

Trustees Australia Limited

ASX CODE: TAU

Notice of Extraordinary General Meeting

An Extraordinary General Meeting of the shareholders of Trustees Australia Limited (ABN: 42 010 653 862) will be held in the Trustees Australia office at Level 3, 140 Ann Street, Brisbane on Thursday, 22 December 2016 at 2:30 pm (AEST).

This notice of an extraordinary general meeting 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 advisor prior to voting.

Please contact the Company Secretary on +61 7 3020 3020 if you wish to discuss any matter concerning the Meeting.

Trustees Australia Limited
ABN 42 010 653 862

Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting (EGM) of the Shareholders of Trustees Australia Limited ('Company') will be held in the Trustees Australia office at Level 3, 140 Ann Street, Brisbane on Thursday, 22 December 2016 at 2:30 pm (AEST) (**Meeting**).

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form are each part of this Notice of Meeting.

Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than [10:00am (AEST)] on Tuesday, 20 December 2016.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1 of the Explanatory Memorandum.

Agenda

1 RESOLUTION 1 - CHANGE TO NATURE AND SCALE OF ACTIVITIES AND DISPOSAL OF MAIN UNDERTAKING

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, for the purposes of Listing Rules 11.1.2 and 11.2 and Sections 256B and 256C of the Corporations Act 2001 (Cth.) and for all other purposes, approval is given for the Company to:

- (a) *make a significant change to the nature and scale of the Company's activities by disposal of the main undertaking through the demerger of Queensland Resorts Pty Ltd (Queensland Resorts) by way of pro-rata In-specie Distribution of the whole of the share capital of Queensland Resorts to holders of Ordinary Shares in the Company;*

as set out in the Explanatory Memorandum with effect from completion of this Meeting."

A voting exclusion statement is set out below.

2 RESOLUTION 2 - APPROVAL OF CAPITAL RETURN

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, subject to Resolution 1 being passed and for the purposes of sections 256B and 256C of the Corporations Act and for all other purposes, the issued share capital of the Company be reduced by the Company:

- (a) *making a pro rata distribution in specie of Queensland Resort Shares to each holder of Shares as at 7pm on the Record Date;*

- (b) *transferring to the Nominee the Queensland Resort Shares which the Company would otherwise pursuant to paragraph (a) be required to distribute to holders of Shares who are, in the Company's opinion, Ineligible Foreign Shareholders as at 7pm on the Record Date;*
- (c) *procure that, as soon as reasonably practicable and in any event not more than 15 Business Days after the Completion Date:*
 - (i) *the Nominee:*
 - (A) *sells all of the Queensland Resort Shares so transferred to the Nominee in such manner, at such price and on such other terms as the Nominee determines in good faith; or*
 - (B) *if the nominee believes that the process referred to in paragraph A above is not appropriate in the circumstances, the nominee undertakes such other sale process that the nominee believes will maximize the price at which the Queensland Resort Shares will be sold; and*
 - (ii) *remits to the Company the proceeds of sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges); and*
- (d) *promptly after the last such sale of Queensland Resort Shares by the Nominee, pay to each Ineligible Overseas Shareholder the proportion of the net proceeds of sale so received by the Company to which that Ineligible Overseas Shareholder is entitled (being the number of Shares held by the Ineligible Overseas Shareholder as at the Record Date divided by the total number of Queensland Resort Shares held by all Ineligible Overseas Shareholders as at the Record Date multiplied by the net proceeds of sale)."*

3 RESOLUTION 3 - ISSUE OF SHARES IN QUEENSLAND RESORTS BY PUBLIC OFFER

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That. subject to approval of Resolutions 1 and 2, Shareholders approve the issue of up to 10,000,000 Queensland Resorts Shares under the Public Offer at an issue price equal of 20 cents per share and otherwise on the terms set out in the Explanatory Memorandum so that the issue of such shares occurs contemporaneously with the Demerger."

A voting exclusion statement is set out below.

