

## NOTICE OF 2018 ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Ironbark Capital Limited (“the Company”) will be held at:

Boardroom Pty Limited, Level 12, Grosvenor Place, 225 George Street, Sydney NSW 2000 at 2:00pm (AEDT) on Tuesday 13 November 2018.

### Chairman’s address

The Chairman will give a brief address to the Meeting.

### Investment Manager Presentation

The Investment Manager will provide an update on the investment portfolio and outlook.

## BUSINESS OF THE MEETING

### 1. Annual Report

To receive, consider and discuss the Annual Financial Report, Directors’ Report and Independent Auditor’s Report for the year ended 30 June 2018.

*(Note: no resolution required to be passed on this item)*

### 2. Adoption of the Remuneration Report for the year ended 30 June 2018

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

“That the Remuneration Report for the year ended 30 June 2018 as set out in the Directors’ Report be adopted”.

*(Note: Pursuant to section 250R(3) of the Corporations Act 2001 (“Corporations Act”) the vote on this resolution is advisory only and does not bind the directors or the Company).*

### 3. Re-election of Mr Michael Cole as Director

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

“That Mr Michael Cole, who retires in accordance with the Company’s Constitution and being eligible offers himself for re-election, be elected as a Director of the Company”.

### 4. Approve on-market buy-back of shares

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

“That for the purposes of section 257C of the Corporations Act and for all other purposes, approval is given for the Company to conduct an on-market buy-back of Shares in the Company in the 12 months period following the approval of this resolution, provided that the number of Shares bought back does not exceed 34,314,663 (representing approximately 25% of the Shares on issue).”

By order of the Board

**Jill Brewster**  
Company Secretary

12 October 2018

## Explanatory Notes – Business of the Meeting

### 1. Receive and consider the financial and other reports

This will provide an opportunity for shareholders of the Company (“Shareholders”) to ask questions and comment on the Directors’ Report, Financial Report and Independent Auditor’s Report. No resolution is required to be passed on this matter.

The Auditors of the company will be available to answer any questions.

### 2. Adoption of the Remuneration Report for the year ended 30 June 2018

The Directors’ Report contains the Remuneration Report. Please refer to the Annual Report for this information.

Pursuant to section 250R(3) of the *Corporations Act 2001* (Cth) (“Corporations Act”) the vote on this resolution is advisory only and does not bind the directors or the Company.

Voting Exclusion: In accordance with Section 250R(4) of the Corporations Act, the Company will disregard any votes cast on this resolution by:

- a) a member of the key management personnel details of whose remuneration are included in the remuneration report; or
- b) a closely related party of such a member,

unless the vote is cast as a proxy for a person who is entitled to vote and:

- c) the proxy form specifies the way the proxy is to vote on the resolution; or
- d) the vote is cast by the Chairman of the Meeting pursuant to an undirected proxy that expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

### 3. Re-election of Mr Michael Cole as Director

Michael Cole B Ec, M Ec (Syd), F Fin

Mr Cole was last re-elected by shareholders at the 2015 AGM and is therefore required to seek re-election in accordance with the Company’s Constitution at this 2018 AGM. His details are as follows:

Mr Cole is Chairman and has been an Independent Non-Executive Director of Ironbark Capital Limited since 2002. He has over 40 years of experience in the investment banking and the funds management industry and served as an Executive Director and Executive Vice President at Bankers Trust Australia Limited for over 10 years. Mr Cole is currently the Chairman of Platinum Asset Management Limited and was formerly the Chairman of IMB Limited and Challenger Listed Investments Limited.

### 4. Approve on-market buy-back of shares

At the time of the 2011 annual general meeting, Shares in the Company had been trading at a discount to IBC’s net tangible assets for a sustained period of time. In order to provide a liquidity mechanism for Shareholders who wish to exit their investment at or near the net tangible asset value of their Shares (“NTA”), the Directors offered and the Shareholders authorised a new rule 4.12 to be inserted in the Company’s constitution to give effect to a “realisation transaction” which was subsequently implemented as a buyback in 2015. It was noted at the time that the Board’s intention is to offer Shareholders the opportunity to have their Shares bought back every 3 years to provide liquidity to Shareholders at or near the NTA for those Shareholders who wish to dispose of some or all of their Shares.

Given that recently the Company's Shares have been trading at a discount to its net tangible assets over a sustained period of time, the Board now intends to implement a new on-market buy-back program for up to approximately 25% of the Shares in the Company over 12 months period from the date on which Resolution 4 is approved ("On-Market Buyback").

### **Why Resolution 4 is being proposed?**

The Corporations Act imposes a limit on the number of Shares that can be bought back without Shareholders' approval. If greater than 10% of the smallest number of Shares at any time during the previous 12 months, Shareholders' approval for the buyback is required. This would mean that, without Shareholders' approval, the Company would only be able to buy back approximately 13,725,865 Shares which would not have achieved the required intentions of the Company providing a meaningful liquidity mechanism for the Shareholders.

Consequently, Shareholders' approval is thereby sought under Resolution 4. The implementation of the On-Market Buyback is conditional on the approval of Resolution 4. This resolution is an ordinary resolution and will be passed if a majority of votes cast, in person or by proxy, attorney or representative by Shareholders at the meeting is cast in favour of the resolution.

