



ARC FUNDS LIMITED

ACN 001 746 710

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10am (Sydney time)

DATE: Friday, 18 October 2024

PLACE: The offices of K&L Gates, Level 31, 1 O'Connell Street, Sydney, NSW 2000

This Notice of Meeting (including the accompanying Explanatory Memorandum) should be read in its entirety. If Shareholders are in any 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 (or in the accompanying Explanatory Memorandum) please do not hesitate to contact the Company Secretary on +61 (0) 3 8689 9997.



BUSINESS OF THE MEETING

1. Chairman's address

Report on results and activities during the financial year ended 30 June 2024.

2. Financial statements and reports

To receive and consider the Company's audited financial statements and reports for the year ended 30 June 2024.

3. Adoption of remuneration report

Resolution 1

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

"That the Company adopt the remuneration report for the year ended 30 June 2024 in accordance with section 250R(2) of the Corporations Act."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company¹. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

Voting Exclusion Statement

In accordance with section 250BD and 250R of the Corporations Act, the Company will disregard any votes cast on this Resolution by or on behalf of:

- a member of the Company's Key Management Personnel whose remuneration details are disclosed in the remuneration report; or
- a Closely Related Party of a member of the Company's Key Management Personnel whose remuneration details are disclosed in the remuneration report, unless the vote 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
 - by the Chairman as a proxy for a person entitled to vote and from whom the Chairman has received express authority to vote undirected proxies as the Chairman sees fit even if the resolution is connected directly or indirectly with the remuneration of a Key Management Personnel.

¹ Please note that a reference in this document to the "remuneration report" is a reference to ARC's remuneration report as contained in its annual report for the year ended 30 June 2024.



4. Re-election of Director – Mr James Jackson

Resolution 2

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

“That Mr James Jackson, who retires in accordance with clause 17.5 of the Constitution and Listing Rule 14.4 and, being eligible, be re-elected as a Director of the Company”.

5. Re-election of Director – Mr Harley Grosser

Resolution 3

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

“That Mr Harley Grosser, who retires in accordance with clause 17.5 of the Constitution and Listing Rule 14.4 and, being eligible, be re-elected as a Director of the Company”.

6. Ratification of prior issue of Shares

Resolution 4

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

“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue by the Company of 4,511,452 Shares to a number of new investors and existing Shareholders on the terms set out in the Explanatory Memorandum”.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf a person who participated in the issue of Shares the subject of this Resolution and/or by or on behalf of an Associate of any such person. However, the Company need not disregard a vote cast in favour of this Resolution if:

- it is cast by a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- it is cast by the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or
- it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.



7. Ratification of prior grant of options

Resolution 5

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

“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior grant by the Company of 2,000,000 options exercisable into Shares to Mr Scott Beeton on the terms set out in the Explanatory Memorandum”.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Scott Beeton and/or by or on behalf of an Associate of Mr Beeton. However, the Company need not disregard a vote cast in favour of this Resolution if:

- it is cast by a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- it is cast by the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or
- it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Furthermore, in accordance with section 250BD and 250R of the Corporations Act, the Company will also disregard any votes cast on this Resolution by or on behalf of:

- a member of the Company’s Key Management Personnel whose remuneration details are disclosed in the remuneration report; or
- a Closely Related Party of a member of the Company’s Key Management Personnel whose remuneration details are disclosed in the remuneration report, unless the vote 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
 - by the Chairman as a proxy for a person entitled to vote and from whom the Chairman has received express authority to vote undirected proxies as the Chairman sees fit even if the resolution is connected directly or indirectly with the remuneration of a Key Management Personnel.

8. Approval of Incentive Plan

Resolution 6

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

“That for the purposes of Listing Rule 7.2 (Exception 13(b)), sections 259B(2) and 260C(4) of the Corporations Act and for all other purposes, Shareholders approve the Incentive Plan and the potential maximum issue of 4,000,000 Securities under the Incentive Plan on the terms set out in the Explanatory Memorandum”.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is eligible to participate in the Incentive Plan and/or by or on behalf of an Associate of any such person. However, the Company need not disregard a vote cast in favour of this Resolution if:

- it is cast by a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- it is cast by the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or
- it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Furthermore, in accordance with section 250BD and 250R of the Corporations Act, the Company will also disregard any votes cast on this Resolution by or on behalf of:

- a member of the Company’s Key Management Personnel whose remuneration details are disclosed in the remuneration report; or
- a Closely Related Party of a member of the Company’s Key Management Personnel whose remuneration details are disclosed in the remuneration report,

unless the vote 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
- by the Chairman as a proxy for a person entitled to vote and from whom the Chairman has received express authority to vote undirected proxies as the Chairman sees fit even if the resolution is connected directly or indirectly with the remuneration of a Key Management Personnel.

9. Listing Rule 7.1A 10% placement capacity

Resolution 7

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

“That for the purposes of Listing Rule 7.1A and for all other purposes, approval is given to permit the Company to issue up to 10% of the Company’s share capital calculated in accordance with Listing Rule 7.1A on the terms set out in the Explanatory Memorandum.”

Voting Exclusion Statement

At the time of dispatching this Notice of Meeting, the Company is not proposing to make an issue of equity securities under Listing Rule 7.1A. Therefore, in accordance with Listing Rule 7.3A.7, no voting exclusion statement applies to this Resolution and no Shareholders will be excluded from voting.

10. Amendments to Constitution

Resolution 8

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

“That for the purposes of section 136(2) of the Corporations Act and for all other purposes, the Constitution be modified by making the amendments contained in the explanatory notes applicable to Resolution 8, with these amendments taking effect on and from the date this Resolution is passed.”

11. Other business

To consider any other business that may lawfully be brought forward in accordance with the Constitution or the law.

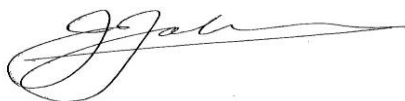
12. Other information

An Explanatory Memorandum accompanies and forms part of this Notice of Meeting.

All Shareholders should read the Explanatory Memorandum carefully and in its entirety. Shareholders who are in doubt regarding any part of the business of the Meeting should consult their financial adviser or legal adviser for assistance.

Dated: 16 September 2024

By order of the Board



**James Jackson
Chairman**



IMPORTANT INFORMATION

Time and place of meeting

Notice is hereby given that the Annual General Meeting of the Members of ARC FUNDS LIMITED ACN 001 746 710 (**ARC** or the **Company**) will be held on Friday, 18 October 2024 at **10am** (Sydney time) at the offices of K&L Gates, located at Level 31, 1 O'Connell Street, Sydney NSW 2000 (**Meeting**).

