

NOTICE OF 2016 ANNUAL GENERAL MEETING

Notice is hereby given that Graziers' Investment Company Limited ('GIC / Company') will hold its Annual General Meeting on **Monday, 28 November 2016**, on the **Ground Floor, 369 Royal Parade, Parkville VIC 3052**, commencing at 11.00am (AEDST) for the purpose of transacting the business set out in this notice.

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the consolidated financial statements of the Company and its controlled entities and the reports of the directors and the auditor for the year ended 30 June 2016.

The 2016 Annual Report is available on the Company's website www.graziersinvestco.com.au

Note: There is no requirement for shareholders to approve these reports but there will be an opportunity for members to ask questions on the reports.

RESOLUTION 1: Election and Re-Election of Directors

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

(a) *"That Mr Barry Walker, being eligible, be re-elected a Director of the Company";*

and

(b) *"That Mr Ian Knight, being eligible, be elected as a Director of the Company";*

Each resolution will be voted on separately. Refer to the Explanatory Statement for information regarding voting on the election of directors.

RESOLUTION 2: Board Size Limit

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

"That the Company's Board size be limited to four directors".

RESOLUTION 3: Appointment of Pitcher Partners as Auditor

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

"That Pitcher Partners, being qualified to act as the auditor of the Company and having consented to act as the auditor of the Company, be appointed as the auditor of the Company effective from the date of the AGM and the Directors be authorised to agree the remuneration".

The Chairman of the meeting will vote undirected proxies on, and in favour of, all resolutions set out in this Notice.

Eligibility to Vote

You will be eligible to vote at the meeting if you are registered as a holder of GIC's shares at 7.00pm (AEDST) on Friday, 25 November 2016.

Appointing a Proxy

If you are entitled to attend and vote at the meeting, you can appoint a proxy to attend and vote on your behalf. A proxy need not be a shareholder of GIC and may be an individual or a body corporate.

A personalised Proxy Form is included with this Notice of Meeting. If you are entitled to cast two or more votes, you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If you do not specify a proportion or number, each proxy may exercise half of the votes. If you require a second Proxy Form, please contact Link Market Services on 1300 554 474.

Lodging your Proxy Form

You can lodge your completed Proxy Form by:

- **Mailing it** to Link Market Services Limited using the reply paid envelope;
- **Posting it** to Locked Bag A14, Sydney South, NSW 1235;
- **Lodging it online** at the Link Market Services website www.linkmarketservices.com.au (you will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions on the website);
- **Faxing it** to +61 (2) 9287 0309; or
- **Hand delivering** [only available during business hours (Monday to Friday, 9.00am to 5.00pm)] it to Link Market Services, Level 12, 680 George Street, Sydney NSW 2000.

Your completed Proxy Form (and any necessary supporting documentation) must be received by Link Market Services no later than 11.00am (AEDST) on Saturday 26 November 2016, being 48 hours before the commencement of the meeting. If the Proxy Form is signed by an attorney, the original Power of Attorney under which the Proxy Form was signed (or a certified copy) must also be received by Link Market Services by 11.00am (AEDST) on Saturday 26 November 2016 unless it has been previously provided to Link Market Services. 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. Accordingly, you will be asked to revoke your proxy if you register at the meeting.

How the Chairman of the Meeting will vote undirected Proxies

The Chairman of the meeting will vote undirected proxies in favour of all of the motions. GIC encourages all shareholders who submit proxies to direct their proxy how to vote on each item of business.

Questions from Shareholders

In addition to asking questions at the meeting, written questions to the Chairman about the management of GIC, or GIC's auditor about the content of the Auditor's Report and the conduct of the audit, may be submitted no later than Friday 18 November 2016 to:

Mail: Graziers' Investment Company Limited
369 Royal Parade, Parkville, Vic 3052
Australia

Email: elaine_beever@graziersinvestco.com.au

Attending the Meeting

If you attend the meeting, please bring your personalised Proxy Form with you. The bar code at the top of the form will help you to register. If you do not bring your form with you, you will still be able to attend the meeting but representatives from Link Market Services will need to verify your identity. You will be able to register from 10.30am (AEDST) on the day of the meeting.

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 Certificate of Appointment of Corporate Representative confirming that they are authorised to act as the company's representative. The authorisation may be effective either for this meeting only or for all meetings of GIC. Shareholders can download and fill out the 'Certificate of Appointment of Corporate Representative' form from the Link website: www.linkmarketservices.com.au

Voting Exclusions

There are no voting exclusions.

