Venue: InterContinental Sydney, Albert Room, Level 2, 117 Macquarie Street, Sydney, NSW, 2000





# Notice of 2014 Annual General Meeting

HFA Holdings Limited (ABN 47 101 585 737) (the 'Company') hereby gives notice that the Annual General Meeting ('AGM') will be held at 11.00am on Wednesday, 20 November 2014 at InterContinental Sydney, Albert Room, Level 2, 117 Macquarie Street, Sydney, NSW, 2000.

## Items of Business

### A. Financial and other reports

To receive the Financial Report, Directors' Report and Auditor's Report for the Company and its controlled entities for the financial year ended 30 June 2014.

*There is no vote on this item.*

### B. Remuneration Report

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

1. 'That the Company's Remuneration Report for the financial year ended 30 June 2014 be adopted.'

*This resolution is advisory only and does not bind the Company or the Directors. See Item B of the accompanying Explanatory Notes for information about the adoption of the Remuneration Report.*

### C. Election of Directors

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

2. 'That Mr Sean McGould, being eligible, be re-elected as a Director.'
3. 'That Mr Andy Bluhm, being eligible, be re-elected as a Director.'
4. 'Mr Randall Yanker, being eligible, be elected as a Director.'

*See Item C of the accompanying Explanatory Notes for information about the election of Directors.*

### D. Increase the maximum aggregate remuneration of Non-executive Directors

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

5. 'That, for the purposes of ASX Listing Rule 10.17, Rule 8.3(a) of the constitution of the Company and for all other purposes, the maximum aggregate remuneration that may be paid by the Company as remuneration for the services of the Company's Non-executive Directors be changed from AUD750,000 to USD750,000 per financial year.'

*See Item D of the accompanying Explanatory Notes for information about the proposed change in the maximum aggregate remuneration of Non-executive Directors.*

### E. Renewal of Proportional Takeover Provisions

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

6. 'That the proportional takeover provisions under Rule 6 of the Company's Constitution be renewed for a period of 3 years from the date of this meeting.'

*See Item E of the accompanying Explanatory Notes for information about the renewal of the proportional takeover provisions.*

### F. Board Spill Meeting (contingent resolution)

*Note – the following Resolution will only be put to the meeting if at least 25% of votes cast on Resolution 1 (to adopt the Remuneration Report) are 'against' that Resolution. If less than 25% of the votes cast on Resolution 1 are against that Resolution, there will be no second strike and Resolution 7 will not be put to the meeting.*

If put, the meeting is to consider the following as an ordinary resolution:

7. 'That, as required by Division 9 of Part 2G.2 of the Corporations Act 2001 (Cth):
  - a) a meeting of shareholders of the Company ('Spill Meeting') will be held within 90 days of the passing of this resolution; and
  - b) all of the Directors in office when the Board resolution to approve the Directors' Report for the financial year ended 30 June 2014 was passed, other than a managing director of the company who may, in accordance with ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office, cease to hold office immediately before the end of the Spill Meeting; and
  - c) resolutions to appoint persons to the offices that will be vacated immediately before the end of the Spill Meeting by put to the vote of shareholders at the Spill Meeting.'

*Please note that, if this Resolution is put to the meeting, voting exclusions will apply. See Item F of the accompanying Explanatory Notes for information about the Spill Resolution.*

By order of the Board

Amber Stoney  
Company Secretary  
17 October 2014

# Important voting information

## ELIGIBILITY TO ATTEND AND VOTE

You will be eligible to attend and vote at the meeting if you are registered as a holder of ordinary shares in the Company at 7.00pm (Sydney time) on Tuesday 18 November 2014.

## HOW TO VOTE

### Voting

The required quorum for the meeting is at least five members present in person or by proxy, attorney or representative.

Voting will be decided on a show of hands unless a poll is demanded by the Chairman 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.

- On a show of hands, every member present in person or by proxy, attorney or representative shall have one vote.
- 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.

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.

### Voting in person

Shareholders who plan to attend the meeting are asked to arrive at the venue by 10.45am so that their holding may be checked against the Company's share register and attendance recorded.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring your Proxy Form, you will still be able to attend the meeting but representatives from Link Market Services will need to verify your identity.

### Voting by proxy

You can appoint a proxy to attend and vote on your behalf as an alternative to attending the meeting in person. A Proxy Form accompanies this Notice of Meeting. Proxy voting instructions are outlined on the back of the Proxy Form.