Your vote is important

The business of the Meeting affects your Shareholding and your vote is important.

Voting eligibility

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations and ASX Settlement Operating Rule 5.6.1, the Company has determined that the persons eligible to attend and vote at the Meeting are those who are registered as Shareholders as at 7pm (Sydney time) on Wednesday, 16 October 2024.

Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Voting in person

To vote in person, attend the Meeting at the time and date set out above and in the manner set out below.

Voting by proxy

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- any Shareholder entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote instead of that Shareholder;
- the proxy does not need to be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

Shareholders and their proxies should be aware that under the Corporations Act:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chairman, who must vote the proxies as directed.



Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Proxy requirements

To vote by proxy, you may make your proxy appointment and direct how you want your votes cast either:

- a) on-line at <https://www.registrydirect.com.au/login/>; or
- b) by completing and returning the enclosed Proxy Form in accordance with the instructions set out on the Proxy Form.

To vote online you will need to have registered to access your shareholding account on the Company's registrar's platform. The Company's registrar is Registry Direct Pty Limited (**Registry Direct**). If you have any problems accessing the on-line service, please email Registry Direct at registry@registrydirect.com.au or call Registry Direct on 1300 55 66 35 (within Australia) or +61 3 9909 9909 (outside Australia).



Completed Proxy Forms may be returned by:

- a) email to registry@registrydirect.com.au
- b) post to Registry Direct, PO Box 572 Sandringham VIC 3191 Australia; or
- c) facsimile on facsimile number +61 3 9111 5652.

Proxy appointments and forms must be received no later than 10am (Sydney time) on 16 October 2024.

Voting intentions

Subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all Resolutions on the agenda.

In respect of undirected proxies, subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all Resolutions on the agenda.

All Resolutions involving an approval under the Listing Rules will be determined by way of a poll, rather than on a show of hands.

Questions and comments by Shareholders at the Meeting

In accordance with the Corporations Act, a reasonable opportunity will be given to Shareholders as a whole to ask questions or to make comments on the management of the Company at the Meeting. Relevant written questions must be submitted no later than 10am (Sydney time) on 16 October 2024 via email at m.licciardo@acclime.com.

A list of those questions will be made available to Shareholders attending the Meeting. The Company will either answer questions at the Meeting or table written answers to them at the Meeting. If written answers are tabled at the Meeting, they will be made available to Shareholders as soon as practicable after the Meeting.

DEFINITIONS

Capitalised terms in this Notice and Explanatory Memorandum are defined either in the Glossary or where the relevant term is first used.

RESPONSIBILITY

This Notice of Meeting and Explanatory Memorandum has been prepared by the Company under the direction and oversight of its Directors.

MATERIAL INFORMATION

There is no information known to the Company that is material to the decision by a Shareholder on how to vote on the Resolutions other than as disclosed in this Notice of Meeting and the Explanatory Memorandum, and information that the Company has previously disclosed to Shareholders.



PURPOSE OF THIS DOCUMENT

The main purpose of this Notice of Meeting is to set out all information which the Company considers relevant to a Shareholder's decision on how to vote on the Resolutions.

ASX

A final copy of this Notice of Meeting and Explanatory Memorandum has been lodged with ASX. None ASX nor any of its officers take any responsibility for the contents of this Notice of Meeting.



EXPLANATORY MEMORANDUM

(This Explanatory Memorandum forms part of the Notice of Meeting)

This Explanatory Memorandum provides further information for members in respect of the Resolutions to be considered at the Annual General Meeting of ARC FUNDS LIMITED (**ARC** or the **Company**) to be held at 10am (Sydney time) on Friday, 18 October 2024 at the offices of K&L Gates, located at Level 31, 1 O'Connell Street, Sydney, NSW.

This Explanatory Memorandum has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum should be read in conjunction with, and forms part of the accompanying Notice of Meeting. The purpose of this Explanatory Memorandum is to provide such information as is prescribed or otherwise material to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

Chairman's address

Report on results and activities during the financial year ended 30 June 2024.

Financial statements and reports

Under section 317 of the Corporations Act, ARC is required to lay its annual financial report, directors' report and remuneration report before its Shareholders at its Annual General Meeting. The annual financial report is submitted for Shareholders' consideration and discussion at the Annual General Meeting as required. Meeting attendees are invited to direct questions to the Chairman in respect of any aspect of the report they wish to discuss. There is no requirement for Shareholders to approve the reports.

Representatives of ARC's auditor, Bentleys Brisbane (Audit) Pty Ltd, will be present for discussion purposes on matters of relevance to the audit.

Shareholders can access a copy of the annual report from: <https://www.arcfunds.com.au/investors/>

Resolution 1 – Adoption of remuneration report

Resolution 1 provides Shareholders the opportunity to vote on ARC's remuneration report. The remuneration report is contained in the Directors' report. Under section 250R(2) of the Corporations Act, ARC must put the adoption of its remuneration report to a vote at its annual general meeting. This vote is advisory only and does not bind the Directors or ARC.

The Board will consider the outcome of the vote and comments made by Shareholders on the remuneration report at this Meeting when reviewing ARC's remuneration policies. If 25% or more of the votes that are cast are voted against the adoption of the remuneration report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a **spill resolution**) that another meeting be held within 90 days at which all of the Directors other than the Managing Director must be offered up for election.

A spill resolution will not be relevant at the Meeting as less than 25% of the votes cast in relation to the equivalent resolution at the last AGM were cast against that resolution.



Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 1. The Chairman intends to vote undirected proxies in **FAVOUR** of Resolution 1.

Resolution 2 – Re-election of Mr James Jackson as a Director

The Listing Rules and the Constitution require each Director (other than the Managing Director) to be re-elected every three years and also that an election of Directors be held each year.

Mr James Jackson was originally appointed a Director of the Company on 25 July 2014. Under Clause 17.5 of the Constitution, Mr James Jackson, retires by rotation. Mr Jackson being eligible, offers himself for re-election by Shareholders as a Director.

Resolution 2 therefore provides for the re-election of Mr James Jackson as a Director in accordance with the Constitution.