4 VOTING PROHIBITION AND EXCLUSION STATEMENTS

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on the following Resolutions by the following persons:

Resolution 1 - Change to nature and scale of activities and disposal of main undertaking.	Persons, who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed, and any associate of those persons.
Resolution 2 - Approval of Capital Return	
Resolution 3 - Issue of Shares In Queensland Resorts by Public Offer.	

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board of Directors

Trustees Australia Limited

Jerome Jones
Company Secretary
21 November 2016

Trustees Australia Limited
ABN 42 010 653 862
Explanatory Memorandum

1 INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held in the Trustees Australia office at Level 3, 140 Ann Street, Brisbane on Thursday, 22 December 2016 at 2:30 pm (AEST). The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

Unless otherwise indicated, in this Explanatory Memorandum references to Shares means existing ordinary shares in the Company at the date of this Notice and a reference to Queensland Resorts Shares means the resultant Shares in Queensland Resorts after the proposed Demerger is completed.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

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A Proxy Form is located at the end of the Explanatory Memorandum.

Please contact the Company Secretary on +61 7 3020 3020 if you wish to discuss any matter concerning the Meeting.

2 FORWARD LOOKING STATEMENTS

This Explanatory Memorandum contains forward-looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus.

3 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

3.1 Proxies

All Shareholders are invited and encouraged to attend the Meeting. Any Shareholder who is unable to attend in person, may appoint a representative (or **proxy**) to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to

the Company in accordance with the instructions on the Proxy Form. The Company encourages Shareholders completing a Proxy Form to direct the proxy how to vote on each Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 2:30 pm AEST on Tuesday, 20 December 2016. Any Proxy Form received after that time will not be valid for the Meeting.

A Proxy Form may be lodged in the following ways:

By Mail Trustees Australia Limited GPO Box 6 Brisbane QLD 4001

By email shareholders@trusteesau.com.au

By Facsimile +61 7 3020 3080

Shareholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.

3.2 Corporate representatives

Any Shareholders which is a body corporate may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An Appointment of Corporate Representative Form is available from our Share Registry on the Boardroom Pty Ltd website at www.boardroomlimited.com.au.

3.3 Eligibility to vote

The Directors have determined that, for the purposes of voting at the Meeting, Shareholders are those persons who are the registered holders of Shares at [5.00pm] (AEST) on Wednesday, 21 December 2016.

4 RESOLUTIONS 1 AND 2 - DISPOSAL OF MAIN UNDERTAKING AND CAPITAL REDUCTION (DEMERGER)

4.1 Introduction

The Company proposes to demerge its wholly owned subsidiary Queensland Resorts Pty Ltd (**Queensland Resorts**) by transferring all of the shares in Queensland Resorts to Shareholders who, on the Record Date to be advised by the Company, have an Australian or New Zealand registered address at the Company's Registry (Demerger).

The Directors are of the view that the Company has two separate "main undertakings" being the two separate "activity streams" of Financial Services and Tourism Activities as discussed at Section 4.2 and disposal of either of these activity streams would constitute a disposal of a main undertaking under Listing Rule 11.2.

For the purposes of the Listing Rules, the Demerger of Queensland Resorts is regarded as a disposal of a main undertaking of the Company, which requires Shareholder approval under Listing Rule 11.2 which is proposed to be achieved by and equal capital reduction distribution to all Shareholders.

For the purposes of the Corporations Act, which provides in Section 256B that a company may reduce its share capital in a way that is not otherwise authorised by law if the reduction:

- (a) is fair and reasonable to the company's shareholders as a whole; and
- (b) does not materially prejudice the company's ability to pay its creditors; and
- (c) is approved by shareholders under section 256C.

The in-specie distribution of Queensland Resort Shares to Eligible Shareholders by way of capital reduction is an equal reduction of capital under the Corporations Act. Under section 256C of the Corporations Act, an equal reduction must be approved by an ordinary resolution passed at a general meeting of the Company. The proposed equal capital reduction comprises the distribution of one fully paid ordinary share in Queensland Resorts for each fully paid ordinary share in Trustees Australia held by registered Shareholders on the Record Date.