By Order of the Board



Peter J J McKeown
Company Secretary
12 October 2016

EXPLANATORY STATEMENT

This Explanatory Statement forms part of the Notice of Meeting convening the Annual General Meeting (AGM or Meeting) of Shareholders to be held on 28 November 2016 and is to assist Shareholders in understanding the background to the resolutions.

Financial Statements and Reports

The Corporations Act requires the Financial Report (which includes the Financial Statements and Directors' Declaration), the Directors' Report and the Auditor's Report to be laid before the AGM. There is no requirement either in the Corporations Act or in the Company's Constitution for shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report. Shareholders will have a reasonable opportunity at the meeting to ask questions and make comments on these Reports and on the business and operations of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the content of the Auditor's Report.

RESOLUTION 1.

Election & Re-Election of Directors

The GIC Board ('Board') considers that individually and collectively the directors need to bring a level of skill, knowledge and experience that enables the Board to discharge its responsibilities effectively. All current serving directors have an understanding of financial markets. The extensive financial markets experience among the board members spans involvement in a diverse range of trading, asset management, financing, corporate advisory, public policy and regulatory activities.

The Board's policy on Board composition is to ensure that at all times, and through succession planning, there will be an appropriate mix of skills and experience so as to provide, on an ongoing basis, the necessary breadth and depth of knowledge which is required to meet the company's responsibilities and objectives.

Under clause 13.3(a) of the Company's Constitution not less than one-third of directors retiring from office is satisfied by the retirements of Mr Barry Walker and Mr Philip Attard.

A director who retires in accordance with these requirements is eligible for re-election. Accordingly, Mr Barry Walker is due to retire at the end of the meeting and being eligible offers himself for re-election to the Board. Mr Attard does not offer himself for re-election.

The following directors are standing for election and re-election at the meeting.

1(a): Mr Barry Walker

Mr Walker was elected to the Board of Graziers' Investment Company Limited in October 2003 and as Chairman in 2006. He was also Chairman of The Woolmark Company Pty Ltd until its sale on 5 October 2007.

Mr Walker is the Deputy Chairman of the wool broking business Australian Wool Network Pty Ltd. He is a partner in a family grazier business. He was a director of the Australian Wool Testing Authority until 2001, a board member of the Australian Wool Research and Promotion Organisation and a Director of The Woolmark Company Pty Ltd from 1995 to 1998. Mr Walker is a former Wool Council of Australia member representative and has held positions on the NSW Farmers Wool Committee and as a

General Councillor. He has held numerous agricultural, community and local government positions including Past President of the Australian Superfine Wool Growers' Association and Executive Committee member.

On 8 June 2009 Mr Walker was awarded a Medal of the Order of Australia for his service to the wool industry as a producer, and to the community of the Yass district.

Board recommendation

The non-candidate Directors unanimously support the re-election of Mr Barry Walker as a Director.

1(b): Mr Ian Knight

Mr Ian Knight was appointed as a Director on 10 May 2016 to assist the Board in assessing options available to the Company, and a recommendation to shareholders, which will achieve the best means of a return to shareholders. Mr Knight is a retired Partner of KPMG where he held the position of National Head of Mergers & Acquisitions. Prior to his retirement in 2012 he was Head of Private Equity (Corporate Finance) where he advised private investment companies on strategy, acquisitions and divestments. During his time at KPMG Mr Knight was lead advisor on over 150 transactions across 30+ industries with a combined value of over \$5bn.

Mr Ian Knight is an experienced non-executive director, CEO and chair with over 25 years board level experience. He has sat on the board or committees of over 15 separate organisations spanning: listed; private; not for profit and government (State & Federal) sectors. He has managed listed and private companies and divisions. His skills and insights, including financial, corporate structure and strategy expertise are invaluable to the Board.

Ian is currently a Partner of Nem Australasia where he is Lead Partner of Hotels, Tourism & Leisure and Managing Director of Nem Corporate Pty Ltd, a boutique corporate advisory business. He is also a non-executive Director of CleanTeQ Limited; Rockwell Bates Pty Ltd and Alzheimer's Australia Dementia Research Foundation Victoria Limited as well as Deputy Chairman of Alzheimer's Australia (Victoria) Limited.