Short Professional Bio (James Andrew Jackson)

James has experience and skills in capital markets, financial services and agribusiness. He worked for JB Were in Australia and SG Warburg & Co in both London and New York over a ten-year period, transacting with significant North American and European institutional investors. He has since been a public company director and professional investor for over 20 years and has served as a Non-Executive Director and Deputy Chairman and Chairman of ASX listed companies including Namoi Cotton Limited, Elders Limited, and MSF Sugar Limited (known formerly as The Maryborough Sugar Factory Ltd). The skills and expertise relevant to the position of director include financial risk management, strategic analysis and development and implementation of strategy and corporate governance. He holds a Bachelor of Commerce from the University of Queensland, completed the Program for Management Development at Harvard Business School and is a Fellow of the Australian Institute of Company Directors.

James is currently a Non-Executive Director of Alliance Aviation Services Limited (ASX: AQZ).

Board recommendation and undirected proxies. The Board (with Mr Jackson abstaining) recommends that Shareholders vote in **FAVOUR** of Resolution 2. The Chairman intends to vote undirected proxies in **FAVOUR** of Resolution 2.

Resolution 3 - Re-election of Mr Harley Grosser as a Director

As noted above, the Listing Rules and the Constitution require each Director (other than the Managing Director) to be re-elected every three years and also that an election of Directors be held each year.

Mr Harley Grosser was originally appointed a Director of the Company on 1 July 2021. Under Clause 17.5 of the Constitution, Mr Harley Grosser, retires by rotation. Mr Grosser being eligible, offers himself for re-election by Shareholders as a Director.

Resolution 3 therefore provides for the re-election of Mr Harley Grosser as a Director in accordance with the Constitution.

Short Professional Bio (Harley Grosser)

Harley is the Founder, Managing Director and Principal of Capital H Management, a Sydney based specialist small cap funds management company and the manager of the Capital H Inception Fund and Capital H Active Fund. Harley brings extensive knowledge and skills in capital markets, financial analysis and valuation, building and operating an investment management business and investor relations, developed over the past 12 years. These attributes will complement the existing skills and experience on the Board and the Company considers that Harley will add considerable value and energy to the Company. He holds a Bachelor of Commerce from the University of New South Wales.

Harley is also a Non-Executive Director of Motio Limited (ASX: MXO).

Board recommendation and undirected proxies. The Board (with Mr Grosser abstaining) recommends that Shareholders vote in **FAVOUR** of Resolution 3. The Chairman intends to vote undirected proxies in **FAVOUR** of Resolution 3.

Resolution 4 – Ratification of prior issue of Shares

On 11 March 2024, the Company announced to ASX that it had conducted a placement to a number of sophisticated and professional investors of total of 7,519,087 Shares at an issue price of \$0.115 to raise gross proceeds of \$865,000 (**Placement**).

Of the 7,519,087 Shares issued under the Placement, 4,511,452 were issued out of the Company's then available Listing Rule 7.1 placement capacity and 3,007,635 were issued out of the Company's then available Listing Rule 7.1A placement capacity.

The Company used the proceeds raised under the Placement (after costs) for working capital purposes and to support its existing growth strategy in the funds management industry and adjacent service offerings.

Broadly speaking, and subject to a limited number of exceptions set out in Listing Rule 7.2, Listing Rule 7.1 limits the number of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the total number of fully paid ordinary shares it had on issue at the start of that 12 month period.

As the issue of 4,511,452 Shares out of the Company's Listing Rule 7.1 placement capacity did not fit within any of the exceptions in Listing Rule 7.2 and, as it has not yet been approved or ratified by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, thereby reducing the Company's capacity to issue further equity securities without approval under Listing Rule 7.1 for the 12 months following the date of issue.

Listing Rule 7.4 allows the shareholders of a listed company to ratify an issue of equity securities after it has been made or agreed to be made. If they do, the relevant issue of securities is taken to have been approved under Listing Rule 7.1 such that it does not reduce the company's capacity to issue further securities without approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for any such future issue under Listing Rule 7.1. To this end, Resolution 4 seeks Shareholder ratification of the issue of 4,511,452 Shares under the Placement for the purposes of Listing Rule 7.4.



No approval for the 3,007,635 Shares issued out of the Company’s Listing Rule 7.1A placement capacity is required.

If Resolution 4 is passed, the issue of the 4,511,452 Shares the subject of Resolution 4 will be excluded from calculating the Company’s 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 months following the date of issue (which was 21 March 2024).

If Resolution 4 is not passed, the issue of the 4,511,452 Shares the subject of Resolution 4 will be included in the Company’s 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 months following the date of issue.

In accordance with the disclosure requirements of Listing Rule 7.5, the following additional information is provided by the Company:

Listing Rule 7.5.1	The Shares issued under the Placement were issued to a number of investors each of whom were either clients of brokerage Taylor Collison ² or who were existing investors in the Company. At the time of the Placement, none of the investors were Related Parties, KMP's, substantial shareholders of the Company (per the Corporations Act) or any of their Associates, although Scott Beeton participated in the Placement on the same terms as other investors (subscribing for a total of 1,739,130 shares (\$200,000) via associated entities). Since the Placement, Scott has been appointed as CEO and Managing Director.
Listing Rule 7.5.2	The Company issued a total of 7,519,087 Shares (of which, 4,511,452 were issued out of the Company’s then available Listing Rule 7.1 placement capacity) under the Placement.
Listing Rule 7.5.3	N/A
Listing Rule 7.5.4	The Shares the subject of the Placement were issued on 21 March 2024.
Listing Rule 7.5.5	The issue price for the Shares issued under the Placement was \$0.115 per Share.
Listing Rule 7.5.6	The Company used the proceeds raised under the Placement (after costs) to support its existing growth strategy in the funds management industry and adjacent service offerings.
Listing Rule 7.5.7	N/A
Listing Rule 7.5.8	Please see the Voting Exclusion Statement for Resolution 4 in the Notice of Meeting.



Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 4. The Chairman intends to vote undirected proxies in **FAVOUR** of Resolution 4.

² The Company paid Taylor Collison a 3% management fee and a 3% selling fee in each case of the total amount raised under the Placement.

Resolution 5 – Ratification of prior grant of options

On 11 March 2024, and in addition to announcing the Placement, the Company also announced the appointment of Mr Scott Beeton as the Company’s Chief Executive Officer. As part of Mr Beeton’s remuneration package, it was also disclosed that the Company would grant Mr Beeton 2,000,000 options the terms of which are set out in Schedule 1.