For the reasons set out in this Explanatory Memorandum, the Directors are of the view that the proposed capital reduction is fair and reasonable to Shareholders and that the reduction of capital will not prejudice the Company's ability to pay its creditors.

The purpose of these Resolutions 1 and 2 is to seek Shareholder approval under Listing Rule 11.2 and section 256C of the Corporations Act.

4.2 Rational for the Proposed Change

The Company was incorporated in 1986 and was first listed on ASX in February 1987 as a diversified investment company to participate in a range of businesses and property assets. In the intervening period, the Board has investigated and invested in many listed and unlisted investments for the Company.

In recent years, the assets and activities of Trustees Australia have merged into two distinct streams, being:

- **Financial Services:** undertaken through the parent entity Trustees Australia, comprising Trustee and Responsible entity Services, Custody, Funds Management plus Fixed Interest Activities in subsidiary Rim Securities Limited, comprising dealing and broking bonds and placing term deposits for middle market entities such as charities schools and local councils etc.
- **Tourism / Property:** undertaken primarily through its wholly owned subsidiary entity Queensland Resorts Pty Ltd (Queensland Resorts), comprising the ownership and business operations of Magnums Backpackers Resort at Airlie Beach and other adjoining development property.

These two asset and activity streams have grown to be incompatible in a single entity from an investor perspective and the Directors believe changes to the way they are structured will allow each entity to attract new investors and allow the two activity streams to be further developed separately with experienced management in the separate activities to be focused on the growth and development of each company.

The directors of Trustees Australia have looked to "split" the assets and activities of Trustees Australia on several occasions. The implementation required identification of opportunities so each activity stream could develop and have the ability to raise further capital to expand.

The Board believes that undertaking the splitting of the Company into two separate listed activity streams will facilitate the ability to:

- attract new capital from investors to develop each activity stream separately;
- identify and make further investments in complementary businesses and assets;
- reduce the concentration of large associated share shareholdings in the share register to provide greater security trading liquidity;

- attract new management with specialised skills who can be incentivised to make the entity that employs them more successful.

In summary, it is proposed that Trustees Australia will remain listed on ASX and focus on the FS activities including Trustees and Responsible Entity Services, Custodial Services, Funds Management and Fixed Interest Services. Queensland Resorts is inactive consideration of potential acquisitions and merger with existing financial services companies seeking to grow in the sector with an ASX listed entity.

The directors believe this will advantage all stakeholders for the financial benefit of shareholders.

4.3 Background to Queensland Resorts

The Company acquired Queensland Resorts in 1988. At the time Queensland Resorts owned and operated several tourism properties at Airlie Beach, the primary ones being the Whitsunday Terraces Resort and the Whitsunday Village Resort, both of which were centrally located in Airlie Beach.

The Whitsunday Terraces was, at the time a relatively new apartment style property which the Company “strata-titled” and sold to multiple investors during the first year following acquisition with proceeds applied to reducing borrowings for the acquisition.

The Whitsunday Village Resorts, which was an older cabin style resort property, focused on the “honeymooners” market and located on several acres of prime land in the very centre of Airlie Beach. This property was progressively redeveloped and repositioned as the first backpacker oriented property of significant size in the town. Over the many intervening years the property has been added to and subdivided and operates as the town’s largest backpackers.

The property assets and business assets in Queensland Resorts were independently valued by specialist valuers, Opteon Property Group as at 30 June 2016 and the Directors adopted those valuations in the audited 2016 Annual Report of the Company lodged with ASX on 31 August 2016 and in the financial information contained in this Notice at Section 4.6. Shareholders should refer to the 2016 Annual Report for further details. A copy of the 2016 Annual Report can be found on the Company’s website at www.trusteesau.com.au or on the Announcements platform of ASX, or by contacting the Company to obtain a free paper copy.

4.4 Outline of the proposed change to the Capital Structure

Trustees Australia and Queensland Resorts each has a total of 33,010,131 fully paid ordinary shares with equal voting and entitlement rights on issue at the date of this Notice of Meeting.