A proxy need not be a shareholder in the Company. You may appoint no more than two proxies or attorneys. Each proxy or attorney must be appointed to represent a specified proportion of your 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.

If you appoint a proxy, you may still attend the meeting. However, your proxy's rights to speak and vote are suspended while you are present.

## Sending your Proxy Form

Your completed Proxy Form must be received by **no later than 11.00am (Sydney time) on Tuesday 18 November 2014**, being 48 hours before the commencement of the meeting. An original or certified copy of any power of attorney under which the form was signed must also be received by this time unless previously provided to Link Market Services.

You can lodge your Proxy Form:

- **Online** at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) by following the instructions. To lodge your vote online you will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form.
- **By completing the enclosed Proxy Form** and:
  - Mailing it to Link Market Services using the reply paid envelope
  - Posting it to Locked Bag A14 Sydney South, NSW, 1235
  - Faxing it to +61 (2) 9287 0309
  - Hand delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000

## Corporate shareholders

Corporate shareholders who wish to appoint a representative to attend the meeting on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the corporate shareholder's representative. The authorisation may be effective either for this meeting only or for all meetings of the Company. Shareholders can download and fill out the 'Appointment of Corporate Representation' form from the Link Market Services website at :

[www.linkmarketservices.com.au/corporate/InvestorServices/Forms.html](http://www.linkmarketservices.com.au/corporate/InvestorServices/Forms.html)

## VOTING EXCLUSIONS

### Resolution 1 (Remuneration Report)

The Company will disregard any votes cast on Resolution 1:

- by or on behalf of a member of the Key Management Personnel (KMP) whose remuneration is disclosed in the Remuneration Report and their closely related parties (such as close family members and any companies the person controls); and
- as a proxy by a member of the KMP and any of their closely related parties,

unless the vote is cast as a proxy for a person entitled to vote on Resolution 1 in accordance with a direction on the Proxy Form or by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy.

### Resolution 5 (Increase the maximum aggregate remuneration of Non-executive Directors)

The Company will disregard any votes cast on Resolution 5:

- in any capacity by a Director and any of their associates; and
- as a proxy by a member of the KMP and any of their closely related parties,

unless the vote is cast as a proxy for a person entitled to vote on Resolution 5 in accordance with a direction on the Proxy Form or by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy.

### Resolution 7 (Board Spill Meeting)

The Company will disregard any votes cast on Resolution 7 (if considered):

- by or on behalf of a member of the Key Management Personnel (KMP) whose remuneration is disclosed in the Remuneration Report and their closely related parties (such as close family members and any companies the person controls); and
- as a proxy by a member of the KMP and any of their closely related parties,

unless the vote is cast as a proxy for a person entitled to vote on Resolution 7 in accordance with a direction on the Proxy Form or by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy.

## QUESTIONS FROM SHAREHOLDERS

In addition to asking questions at the meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about the content of the auditor's report and the conduct of the audit, may be submitted no later than Thursday, 13 November 2014 to:

The Chairman  
C/- Company Secretary  
HFA Holdings Limited  
GPO Box 1616  
Brisbane QLD 4001  
Email: [contact@hfaholdings.com.au](mailto:contact@hfaholdings.com.au)

**Explanatory Notes accompany and form part of the Notice of Meeting. Shareholders should read this document in full.**

## Item A - Financial and other reports

This item provides shareholders with an opportunity to ask questions concerning the Company's Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2014 (all of which are contained in the Company's 2014 Annual Report), and the Company's performance generally.

Shareholders can access a copy of the 2014 Annual Report on the Company's website at [www.hfaholdings.com.au/investor-centre/annual-reports](http://www.hfaholdings.com.au/investor-centre/annual-reports). A printed copy of the 2014 Annual Report has been sent only to those shareholders who have elected to receive a printed copy.

There is no requirement for shareholders to approve the reports. However, the Chairman will provide shareholders with a reasonable opportunity to ask questions about, or make comments on, the reports and the Company's operations, management and financial performance.

The Auditor will be present, and shareholders will also be given a reasonable opportunity to ask the auditor questions about:

- 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.

The Auditor will also respond to any written questions that are relevant to the content of the Independent Auditor's Report for the content of the audit, provided these are submitted to the Company no later than five business days prior to the Meeting.