Please note that Mr Beeton was not a Related Party (or an Associate of a Related Party) of the Company at the time the 2,000,000 options the subject of this Resolution were granted to him.

Broadly speaking, and subject to a limited number of exceptions set out in Listing Rule 7.2, Listing Rule 7.1 limits the number of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the total number of fully paid ordinary shares it had on issue at the start of that 12 month period.

As the grant of 2,000,000 options out of the Company’s Listing Rule 7.1 placement capacity did not fit within any of the exceptions in Listing Rule 7.2 and, as it has not yet been approved or ratified by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, thereby reducing the Company’s capacity to issue further equity securities without approval under Listing Rule 7.1 for the 12 months following the date of issue.

Listing Rule 7.4 allows the shareholders of a listed company to ratify an issue of equity securities after it has been made or agreed to be made. If they do, the relevant issue of securities is taken to have been approved under Listing Rule 7.1 such that it does not reduce the company’s capacity to issue further securities without approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for any such future issue under Listing Rule 7.1. To this end, Resolution 5 seeks Shareholder ratification of the grant of the 2,000,000 options to Mr Beeton for the purposes of Listing Rule 7.4.

If Resolution 5 is passed, the grant of the 2,000,000 options the subject of Resolution 5 will be excluded from calculating the Company’s 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 months following the date the options were granted (which was 12 March 2024).

If Resolution 5 is not passed, the grant of the 2,000,000 options the subject of Resolution 5 will be included in the Company’s 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 months following the date the options were granted.

In accordance with the disclosure requirements of Listing Rule 7.5, the following additional information is provided by the Company:

Listing Rule 7.5.1	The 2,000,000 options the subject of this Resolution were granted to Mr Scott Beeton, the Company’s Managing Director. Please note that Mr Beeton was not a Director at the time these options were granted to him.
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Listing Rule 7.5.2	The Company granted 2,000,000 options the terms of which are set out in Schedule 1.
Listing Rule 7.5.3	Please see Schedule 1 for the terms and conditions applicable to the options the subject of this Resolution.
Listing Rule 7.5.4	The options the subject of this Resolution were granted on 12 March 2024.
Listing Rule 7.5.5	The options granted to Mr Beeton were issued for nil cash consideration.
Listing Rule 7.5.6	Any cash received by the Company on the exercise of the options granted to Mr Beeton will be used for working capital purposes.
Listing Rule 7.5.7	N/A
Listing Rule 7.5.8	Please see the Voting Exclusion Statement for Resolution 5 in the Notice of Meeting.

Board recommendation and undirected proxies. The Board (with Mr Beeton abstaining) recommends that Shareholders vote in **FAVOUR** of Resolution 5. The Chairman intends to vote undirected proxies in **FAVOUR** of Resolution 5.

Resolution 6 – Approval of Incentive Plan

On 4 September 2024, the Company adopted an employee share scheme/plan (which is an employee share scheme/plan for the purposes of Division 1A of Part 7.12 of the Corporations Act) (**Incentive Plan**), in order to assist the Company:

- with the recruitment, retention, motivation and reward of officers, executives and employees (and others) of the Company; and
- to more closely align the interests of officers, executives and employees (and others) of the Company with the interests of Shareholders.

The Incentive Plan will be administered by the Board in accordance with the terms of the omnibus securities incentive plan rules (**Incentive Plan Rules**), a summary of which (including the meaning of various capitalised terms used herein) is set out in Schedule 2.

The Incentive Plan and the Incentive Plan Rules comply with the new ESS provisions in the Corporations Act which provide the Company with enhanced flexibility (i.e. relative to the old ASIC Class Order regime) to offer and issue securities under an employee incentive scheme.

The Company is seeking Shareholder approval of the Incentive Plan for the purposes of:

- Listing Rule 7.2 (Exception 13(b)), to the extent necessary to permit the Company to issue up to a maximum of 4,000,000 Securities under the Incentive Plan over the next three years without reducing the Company's available Listing Rule 7.1 placement capacity;

- section 259B(2) of the Corporations Act, to the extent necessary to permit the Company to acquire a Security Interest over any Securities issued under the Incentive Plan, where the terms of that issue require the Company to acquire such an interest; and
- section 260C(4) of the Corporations Act, to the extent necessary to permit the Company to issue Securities under the Incentive Plan to Related Parties of the Company without needing approval under the financial assistance provisions of the Corporations Act.

Shareholders should note that the Company is not permitted to issue any Securities under the Incentive Plan to Related Parties (or Associates of Related Parties) of the Company without approval under Listing Rule 10.14. The Company is not seeking any such approval at this time.

Listing Rule 7.2 (Exception 13(b))

Broadly speaking, and subject to a limited number of exceptions set out in Listing Rule 7.2, Listing Rule 7.1 limits the number of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the total number of fully paid ordinary shares it had on issue at the start of that 12 month period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity’s ordinary securities have approved the issue of equity securities under the scheme as an exception to Listing Rule 7.1.

Listing Rule 7.2 (Exception 13(b)) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity’s notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

In accordance with the disclosure requirements of Listing Rule 7.2 (Exception 13(b)), the following additional information is provided by the Company:

Summary of the terms of the Incentive Plan	A summary of the Incentive Plan/key Incentive Plan Rules is set out in Schedule 2.
Number of Securities previously issued	As the Incentive Plan has only recently been adopted by the Company, the Company is yet to issue any Securities under the Incentive Plan.
Maximum number of Securities to be issued	The Company seeks approval to issue/grant up to a maximum of 4,000,000 Securities under the Incentive Plan within the next 3 years.
Voting Exclusion Statement	Please see the Voting Exclusion Statement for Resolution 6 in the Notice of Meeting.



Section 259B(2)

Section 259B(1) of the Corporations Act prohibits a company taking security over shares in itself or in a company that controls it, unless one of the exceptions in sections 259B(2) or 259B(3) applies.

Section 259B(2) of the Corporations Act permits the taking of security by a Company over its own Shares, if the security is taken over shares issued under an employee share scheme (such as the Incentive Scheme) approved at a meeting of shareholders.

Accordingly, Shareholder approval of the Incentive Plan is being sought under this Resolution to the extent necessary to permit the Company to take security over Shares issued under the Incentive Plan if the Board considers doing so necessary or desirable.

Although it may in the future, Shareholders should note that the Company has no current plans to offer any Shares under the Incentive Plan, the terms of which offer require or contemplate a Security Interest being granted in favour of the Company³.