Board recommendation

The non-candidate Directors unanimously nominate and support the election of Mr Ian Knight as a Director.

RESOLUTION 2.

Board Size Limit

The Company's Constitution (Rule 13.1) prescribes that the number of director positions on the Board must be between four and 12 as determined by the Board. This Rule however, is now subject to the operation of ss201N – 201U of the *Corporations Act 2001* (Cth). Where a Board proposes that the number of directors should be less than the maximum available under the Company's Constitution, that proposal must now be approved by shareholders at a general meeting of the Company.

The Board proposes a Board limit of four which it currently considers to be an optimal size. The Board proposes that the desirable Board size is four directors because this number:-

- Allows for diversity of skills and experience;
- Limits the administrative cost of the Board especially given the nature of the Company's current activities; and
- Leaves the Board with flexibility to appoint a further director if it becomes necessary or desirable to obtain the benefit of other skills and experience on the Board before the directors' election at an AGM.

This proposal requires shareholder approval at this AGM and if the resolution is passed there will be two vacancies to be filled at the AGM. If the resolution is not passed there will 10 vacancies to be filled at the AGM (ie up to the maximum number of directors allowed under the Company's Constitution).

Board recommendation

The Directors unanimously recommend that shareholders vote in favour of a Board Size Limit of four.

RESOLUTION 3.

Appointment of Pitcher Partners as Auditor

In accordance with s329(5) of the *Corporations Act 2001* (Cth) ('Corporations Act') PricewaterhouseCoopers resigned as the Company's auditor, effective 7 March 2016.

Section 327C(1) of the Corporations Act provides that if:

- (a) a vacancy occurs in the office of auditor of a public company; and
- (b) the vacancy is not caused by the removal of an auditor from office; and
- (c) there is no surviving or continuing auditor of the company;

the directors of the company must within 1 month after the vacancy occurs appoint an auditor to fill the vacancy unless the company at a general meeting has appointed an auditor to fill the vacancy.

Section 327C(2) of the Corporations Act further provides that any such auditor appointed to fill the vacancy holds office until the company's next annual general meeting. This is consistent with s327B(1) of the Corporations Act, which provides that a public company must appoint an auditor of the company at its first annual general meeting and thereafter at each subsequent annual general meeting where an auditor is appointed by the company to fill any vacancy in the office of auditor.

Pursuant to s327C(1) of the Corporations Act, the directors of the Company appointed Pitcher Partners to fill the vacancy in the office of auditor.

The Company has received:

- (a) a nomination under section 328B of the Corporations Act from a shareholder for Pitcher Partners to be appointed as the Company's auditor, a copy of which is annexed as Annexure A to this Explanatory Statement; and
- (b) a consent to act as auditor of the Company under s328A of the Corporations Act, duly executed by Pitcher Partners and Mr Ben Powers, a registered company auditor.

The Company, pursuant to this Resolution 3, requests shareholder approval pursuant to s327B(1) of the Corporations Act to appoint Pitcher Partners as the Company's auditor.

REGISTERED OFFICE

Graziers' Investment Company Limited
(ABN 29 095 401 200)
369 Royal Parade
Parkville 3052 Victoria Australia
Ph: +61 3 9340 1600
www.graziersinvestco.com.au

SUMMARY OF ACTIVITIES & RESULTS FOR 2015/2016

The past financial year has been a relatively stable one, as we head into the last stages of completing the two remaining legacy issues, both of which go back to the days of the Australian Wool Research & Promotion organisation (AWRAP) but were tasked to the Company to resolve:-

- **Settlement of the Paris Tax Refund**

- ~ In February 2014 an unfavourable judgement was handed down against GIC, in respect of a claim by the French Tax Authorities, for capital gains tax payable on the sale of a property in France.
- ~ GIC is liable, upon receipt of a formal demand from the French Tax Authorities which must be issued within three years of the judgement date, to pay an amount of EUR 1.081m (AU\$1.6m).

- **Dissolution of International Wool Secretariat (IWS)**

- ~ Closure of IWS involves the closure of the two unincorporated entities in India and France:
 - **India** – discussions with local agents continues to implement the process and steps required to close this entity, which involves approval from the Reserve Bank of India (RBI) for the repatriation of approximately \$800,000 cash.
 - **France** – expected to commence once the Paris tax issue has been settled.