## Item B – Remuneration Report

The Remuneration Report, as contained in the Company's 2014 Annual Report, has been submitted to shareholders for consideration and adoption (by way of advisory resolution). Shareholders will be given an opportunity at the AGM to ask questions about, or comment on, the Remuneration Report.

The vote on the Remuneration Report is advisory only and does not bind the Company or Directors. However, the Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the AGM when reviewing the Company's remuneration policies.

The Remuneration Report provides information on the following matters:

- the principles adopted by the Board for determining the nature and amount of remuneration of Directors and Senior Executives (including KMP, as defined in the Remuneration Report);
- remuneration details for Directors and Senior Executives.

The Board believes the Company's remuneration policy, structures and frameworks, as outlined in the Remuneration Report, are appropriate relative to the size of the Company, its business objectives and industry practice.

If at least 25% of the votes cast on the adoption of the Remuneration Report at two consecutive annual general meetings are against adopting the Remuneration Report, and a resolution was not put to the vote at the first of those consecutive annual general meetings under a prior application of the two strikes rule, then Shareholders will have to opportunity to vote on a "spill resolution".

At HFA's 2013 AGM, the Company received votes against its Remuneration Report representing greater than 25% of the votes cast by persons entitled to vote. The final results of the poll for that resolution, as announced to the ASX after the adjournment of the 2013 AGM, was that 45.8% of eligible votes were against adopting the Remuneration Report. It is noted that of total votes cast at the 2013 AGM on this resolution, approximately 81% of the votes were excluded under the voting restrictions relating to KMP, or the shareholder otherwise chose to abstain from voting on the resolution.

Whilst the Company did not receive any specific reasons from those shareholders who voted against the Remuneration Report, discussions by senior management with institutional shareholders throughout the 2014 financial year noted that the perception is that the short-term remuneration paid by the Group appears high relative to other Australian companies.

The majority of the Group's AUMA, and currently all of the profits of the Group, are generated by the Lighthouse Group which operates predominately in the United States. As such, the Board is conscious that any assessment of remuneration needs to take into consideration remuneration levels and practices applicable to staff of United States hedge fund managers and other relevant peers, rather than remuneration levels and practices which apply in the Australian funds management industry.

The Board has conducted a detailed review of the bonus pool arrangements in place for the Lighthouse Group (which makes up over 90% of the total bonus pool amount). Benchmarking was conducted against publicly available information for peer companies in the United States, which demonstrated that the quantum of bonus arrangements as a ratio of entity revenue is in line with relevant peers. Overall, the Board has satisfied itself that these bonus arrangements are appropriate if the Lighthouse business is to continue to retain and motivate qualified and experienced professionals in the competitive United States hedge fund industry.

The Lighthouse bonus arrangements have been refined so that a separate performance fee pool is allocated for portfolio managers, calculated as 50% of performance fee revenue earned by Lighthouse. The Board believes that this arrangement is consistent with hedge fund industry practice in the United States, and provides appropriate alignment of interests to motivate the performance of portfolio managers to generate performance fee revenue for the Group.

In the event that more than 25% of the votes cast are against Resolution 1 and the adoption of the Remuneration Report, Resolution 7, the spill resolution, will be put to the Meeting. Further information about the spill resolution is contained below in Item F of the Explanatory Notes.

### **Board recommendation**

*Resolution 1 deals with remuneration of KMP, and in light of voting exclusions relating to KMP required by the Corporations Act, the Board does not make a recommendation about how shareholders should vote on this resolution.*

## Item C – Election of Directors

The Board's policy is to maintain a Board with a mix of skills, experience and diversity of backgrounds suitable for the Company's current and anticipated future circumstances.

Mr Sean McGould and Mr Andy Bluhm will retire by rotation in accordance with Rule 8.1(d) of the Constitution and offer themselves for re-election at this meeting.

Mr Randall Yanker was appointed a Non-executive Director of the Company on 14 October 2014. In accordance with Rule 8.1(c) of the Company's Constitution, Mr Yanker holds office as a Director until the conclusion of the 2014 AGM and offers himself for election at this meeting.

The experience, qualifications and other details about the candidates for election to the office of Director are set out below.