Section 260C(2)

The Incentive Plan allows for the grant of loan-funded arrangements whereby the Company may provide limited recourse, secured and interest-free loans (**Acquisition Loans**) to Eligible Participants to use to pay the purchase price payable for the Loan Shares. Such arrangements would however constitute the giving of financial assistance in relation to the acquisition of shares for the purposes of section 260A of the Corporations Act.

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares in the company or a holding company of the company only if:

- giving of the assistance does not materially prejudice the interests of the company or its shareholders, or the company's ability to pay its creditors; or
- the assistance is approved by shareholders under section 260B of the Corporations Act; or
- the assistance is exempted under section 260C of the Corporations Act.

Section 260C(4) of the Corporations Act provides an exemption to the financial assistance prohibition, if the financial assistance is given under an employee share scheme (such as the Incentive Plan) approved at a general meeting of shareholders via an ordinary resolution.

Although the Board does not consider that the giving of financial assistance under the Incentive Plan would materially prejudice the interests of the Company or the Shareholders, or the Company's ability to pay its creditors, Shareholder approval of the Incentive Plan is being sought under this Resolution to enable the Company to qualify for the exemption offered by section 260C(4) of the Corporations Act in the event that it in the future decides to issue Loan Shares.

³ An example of where this might occur is where the Company issues Shares and provides a loan to the recipient of those Shares to fund the purchase price applicable to those Shares. In such circumstances, the Company may require a Security Interest to be granted to it to seek to ensure that the Shares the subject of the loan are not able to be sold without the loan being repaid.

Although it may in the future, Shareholders should note that the Company has no current plans of offering any Loan Shares under the Incentive Plan.

What happens if Resolution 6 is approved

If Resolution 6 is approved, the Company will be authorised to issue up to a maximum of 4,000,000 Securities under the Incentive Plan over the next three years to persons other than Related Parties (and Associates of Related Parties) of the Company without utilising any of the Company's available Listing Rule 7.1 placement capacity.

The Company would also be authorised to issue Securities under the Incentive Plan the terms of which require or contemplate the Company acquiring a Security Interest in those Securities and/or providing an Acquisition Loan to fund the purchase price applicable to the proposed Loan Shares in either case without needing any further approvals under the Corporations Act.

Please note that the Company will still require approval under Listing Rule 10.15 before it is entitled to issue Securities under the Incentive Plan to persons caught by Listing Rule 10.14.

What happens if Resolution 6 is not approved

If Resolution 6 is not approved, the Company:

- may still issue Securities under the Incentive Plan to non-Related Parties under Listing Rule 7.1. However, any such issuance will reduce the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 months following the date of the issue of the relevant Securities;
- may be restricted from granting Loan Shares unless the giving of financial assistance to acquire those Shares (i.e. the contemporaneous provision of an Acquisition Loan) does not materially prejudice the interests of the Company or the Shareholders, or the Company's ability to pay its creditors; and
- the Company will not be permitted to take security over any Plan Shares/Loan Shares.

<p>Board recommendation and undirected proxies. The Board recommends that Shareholders vote in FAVOUR of Resolution 6. The Chairman intends to vote undirected proxies in FAVOUR of Resolution 6.</p>
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Resolution 7 – Listing Rule 7.1A 10% placement capacity

Placement capacity

Listing Rule 7.1A provides that an eligible entity may seek shareholder approval by special resolution at its annual general meeting to issue equity securities equivalent to an additional 10% of the number of ordinary securities on issue over a period of 12 months after the annual general meeting (**10% Placement**). This is in addition to the existing 15% placement capacity permitted by Listing Rule 7.1.

If Shareholders approve Resolution 7, the number of equity securities the Company may issue under the 10% Placement will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (and as set out below).

Eligibility criteria

An eligible entity is one that, as at the date of the relevant Annual General Meeting:

- is not included in the S&P/ASX 300 Index; and
- has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of less than \$300,000,000.

Any equity securities issued must be in the same class as an existing class of quoted equity securities.

The Company currently has one class of quoted equity securities on issue, being Shares (ASX: ARC).

Calculation for 10% Placement

The number of equity securities that the Company may issue under the approval sought by Resolution 7 will be calculated in accordance with the following formula as set out in Listing Rule 7.1A.2:

(A x D) - E

Where:

“A” is the number of Shares on issue at the commencement of the relevant period:

- plus the number of Shares issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- plus the number of Shares issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under Listing Rule 7.1 or 7.4;
- plus the number of Shares issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under these rules to have been approved, under Listing Rule 7.1 or rule 7.4,
- plus the number of any other Shares issued in the relevant period with approval under Listing Rule 7.1 or 7.4;
- plus the number of partly paid Shares that became fully paid in the relevant period; and

- less the number of Shares cancelled in the relevant period.

“D” is 10%.

“E” is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of Shares under Listing Rule 7.4.

Minimum issue price

In accordance with Listing Rule 7.1A.3, equity securities issued by the Company under a 10% Placement can only be issued at a price that is not less than 75% of the VWAP of the equity securities calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the equity securities are to be issued is agreed by the Company and the recipient of the securities; or
- if the equity securities are not issued within 10 trading days of the date in referred to in the paragraph above, the date on which the equity securities are issued.

Dilution to existing Shareholdings

If Resolution 7 is approved by Shareholders and the Company issues Shares under the 10% Placement, Shareholders should be aware there is a risk of economic and voting dilution that may result from an issue of equity securities under the 10% Placement, including the risk that:

- the market price for equity securities in that class may be significantly lower on the issue date than on the date of the Meeting where approval is being sought; and
- the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the date of issue.

Any issue of equity securities under the 10% Placement will dilute the interests of Shareholders who do not receive any equity securities under the issue, unless the only equity securities issued under the 10% Placement are quoted options and these options are not exercised.

If Resolution 7 is approved by Shareholders and the Company issues the maximum number of equity securities available under the 10% Placement, the economic and voting dilution of existing Shares would be as shown in the table below, assuming that any quoted options granted under the 10% Placement are exercised.

The table below shows the potential dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the current market price of the Shares and the current number of Shares on issue as at the date of this Notice of Meeting.

The table also shows the voting dilution impact where the number of Shares on issue (i.e. the variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement.