As the status of the French Tax Claim determination date of February 2017 approaches, it will leave the repatriation of cash held in India as the sole remaining legacy.

History has dictated that matters involving the RBI can be protracted however, your Board do not anticipate the Indian legacy impeding the directors making a determination on the future direction of the Company.

Your Board indicated last year that it was assessing all commercial options, to develop a recommendation to shareholders on the future direction of the Company, which will achieve the best means of a return to shareholders. To assist in this assessment Mr Ian Knight was appointed to the Board. His wealth of corporate structure, finance & strategy expertise and experience is of immense benefit to the Company in assessing the commercial options and developing a recommendation to shareholders on GIC's future, which also includes Andar Tool & Press Pty Ltd.

Financial Highlights

Our commitment to you has been, and continues to be, to resolve the inherited legacy issues, whilst preserving shareholders' wealth, which we have maintained.

In assessing the financial performance of the group it is important to recognise that, the unfavourable results of the discontinued operations, reflects the impact of residual business arrangements that pre-date the privatisation of AWRAP.

Continued operations

At an operational level the company generated a profit, after tax, of \$126,000 from its continued operations principally comprising the Andar Tool & Press (Andar) engineering business and GIC ongoing secretarial management.

The profit represents a 200% improvement on last year's results, a reflection of Andar's successful diversification in operations, which has lead to an attraction of new business streams, such as the food industry, and new customers.

Discontinued operations

This essentially represents the management in resolving the French Tax Issue and dissolution of the International Wool Secretariat, both in India and France, representing \$2m in shareholders' wealth.

SUMMARY OF ACTIVITIES & RESULTS FOR 2015/2016 *continued...*

The results for GIC are summarised below:

	2016 \$'000	2015 \$'000
Revenue	3,506	3,384
<u>Operating expenses</u>	<u>(3,318)</u>	<u>(3,413)</u>
Profit/(loss) before income tax	188	(29)
<u>Tax</u>	<u>(62)</u>	<u>(93)</u>
Profit/(loss) from Continuing Operations	126	(122)
Discontinued operations		
Legacy Issues		
- IWS International Pension Plan	-	467
- IWS India	(27)	(119)
- French tax claim	(47)	9
- Other legacy issues	(3)	(10)
Profit for the year	49	225
<u>Minority Interest</u>	<u>(47)</u>	<u>44</u>
Profit attributable to owners of GIC	2	269

Outlook

As directors, it is our responsibility to provide you, as shareholders, with options on the future direction of the company.

The directors remain mindful of the mandate, set by shareholders at the General Meeting in August 2007, in respect of the company's future. That is, there must be compelling reasons to gain support for the continuation of the company, otherwise the company will be wound up. Whilst achievement of a level of return is a key determinant in evaluating options on the future direction of the company, the key focus will be to seek opportunities that will benefit both industry and shareholder interests.

Cognisant that there will be differing expectations by shareholders any alternate strategy, other than to wind up, that might be put before shareholders will include an opportunity for shareholders to exit, on the basis they elect not to remain after considering the Board's recommended option.

Any future direction of the company will be subject to shareholder approval at the relevant time. As advised previously, with \$2.5m at stake, the timing and content of the recommendation to shareholders, will take into account the status of the IWS India & French legacies and Andar Tool & Press Pty Ltd, as outlined above.

Whilst a challenging objective, the intention of the current directors is to make a recommendation to shareholders on the future direction of the company within the year, following the completion of the above remaining legacies, which would become the basis of a shareholder vote. The recommendation, and ultimate shareholder vote, would determine if the company continued or was wound up.

27 September 2016

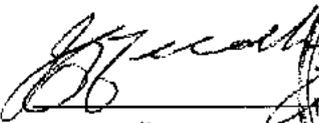
The Directors
Graziers' Investment Company Limited
369 Royal Parade
Parkville Vic 3052

Dear Directors

Notice of Nomination of Auditor in accordance with Section 328B of the Corporations Act 2001 (Cth)

MAE Holdings Pty Ltd, being a member of Graziers' Investment Company Limited, hereby nominates Pitcher Partners for appointment of auditor of the Company at the next Annual General Meeting.

Yours faithfully



J. C. Needham
Director – MAE Holdings Pty Ltd
For and on behalf of, and with the authority of,
MAE Holdings Pty Ltd