### **Resolution 2 - Re-election of Mr Sean McGould**

*Executive Director  
Appointed 3 January 2008*

Mr McGould co-founded Lighthouse and has served as President and Co-Chief Investment Officer since inception. He supports the investment team in the manager search, selection and review process and is the Chairman of the Investment Committee. Mr McGould joined Asset Management Advisors ("AMA"), a multi-family office as Chief Investment Officer in August 1996. Lighthouse was formally spun out of AMA in 1999. For over 20 years, he has been investing in various alternative investment strategies. Prior to founding Lighthouse, Mr McGould was the Director of the Outside Trader Investment Program at Trout Trading Management Company and was responsible for the allocation of the fund's assets to external alternative asset strategies. Prior to Trout, he worked for Price Waterhouse and passed the Certified Public Accountant examination.

Mr McGould is the Chief Executive of the Company's US-based business unit, Lighthouse Investment Partners.

### **Board recommendation**

*The Board (other than Mr McGould whose re-election is the subject of the Resolution 2) is of the view that the Company has benefited and will continue to benefit from the skills, knowledge and experience of Mr McGould and recommends that shareholders vote in favour of Resolution 2.*

### **Resolution 3 - Re-election of Mr Andy Bluhm**

*Independent Non-executive Director  
Appointed 17 October 2012*

Mr Bluhm is the founder and principal of Chicago-based DSC Advisors, LP (DSC), which invests in a wide array of companies and industries seeking to identify and acquire undervalued securities and sell-short overvalued securities. DSC is the investment manager of Delaware Street Capital Master Fund LP. Delaware Street Capital Master Fund LP holds a substantial shareholding of 16.1% of the Company's ordinary shares on issue.

Prior to forming DSC, Mr Bluhm 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 is a member of the Audit and Risk Committee.

### **Board recommendation**

*The Board (other than Mr Bluhm whose re-election is the subject of the Resolution 3) is of the view that the Company has benefited and will continue to benefit from the skills, knowledge and experience of Mr Bluhm and recommends that shareholders vote in favour of Resolution 3.*

### **Resolution 4 - Election of Mr Randall Yanker**

*Independent Non-executive Director  
Appointed 14 October 2014*

Mr Yanker has extensive experience in the investment management industry, and in particular hedge funds. He co-founded Alternative Asset managers, L.P. ('AAM') in 2004, which is a private investment firm with primary focus on making strategic investments in the asset management sector. Prior to AAM, Mr Yanker was responsible for establishing multi-billion dollar global alternative investment and hedge fund platforms as CEO of Lehman Brothers Alternative Investment Management, and before that as a Managing Director of Swiss Bank Corp. He is a graduate of Harvard College (1983) with a degree in Economics. He serves on the board and is a Trustee of The New School University, a Trustee of SEI Advisors' Inner Circle Fund III, and Advisory Board of HF2 Financial Management.

### **Board recommendation**

*The Board (other than Mr Yanker whose election is the subject of the Resolution 4) is of the view that the Company will benefit from the skills, knowledge and experience of Mr Yanker and recommends that shareholders vote in favour of Resolution 4.*



## Item D – Increase the maximum aggregate remuneration of Non-executive Directors

In accordance with ASX Listing Rule 10.17 and Rule 8.3(a) of the Company's Constitution, Resolution 5 proposes a change to the maximum aggregate amount of fees or remuneration that can be paid to Non-Executive Directors (NED Fee Pool) each year from AUD750,000 per annum to USD750,000 per annum. Based on current AUD:USD exchange rates, this represents an effective increase of approximately 12%, or AUD104,000.

The current NED Fee Pool of AUD750,000 was approved by shareholders at the 2007 Annual General Meeting.

Details of fees paid to Non-executive Directors for the year ended 30 June 2014 are contained in the Remuneration Report, and were in aggregate USD326,161 or 43.5% of the proposed NED Fee Pool.

It approved by shareholders, the change to the NED Fee Pool will take effect on 1 December 2014 and will apply pro rata to the financial year ending 30 June 2015. The Company does not intend to fully utilise the proposed NED Fee Pool, if approved, in the near future.

The Board considers the change in the NED Fee Pool to USD750,000 is appropriate as:

- it aligns the denomination currency of the maximum aggregate remuneration amount to the Company's functional and reporting currency (which has been United States dollars since the 2011 financial year); and
- it will continue to provide adequate scope for the Company to be able to offer Non-Executive Directors a competitive level of remuneration, having regard to remuneration paid by peer companies and operating jurisdictions.