Variable "A" ASX Listing Rule 7.1A.2		Potential Dilution and Funds Raised		
		\$0.05 50% decrease in issue price	\$0.10 issue price ^(c)	\$0.20 100% increase in issue price
"A" is the number of Shares on issue, ^(a) being 39,125,864 Shares	10% voting dilution ^(b)	3,912,586	3,912,586	3,912,586
	Funds raised	\$195,629	\$391,259	\$782,517
"A" is a 50% increase in Shares on issue, being 58,688,796 Shares	10% voting dilution ^(b)	5,868,880	5,868,880	5,868,880
	Funds raised	\$293,444	\$586,888	\$1,173,776
"A" is a 100% increase in Shares on issue, being 78,251,728 Shares	10% voting dilution ^(b)	7,825,173	7,825,173	7,825,173
	Funds raised	\$391,259	\$782,517	\$1,565,035

**Issue price has been rounded to the nearest whole number.*

The table above has been prepared on the following assumptions:

- The Company issues the maximum number of Shares it is able to under Listing Rule 7.1A;
- The table shows only the effect of Shares issues under Listing Rule 7.1A and does not factor in the Company's ability to issue up to 15% of its issued capital under Listing Rule 7.1; and
- The issue price is \$0.10, being the closing price of the Shares on the ASX on 30 July 2024.

The table shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of Shares the Company has on issue, adjusted for Listing Rule 7.1A.2 requirements. The number of Shares on issue may increase as a result of issues of Shares that do not require approval (for example, a pro rata entitlements issue) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

Placement period

If Shareholders approve Resolution 7, that approval will expire on the earlier of:

- 18 October 2025 being 12 months from the date of the Meeting;
- the time and date of the Company's next annual general meeting; or
- the date Shareholder approval is granted to a transaction under Listing Rule 11.1.2 or 11.2.

The approval under Listing Rule 7.1A will cease to be valid in the event that Shareholders subsequently approve a transaction under Listing Rule 11.1.2 or 11.2.

Purpose of Issue under 10% Placement

Equity securities issued under the 10% Placement can only be made for cash consideration. The purpose of any issue would be set out for Shareholders at the time of such an issue.

In general terms, the Company can issue equity securities under the 10% Placement as cash consideration in which case the Company intends to use funds raised for, either or both of, working capital purposes or to fund growth opportunities.

Allocation policy

The Company’s allocation policy is dependent on the prevailing market conditions at the time of any proposed issue under the 10% Placement. The identity of the allottees under the 10% Placement will be determined on a case-by-case basis having regard to the following factors:

- the purpose of the issue;
- alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement offer or other offer where existing Shareholders may participate;
- the effect of the issue of the equity securities on the control of the Company;
- the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- prevailing market conditions; and
- advice from corporate, financial and broking advisers (if applicable).

Previous approval under Listing Rule 7.1A

The Company obtained shareholder approval under Listing Rule 7.1A at the 2023 AGM held on 18 October 2023. Please see Resolution 4 for the information required by Listing Rule 7.3A.6.

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 7. The Chairman intends to vote undirected proxies in **FAVOUR** of Resolution 7.

Resolution 8 – Amendments to Constitution

Under section 136(2) of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 8 seeks the approval of Shareholders to modify the Company’s existing Constitution in the manner specified below.

The proposed modifications to the existing Constitution will incorporate recent amendments to the Corporations Act regarding the holding of meetings of Shareholders using virtual meeting technology.

The Directors believe the proposed amendments are not material nor will they have any adverse impact on Shareholders.

The Directors believe that it is preferable in the circumstances to simply modify a couple of provisions of the existing Constitution rather than repealing the entire existing Constitution and replacing it with a new constitution.



A copy of the modified Constitution will be released on ASX and on the Company's website if Shareholders approve Resolution 8. A copy of the modified Constitution will also be sent to Shareholders upon request to the Company Secretary at m.licciardo@acclime.com.

While the proposed amendments are relatively self-explanatory, Shareholders are invited to contact the Company if they have any queries or concerns.

If Resolution 8 is passed, the Company will adopt the modified Constitution with effect from the date this Resolution is passed.

The modifications provide for the ability of the Company to hold general meetings using virtual technology only, as well as physical or hybrid meetings. This improved flexibility is necessary to ensure the Company is able to hold general meetings at times where physical meetings may not be practicable.

It is proposed that the existing clause 14.1, which is set out below, be replaced by the proposed new clause 14.1, which is also set out below.

Existing clause 14.1

"14.1 Use of technology

The Company may hold a meeting of its members at two or more venues using any technology that gives members as a whole a reasonable opportunity to participate."

Proposed new clause 14.1

"14.1 Use of technology

The Company may hold a meeting of its members at a time determined by the Directors:

- (a) at one or more physical venues;
- (b) at one or more physical venues and using virtual meeting technology; and
- (c) using virtual meeting technology only,

provided that, in each case, members as a whole are given a reasonable opportunity to participate in the meeting, and otherwise in the manner determined by the Directors.

If the Directors elect to use virtual meeting technology for a general meeting of the Company, the Directors will determine the type of virtual meeting technology to be used, which may include any combination of telephone, video conferencing, messaging, smartphone application or any other audio and/or visual device which permits instantaneous communication."

Further information

Shareholders with any queries in relation to the Annual General Meeting may contact the Company Secretary, Mark Licciardo, on (03) 8689 9997 or m.licciardo@acclime.com.



GLOSSARY

In this Notice of Meeting:

\$ means Australian dollars.

ARC or the **Company** means ARC FUNDS LIMITED ACN 001 746 710.

ASIC means Australian Securities and Investments Commission.

Associate has the same meaning as in Division 2 of Part 1.2 of the Corporations Act as that Division applies to references in Chapter 6 of the Corporations Act.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.

Board means the board of Directors of the Company.

Chairman means the chair of this Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations for the purposes of the definition of 'closely related party' in the Corporations Act.

Constitution means the constitution of the Company.

Corporations Act means *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Director means a director of the Company.

Explanatory Memorandum means this explanatory memorandum which forms part of the Notice of Meeting.

Key Management Personnel or **KMP** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the listing rules of ASX.

Meeting means the Annual General Meeting of the Company the subject of this Notice of Meeting scheduled to occur on 18 October 2024.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Memorandum and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Related Party has the meaning given in section 228 of the Corporations Act.

Resolution means a resolution set out in this Notice.

Share means a fully paid ordinary share in the equity capital of ARC.

Shareholder means a registered holder of a Share.

Security Interest means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature



SCHEDULE 1

The options the subject of Resolution 5 have the below noted terms.