### **Implementation of the On-Market Buyback**

If Resolution 4 is passed, the On-Market Buyback may be implemented by the Board at any time by making the announcement to the ASX required by the ASX Listing Rules. Any purchases by the Company would occur on-market in the ordinary course of trading in the Company's Shares on the ASX, and the Shares bought back would then be cancelled, reducing the number of Shares on issue. The On-Market Buyback will be open to all Shareholders and participation is voluntary.

The final number and percentage of Shares to be bought back will be determined by the Directors based on the share price, market conditions and alternative capital deployment opportunities over the period of the buy-back.

### **Buyback price**

The Company will buy back Shares during the course of the 12 months buyback period at the prevailing market price on the ASX that is at or below the last announced NTA. However, in accordance with ASX Listing Rule 7.33, the buyback price cannot be greater than 5% above the volume weighted average price ("VWAP") of all Shares sold on the ASX during the last five days on which the sale of Shares were recorded before the date of the relevant buy back. The VWAP plus 5% rule may result in the Company buying back the Shares under the On-Market Buyback program at a price that is lower than the NTA, especially in a falling market.

The Company applied for a waiver from ASX Listing Rule 7.33 to achieve a buy-back price at or around the NTA without being subject to VWAP plus 5% rule. However, the application was unsuccessful.

The On-Market Buyback will be funded by the Company using existing cash reserves and through realisation of investments as is necessary.

### **Participation by Directors and other related parties**

Section 208(1)(a) of the Corporations Act prohibits a company from giving a financial benefit to a related party of the company without the approval of shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the related party or by an associate of the related party.

The Directors and major shareholder in the Company, Kaplan Partners Pty Limited have made no decision as yet, to what extent, if any, they will sell Shares into the On-Market Buyback.

However, to the extent that a related party does participate in the On-Market Buyback, the Company considers that the proposed purchase of Shares from the related parties under the On-Market Buyback falls within the 'arm's length' exception in section 210 of the Act because, to the extent the related parties wish to participate in the On-Market Buyback, they will only be entitled to sell their Shares on the same

terms as those that apply to other Shareholders who are not related parties of the Company. Consequently, the Company is of the view that no further Shareholder approval is required to approve any participation by related parties in the On-Market Buyback.

#### **Advantages of the On-Market Buyback**

The key advantages of the proposed On-Market Buyback being allowed to proceed are as follows:

1. the buyback provides a liquidity mechanism for Shareholders to exit some or all of their investment at or near the NTA value;
2. given the Shares are trading at a discount to the NTA value, the buyback represents an attractive investment proposition for the Company and is expected to enhance Shareholder returns by increasing the NTA per Share; and
3. the buy-back is structured as an on-market buy-back which gives Shareholders the choice whether to hold or sell their shares over the buy-back period.

#### **Disadvantages of the On-Market Buyback**

The key disadvantages of the proposed On-Market Buyback being allowed to proceed are as follows:

1. it reduces the cash reserves of the Company, which in turn may limit future investment opportunities; and
2. if the Company acquires the maximum 25% of the issued Shares through the On-Market Buyback, the percentage holding of Shares controlled by Kaplan Partners Pty Limited if they do not participate in the On-Market Buyback may be increased from 31.94% to 42.58%, which will provide the entity with further control over the Company.

Participating in the On-Market Buyback may have financial, taxation, or other ramifications for Shareholders depending upon each such Shareholder's personal circumstances. The Board recommends that before participating in the On-Market Buyback, Shareholders should obtain their own professional advice.

#### **Directors' recommendation**

The Directors recommend that Shareholders vote in favour of each resolution.

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

## **Information to shareholders**

### **ENTITLEMENT TO VOTE**

In accordance with section 1074E(2)(g)(i) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that for the purposes of the Meeting all shares in the capital of the Company will be taken to be held by the persons who held them as registered holders at 7.00pm (AEDT) on Sunday 11 November 2018. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

### **PROXIES**

A shareholder entitled to attend and vote at the AGM is entitled to appoint not more than two proxies, who need not be members of the Company. Where more than one proxy is appointed, each proxy should be appointed to represent a specified percentage or specified number of the shareholder's voting rights. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half the votes. Fractions of votes will be disregarded.

A Proxy Form accompanies this Notice of AGM. To be valid, online proxy voting or the completed Proxy Form must be submitted at least 48 hours before the time for holding the meeting (i.e. by no later than 10:00am (AEDT) on Sunday, 11 November 2018) using one of the following methods:

- **Vote online** at: <https://www.votingonline.com.au/ibcagm2018>
- **Deliver** the Proxy Form to the office of the Company's Share Registry, Boardroom Pty Limited, Level 12, Grosvenor Place, 225 George Street, Sydney NSW 2000;
- **Mail** the Proxy Form to Boardroom Pty Limited, GPO Box 3993, Sydney, NSW 2001 Australia;  
or
- **Fax** the Proxy Form to +61 2 9290 9655.

Further directions for the proper completion of the Proxy Form are set out in the Proxy Form provided with this notice.

### **CORPORATE REPRESENTATIVES**

A corporation that is a shareholder, or which has been appointed as a proxy may appoint an individual to act as its representative at the meeting. Unless it has previously been given to the Company, the representative should bring evidence of their appointment to the meeting, together with the authority under which it is signed. This must be lodged with or presented to the Company before the commencement of the AGM. The appointment must comply with section 250D of the Corporations Act 2001.

### **ATTORNEYS**

A shareholder entitled to attend and vote at the AGM may appoint an attorney to vote at the AGM. Attorneys should bring an original or certified copy of the Power of Attorney to the AGM.