### Board recommendation

*Resolution 5 deals with remuneration of KMP, and as such the Board does not make a recommendation about how shareholders should vote on this resolution.*

## Item E – Renewal of Rule 6 of the Constitution - Proportional takeover provisions

On 15 March 2006 the Company's sole shareholder at that time approved the adoption of a new Constitution for the Company. This included Rule 6 which relates to the requirement that shareholder approval be obtained prior to proceeding with any proportional takeovers.

Rule 6.4 of the Constitution requires the Rule to be renewed on the third anniversary of the date of its adoption or of its most recent renewal. Rule 6 was last renewed on 10 November 2011 and, therefore, will cease to have effect if not renewed at this Meeting. Accordingly, it is proposed that Rule 6 be renewed for a period of three years from the date of this meeting.

### ***What is a proportional takeover bid and what are the reasons for proposing the resolution?***

A proportional takeover bid is where the bidder offers to purchase a specified proportion of each shareholder's shares. If a shareholder accepts the offer the shareholder disposes of that specified portion and retains the balance of their shares.

By making a partial bid, a bidder can obtain control of the Company without shareholders having the chance to sell all their shares to the bidder. The bidder may take control of the Company without paying an adequate amount for gaining control. It also leaves shareholders with the balance of their investment as part of a minority holding in the Company.

In order to deal with this possibility, the Company's Constitution provides that if a proportional takeover bid is made for shares in the Company, shareholders must vote on whether to accept or reject the offer and that decision will be binding on all the shareholders. The benefit of the provision is that shareholders are able to decide collectively whether the proportional takeover offer is acceptable and may ensure that any proportional takeover offer is appropriately priced.

### ***Effect of the proportional takeover provisions and the renewal***

If Rule 6 is renewed and a proportional takeover bid is subsequently made for a class of shares in the Company, the Directors will be required to convene a general meeting of shareholders in that class to vote on a resolution to approve the proportional takeover bid. The resolution must be voted on at least 15 days before the offer closes.

Each shareholder who holds securities of the relevant class as at the day on which the first offer under a proportional takeover bid is made is entitled to vote on the resolution relating to the proportional takeover bid. The bidder and any associate of the bidder will be excluded from voting on the resolution to approve the proportional takeover bid.

In order for a proportional takeover bid to be approved, the number of votes cast in favour of the resolution must be greater than 50%. If the resolution is approved, transfers of shares to the bidder will be registered provided they comply with other provisions of the Corporations Act 2001 (Cth) and the Company's Constitution.

If shareholders reject the offer and the resolution is not passed, then the offer will be deemed to be withdrawn, acceptances will be returned and any contracts formed by acceptances will be rescinded.

If no resolution is voted on at least 15 days before the close of the offer then a resolution to approve the bid will be deemed to have been voted on and approved in accordance with Rule 6.3(f) of the Company's Constitution.



In accordance with section 648G of the Corporations Act and Rule 6.4 of the Company's Constitution, if the resolution referred to in item 4 is passed, Rule 6 will expire 3 years from the date of the 2011 Annual General Meeting.

### **Advantages and Disadvantages**

The Directors consider that the renewal of the proportional takeover approval provisions under Rule 6 of the Company's Constitution has no potential advantage or disadvantage for Directors.

#### **Advantages**

The renewal of Rule 6 will ensure that all shareholders will have the opportunity to consider a proportional takeover bid and decide by majority vote whether a proportional takeover bid should be permitted to proceed, and may help shareholders avoid being locked in as a minority. The proportional takeover provisions also serve to increase the bargaining power of shareholders which may ensure that any proportional takeover bid is adequately priced. In addition, shareholders may find that knowing the view of the majority of shareholders helps the individual shareholder assess the likely outcome of the proportional takeover bid and to decide whether to accept or reject that offer.

#### **Disadvantages**

It may be argued that the takeover approval provisions make a proportional takeover more difficult to achieve and therefore proportional takeover bids for shares in the Company may be discouraged. This in turn may reduce the opportunities which shareholders may have to sell some of their shares at a premium.

Whilst the proportional takeover provisions have been in effect, there have been no full or proportional takeover bids for the Company. Therefore, there are no examples against which to review the advantages or disadvantages of the proportional takeover provisions for the Directors and the shareholders during this period. At the date of this Notice, none of the Directors are aware of any proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

Copies of the Constitution are available on request and may be inspected at the Company's registered office during normal office hours prior to the meeting and will be available for inspection at the meeting.