Company	ARC Funds Limited ACN 001 746 710
Share	A fully paid ordinary share in the equity capital of the Company
Options	Each option entitles its holder to subscribe for one Share: <ul style="list-style-type: none">• at the Exercise Price; and• at any time on or before the Expiry Date
Premium	All options have been (or will be) granted for nil cash consideration
Exercise Price	The Exercise Price for the options the subject of Resolution 5 is \$0.115 each
Expiry Date	The options the subject of Resolution 5 expire at 5pm on the 6-month anniversary of the date on which they vest
Exercise Period	All options are able to be exercised at any time between the date on which they vest and the Expiry Date
Vesting	The options the subject of Resolution 5 vest on the earlier of the 12-month anniversary of the date on which Mr Beeton commenced his employment as CEO and the date on which Mr Beeton has performed the role as CEO for a full 12 months.
Exercise Notice	The holder of options may exercise their options by delivering to the Company, at any time after the vesting date and before the Expiry Date: <ul style="list-style-type: none">• a written notice of exercise specifying the number of options to be exercised; and• evidence of an electronic funds transfer having been made for the Exercise Price for each option being exercised
Issue of Shares	Within 10 business days of the receipt of the Exercise Notice (accompanied by receipt of the Exercise Price per option being exercised), the Company will issue the required number of Shares to the holder of the options being exercised.
Ranking	Shares issued on exercise of options will rank equally with all then existing ordinary shares of the Company

Quotation	The options will not be quoted on ASX. New Shares issued on exercise of options will be quoted on and a cleansing notice given to ASX in each case in accordance with Chapter 2 of the Listing Rules and Chapter 6D of the Corporations Act, respectively.
Participation in New Issues	No option entitles its holder to participate in any new issue of securities in the Company unless the option is exercised before the record date for determining entitlements to that new issue and the holder participates in that issue as a result of holding Shares.
Adjustment for Bonus Issues of Shares	If the Company makes a bonus issue of Shares and no Share has been issued in respect of an option before the record date for determining entitlements to the bonus issue, the number of Shares over which an option is exercisable is increased by the number of Shares which the holder of the option would have received had the holder exercised the option before the relevant record date.
Adjustment for Pro Rata Issues	If the Company makes a pro rata issue of Shares or other securities (except a bonus issue) to existing Shareholders and no Share has been issued in respect of an option before the record date for determining entitlements to the proposed pro rata issue, the (relevant) Exercise Price is to be reduced in accordance with the Listing Rules.
Adjustments & Transfers	In the event of a reorganisation of the Company's share capital, all options will be reorganised in accordance with the requirements of the Listing Rules (and in particular, the requirements of Listing Rule 7.22).
Transfer	None of the options are transferable other than with the prior written consent of the Company

SCHEDULE 2

The material terms of the Incentive Plan are set out below:

Incentive Plan	<p>The Incentive Plan is an employee share scheme for the purposes of Division 1A of Part 7.12 of the Corporations Act.</p> <p>The Incentive Plan (and the Incentive Plan Rules) comply with the new ESS provisions in Division 1A of Part 7.12.</p> <p>The Incentive Plan, which will be administered in accordance with the Incentive Plan Rules, provides a rule-based framework under which the Company may offer and issue Securities to officers, executives, employees, consultants of, and other persons connected with, the Company for the purposes noted below.</p>
Eligible Participant	<p>The Incentive Plan Rules defines an Eligible Participant (i.e. a person who is eligible to receive an offer of Securities under the Incentive Plan) as one who:</p> <ul style="list-style-type: none">• is a 'primary participant' (as that term is defined in section 1100L of the Corporations Act); and• has been determined by the Board to be eligible to participate in the Incentive Plan. <p>A "Participant" is an Eligible Participant who has accepted an Invitation from the Board to participate in the Incentive Plan and has been issued with Securities.</p>
Purpose	<p>The Company has adopted the Incentive Plan in order to assist the Company:</p> <ul style="list-style-type: none">• with the recruitment, retention, motivation and reward of officers, executives and employees (and others) of the Company; and• more closely align the interests of officers, executives and employees (and others) of the Company with the interests of Shareholders.
Securities	<p>Security means an ESS Interest (as that term is defined in section 1100M of the Corporations Act) in the equity capital of the Company issued or granted to a Participant under the Incentive Plan (and in accordance with the Incentive Plan Rules) and includes a Share, an option, a performance right and a convertible security.</p>
Administration	<p>The Incentive Plan will be administered by the Board in accordance with the Incentive Plan Rules. For the avoidance of doubt, the Board may make further provisions to ensure the efficient operation of the Incentive Plan. The Board may delegate decision making authority to a committee of the Board.</p>



<p>Invitation</p>	<p>Following the determination by the Board that a ‘primary participant’ of the Company is an ‘Eligible Participant’, the Board may, in its discretion, decide to invite (by way of a formal written invitation (Invitation)) that Eligible Participant to participate in the Incentive Plan. The Invitation may specify, amongst other things:</p> <ul style="list-style-type: none"> • the number and type of Securities which that Eligible Participant may apply for; • the date on which the Securities the subject of the Invitation will be issued; • the monetary consideration payable (if any) for the issue or grant of the Securities the subject of the Invitation; • the Exercise Price (if any) of the Convertible Securities the subject of the Invitation; • the Vesting Conditions (if any) applicable to the Securities the subject of the Invitation; • the disposal restrictions (if any) attaching to the Plan Shares the subject of the Invitation; and • whether an Acquisition Loan will be provided to support the acquisition of Loan Shares the subject of the Invitation.
<p>Maximum Number</p>	<p>No Securities will be issued under the Incentive Plan for monetary consideration if the aggregate number of Securities issued for monetary consideration amounts to more than 5% of the Company’s issued share capital calculated in accordance with the formula set out in Division 1A of Part 7.12 of the Corporations Act. While the Company is permitted to issue Securities which do not require the provision of monetary consideration either for their purchase or on their exercise (if applicable), which in aggregate amount to more than 5% of the Company’s issued share capital, the Company does not presently have any intention to do.</p>
<p>Permitted Nominee</p>	<p>As permitted by the relatively new ESS provisions in the Corporations Act, an Eligible Participant may (subject to the Board’s discretion), nominate another person (a Permitted Nominee) to acquire and hold the Securities the subject of an Invitation on their behalf. A Permitted Nominee may include:</p> <ul style="list-style-type: none"> • a spouse, parent, child or sibling of the Eligible Participant; • a company controlled by the Eligible Participant or by a spouse, parent child or sibling of the Eligible Participant; • a corporate trustee of a self-managed superannuation fund, where the Eligible Participant is a director of the trustee; and • any other “related person” (as defined in section 1100(L) of the Corporations Act) of the Eligible Participant.



Reorganisation	<p>If there is a reorganisation of the Company's share capital (including any subdivision, consolidation, reduction, return or cancellation of the Company's share capital), the rights of each Participant holding convertible securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital.</p> <p>Similar adjustments permitted/required by the Listing Rules in the context of rights or bonus issues are also made provision for in the Incentive Plan.</p>
Change of Control	<p>Notwithstanding any other provision of the Incentive Plan Rules, if a change of control of the Company occurs, or the Board determines that a change in control is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the relevant change of control transaction.</p>
Loan Shares	<p>The Incentive Plan allows for the provision of an Acquisition Loan to enable the purchase of Shares issued under the Incentive Plan (<i>Loan Shares</i>).</p>
Trust	<p>The Board may use an employee share trust or other mechanism for the purposes of holding Securities on behalf of Participants.</p>
Buy-Back	<p>Subject to applicable law, the Company may buy-back Securities in accordance with the terms of the Incentive Plan.</p>
Tax	<p>The Incentive Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies.</p>





5 September 2024

INVESTOR NAME(S) <DESIGNATION>
C/O EXAMPLE LTD
PO BOX 0000
MELBOURNE VIC 3000

SAVE TIME & VOTE ONLINE:

Go to the address below or scan the QR code.

 registrydirect.com.au/investor



HIN/SRN: <SRN/HIN>

PROXY FORM

Please complete and return this form if you wish to appoint a proxy and/or direct how you want your votes cast at the Annual General Meeting of ARC Funds Limited (ABN 52 001 746 710) (the Company) to be held at 10:00 a.m. AEDT on Friday, 18 October 2024 at The offices of K&L Gates, Level 31, 1 O'Connell Street, Sydney, NSW 2000 and at any adjournment or postponement of the meeting. This form must be completed and returned by 10:00 a.m. AEDT on Wednesday, 16 October 2024.

Alternatively, you can appoint a proxy and/or direct how you want your votes cast online at <https://www.registrydirect.com.au/investor/>.

Step 1 - Appoint your Proxy

I/We are or represent a member/s of ARC Funds Limited and entitled to attend and vote hereby appoint:

the Chair of the Meeting (mark box with 'X')

OR

Write here the name of the person (or body corporate) you are appointing if this person is someone other than the Chair of the Meeting

or failing attendance at the meeting of the person or body corporate named above, or if no person is named, the Chair of the Meeting, to act generally at the meeting on my/our behalf and to vote in accordance with the directions on this proxy form or, if no directions have been given and to the extent permitted by law, as he or she sees fit, at the Annual General Meeting of ARC Funds Limited to be held at 10:00 a.m. AEDT on Friday, 18 October 2024 at The offices of K&L Gates, Level 31, 1 O'Connell Street, Sydney, NSW 2000 and at any adjournment or postponement of the meeting.

This form authorises our proxy to vote on the lesser of

all our securities

OR

_____ securities

The Chair of the Meeting intends to vote all available proxies in the manner set out with each Resolution.

Step 2 - Direct how your votes are to be cast

Resolution 1

ADOPTION OF REMUNERATION REPORT

Resolution type: **Non binding**

Board recommendation: **For**

Chair's voting intention: **For**

FOR

AGAINST

ABSTAIN

PROXY'S DISCRETION

Resolution 2

RE-ELECTION OF DIRECTOR – MR JAMES JACKSON

Resolution type: **Ordinary**

Board recommendation: **For**

Chair's voting intention: **For**

FOR

AGAINST

ABSTAIN

PROXY'S DISCRETION

Resolution 3

RE-ELECTION OF DIRECTOR – MR HARLEY GROSSER

Resolution type: **Ordinary**

Board recommendation: **For**

Chair's voting intention: **For**

FOR

AGAINST

ABSTAIN

PROXY'S DISCRETION

Resolution 4

RATIFICATION OF PRIOR ISSUE OF SHARES

Resolution type: **Ordinary**

Board recommendation: **For**

Chair's voting intention: **For**

FOR

AGAINST

ABSTAIN

PROXY'S DISCRETION

Resolution 5

RATIFICATION OF PRIOR GRANT OF OPTIONS

Resolution type: **Ordinary**

Board recommendation: **For**

Chair's voting intention: **For**

FOR

AGAINST

ABSTAIN

PROXY'S DISCRETION

Resolution 6

APPROVAL OF INCENTIVE PLAN

Resolution type: **Ordinary**

Board recommendation: **For**

Chair's voting intention: **For**

FOR

AGAINST

ABSTAIN

PROXY'S DISCRETION

Resolution 7

LISTING RULE 7.1A 10% PLACEMENT
CAPACITY

Resolution type: **Special**

Board recommendation: **For**

Chair's voting intention: **For**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 8

AMENDMENTS TO CONSTITUTION

Resolution type: **Special**

Board recommendation: **For**

Chair's voting intention: **For**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Step 3 - Sign this form

Shareholder 1 (individual)

Sole Director & Sole Company Secretary

Joint Shareholder 2 (individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (individual)

Director

Date

Contact name

Mobile number

Email

By providing an email you agree to receive future communications electronically

SIGNING INSTRUCTIONS FOR THE PROXY FORM

Individual:

Where the holder is an individual, the security holder must sign.

Joint holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you are executing the Proxy Form under a Power of Attorney and have not previously supplied a copy, please attach a certified copy of the Power of Attorney to the Proxy Form when you return it.

Companies:

When the holder is a company, and the company has a sole director who is also the sole company secretary, the Proxy 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 the Proxy Form must be signed by a director jointly with either another director or a company secretary. Please sign in the appropriate place to indicate the office held and delete titles as applicable.

RETURNING THE PROXY FORM

Please note our preference is you appoint your proxy and direct how you require your vote/s be cast online. If you perform these actions online, you will not need to complete or return the Proxy Form. You can complete these actions by logging in to your account at www.registrydirect.com.au/investor.

You can return the Proxy Form by:



EMAIL:

registry@registrydirect.com.au



POST:

PO Box 572
Sandringham Vic 3191



FAX:

+61 3 9111 5652