#### **Board recommendation**

*The Board considers that, having regard to the potential advantages and disadvantages the proportional takeover provisions, the renewal of Rule 6 is in the interests of shareholders and recommends that shareholders vote in favour of the Resolution 6.*

### **Item F – Board Spill Meeting**

At the 2013 AGM, more than 25% of the votes cast on the resolution to adopt the 2013 Remuneration Report were voted 'against' the resolution. Accordingly, the Company received a 'first strike' under the executive remuneration provisions of the Corporations Act.

If less than 25% of the votes on Resolution 1 are cast 'against' the adoption of the Remuneration Report at the 2014 AGM, then there will be no 'second strike' and Resolution 7 will not be put to the meeting.

If the votes cast 'against' the 2014 Remuneration Report are again at least 25% of the votes cast, the Company will receive a 'second strike' and Resolution 7 will be put to the meeting.

If Resolution 7 is put to the meeting, it will be an ordinary resolution conducted by way of a poll.

If at the meeting it is uncertain whether more or less than 25% of the votes on Resolution 1 have been cast 'against' the adoption of the Remuneration Report then Resolution 7 may be put to the meeting. In that case, Resolution 7 will only be regarded as a spill resolution for the purposes of section 250V of the Corporations Act and will only be effective if, when the votes are finally counted on Resolution 1:

- A 'second strike' was in fact received on Resolution 1; and
- This Resolution 7 is passed with 50% or more of votes cast in favour.

This means that if a 'second strike' is not received on Resolution 1, no Spill Meeting (as defined below) will be convened even if Resolution 7 was put to the meeting and passed.

If the votes cast 'against' the 2014 Remuneration Report are at least 25% of the votes cast, and Resolution 7 is put to the meeting and passed, then:

- a) An extraordinary general meeting must be convened within 90 days of this AGM ('Spill Meeting');
- b) All of the Directors who were in office at the time the Remuneration Report was approved as part of the Directors' Report for the 30 June 2014 financial year (other than any executive Director who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected) ('Relevant Directors') will vacate their offices immediately before the end of the Spill Meeting; and
- c) At the Spill Meeting, resolutions will be voted on to elect individuals to the vacated offices.

If this resolution is passed and becomes effective, the Relevant Directors will offer themselves for re-election. If, however, these Directors cease to be Directors prior to the Spill Meeting, the meeting need not be held.

No voting exclusions will apply to any resolutions appointing Directors at a Spill Meeting. Accordingly there is no barrier for any shareholder exercising their voting rights to support the re-appointment of the Relevant Directors at the subsequent Spill Meeting. If the Spill Resolution is passed, each of the Relevant Directors intends to stand for re-election at the Spill Meeting and if such Spill Meeting is held, may vote their own shares in support of their re-appointment.

### **Consequences of voting 'for' the Spill Resolution**

The impact of the Spill Resolution on the composition of the Board should be considered carefully by shareholders. If the Spill Resolution is put to the meeting and passes:

- the Company will need to incur additional expenses, which will include legal, printing, mail out, registry costs and venue costs;
- the Spill Meeting is likely to disrupt the Board and the Company's focus away from core business operations due to the necessary diversion of resources and time towards organising the Spill Meeting; and
- there will be uncertainty as to the composition and continuity of the Board until the Spill Meeting is held. Such uncertainty may create instability within the Company and may have a negative effect on the Company's share price, and potentially on its operations.

### **Board recommendation**

*The Board recommends that shareholders vote against Resolution 7 on the basis that it would be extremely disruptive to the Company and in the Board's view, it would be inappropriate to remove the Relevant Directors in the circumstances. However, the Board recognises that shareholders can remove a Director by majority shareholder vote at any time and for any reason.*



**HFA Holdings Limited**  
ABN 47 101 585 737

**LODGE YOUR VOTE**



**ONLINE** >

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



**By mail:**  
HFA Holdings Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



**By fax:** +61 2 9287 0309



**All enquiries to: Telephone:** +61 1300 554 474



**X99999999999**

**PROXY FORM**

I/We being a member(s) of HFA Holdings Limited and entitled to attend and vote hereby appoint:

**STEP 1**

**APPOINT A PROXY**

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

OR if you are **NOT** appointing the Chairman 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.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **11:00am on Thursday, 20 November 2014 at InterContinental Sydney, Albert Room, Level 2, 117 Macquarie Street, Sydney NSW 2000** (the Meeting) and at any postponement or adjournment of the Meeting.

I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than **48 hours** before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

**STEP 2**

**VOTING DIRECTIONS**

	For	Against	Abstain*		For	Against	Abstain*
<b>Resolution 1</b> Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 5</b> Increase the maximum aggregate remuneration of Non-executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> Re-election of Director - Mr Sean McGould	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 6</b> Renewal of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> Re-election of Director - Mr Andy Bluhm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 7</b> Spill Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b> Election of Director - Mr Randall Yanker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

**i** \* 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 votes will not be counted in computing the required majority on a poll.

**STEP 3**

**SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED**

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

**HFA PRX401R**





## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

### Votes on Items of Business - Proxy Appointment

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

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares 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.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

## Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Tuesday, 18 November 2014**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



**ONLINE**  [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



**by mail:**

HFA Holdings Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by fax:**

+61 2 9287 0309



**by hand:**

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.  
This will assist in registering your attendance.**

# Shareholder information

Additional information required by the Australian Securities Exchange Limited Listing Rules is set out below.

## Shareholdings (as at 16 October 2014)

### Substantial Shareholdings (not less than 5%)

The following parties have a substantial relevant interest in ordinary shares of HFA Holdings Limited:

Category	Number of ordinary shares	%
Delaware Street Capital Master Fund, LP	26,101,982	16.10%
Sean McGould, his controlled entities and associates	19,438,084	11.99%
IOOF	15,005,046	9.54%
National Australia Bank Limited and its associated entities	9,089,802	5.61%

### Twenty Largest Shareholders

Name	Number of ordinary shares held	Percentage of capital held
HSBC Custody Nominees (Australia) Limited	34,393,726	21.21%
Citicorp Nominees Pty Limited	24,142,252	14.89%
Merrill Lynch (Australia) Nominees Pty Limited	17,483,873	10.78%
National Nominees Ltd	15,801,313	9.75%
BNP Paribas Noms Pty Ltd	13,484,852	8.32%
J P Morgan Nominees Australia Limited	12,469,196	7.69%
Brispot Nominees Ltd	4,426,173	2.73%
UBS Nominees Pty Ltd	3,900,121	2.41%
HSBC Custody Nominees (Australia) Limited – A/C 3	3,161,985	1.95%
RBC Investor Services Australia Nominees Pty Limited	2,700,000	1.67%
Merrill Lynch (Australia) Nominees Pty Limited	2,199,890	1.36%
AMP Life Limited	2,195,936	1.35%
CS Fourth Nominees Pty Ltd	1,928,942	1.19%
Citicorp Nominees Pty Limited	1,913,402	1.18%
Carrington Land Pty Ltd	1,497,099	0.92%
Mr Shay Shimon Hazan-Shaked	1,300,000	0.80%
Sandhurst Trustees Ltd	1,282,040	0.79%
ABN Amro Clearing Sydney Nominees Pty Ltd	943,717	0.58%
Woodmont Trust Company Ltd	742,719	0.46%
Mr Richard James Williams & Ms Jane Clare Dunlop	365,000	0.23%

## Distribution of shareholdings

Range	Number of holders of ordinary shares	% of holders	Number of ordinary share	% of share
1-1,000	395	26.03%	191,193	0.12%
1,001-5,000	598	39.39%	1,537,173	0.95%
5,001-10,000	198	13.04%	1,495,910	0.92%
10,001-50,000	247	16.27%	5,743,306	3.54%
50,001 – 100,000	31	2.04%	2,109,358	1.30%
100,001 and over	49	3.23%	151,070,957	93.17%
<b>Total</b>	<b>1,518</b>	<b>100.00%</b>	<b>162,147,897</b>	<b>100.00%</b>

The number of shareholders holding less than a marketable parcel of ordinary shares is 151.

### On-Market Buy-Back

There is no current on-market buy-back.

### Unquoted Equity Securities

There are no unquoted equity securities.

### Voting Rights

#### **Ordinary Shares**

The Company has 162,147,897 fully paid ordinary shares on issue.

The fully paid ordinary shareholders of the Company are entitled to vote at any meeting of the members of the Company and their voting rights are:

- on a show of hands – one vote per shareholder; and
- on a poll – one vote per fully paid ordinary shares.