The Demerger of Queensland Resorts is proposed to be undertaken by Trustees Australia making an *in-specie* pro-rata distribution of shares in Queensland Resorts on the basis of one ordinary share in Queensland Resorts for each share held in Trustees Australia in accordance with the provisions of Listing Rule 11.4.1.

4.5 Listing Queensland Resorts on the National Stock Exchange (NSX)

The Directors intend to apply to the National Stock Exchange (NSX) to list the Queensland Resort shares. Subject to these approvals being obtained:

- (a) Existing shareholders in Trustees Australia would have shares directly in each of Trustees Australia and Queensland Resorts, rather than holding their interest in Queensland Resorts via the shares in the ASX listed Trustees Australia;
- (b) Trustees Australia would retain its listing on ASX;
- (c) Queensland Resorts would be listed on NSX; and

- (d) Each entity would be a separate listed entity with specific investment and activity stream to develop and expand.

The Directors believe there should be no impediment to Queensland Resorts listing on ASX at a later date, subject to its compliance with the Listing Rules of ASX at the time.

4.6 Financial Aspects

The following table summarises the Assets and Liabilities of the pre and post Demerger segments which approximate those of Queensland Resorts and Trustees Australia currently and after the Demerger. These figures are based on the audited financial accounts as at 30 June 2016 included in the Company's 2016 Annual Report.

	Trustees Australia Audited 30 Jun 2016 \$,000	Trustees Australia Movement 30 Sep 2016 \$,000	Queensland Resorts Demerger \$,000	Demerger Adjustments \$,000	Trustees Australia Proforma \$,000	Queensland Resorts Proforma \$,000
ASSETS						
Current Assets						
Cash and Cash Equivalents	497	(412)	(61)	(473)	24	61
Trade and Other Receivables	626	82	(29)	53	679	29
Inventories	5	1	(6)	(5)	-	6
Other Financial Assets	1,623	26		26	1,649	-
Other Current Assets	251	132	(96)	36	287	96
	3,002	(171)	(192)	(363)	2,639	192
Non-Current Assets						
Inventories	860		(860)	(860)	-	860
Other Financial Assets	1,107	68		68	1,175	-
Intangibles	897	(19)		1,481	2,378	-
Investments in Associates	559		(559)	(559)	-	559
Property, Plant & Equipment	4,888	(7)	(4,868)	(4,875)	13	4,868
	8,311	42	(6,287)	(4,745)	3,566	6,287
TOTAL ASSETS	11,313	(129)	(6,479)	(5,108)	6,205	6,479
LIABILITIES						
Current Liabilities						
Trade and Other Payables	(975)	(112)	516	404	(571)	(516)
Borrowings	(47)	(4)		(4)	(51)	-
Provisions	(99)	(27)	43	16	(83)	(43)
	(1,121)	(143)	559	416	(705)	(559)
Non-Current Liabilities						
Trade and Other Payables	(540)	(41)		(41)	(581)	-
Provisions	(607)	18	156	174	(433)	(156)
	(1,147)	(23)	156	133	(1,014)	(156)
TOTAL LIABILITIES	(2,268)	(166)	715	549	(1,719)	(715)
NET ASSETS	9,045	(295)	(5,764)	(4,559)	4,486	5,764
TOTAL EQUITY	9,045	(295)	(5,764)	(6,059)	4,486	5,764
Net Assets Per Share					\$0.14	\$0.17

Assumptions used in the above table

- Based on audited accounts at 30 June 2016 and unaudited management adjustments to 30 September 2016;
- No provision is made for raising additional capital, including the Public Offer, in this table;
- Additional intangible assets of \$1.5m recognising estimated values of financial services licensing and technology, have been included in the Trustees Australia Proforma;

4.7 Taxation Aspects

The Income Tax Assessment Act 1997 (ITAA) contains demerger relief provisions that provide for concessionary taxation treatment in respect of demergers that satisfy certain specific eligibility criteria.

Provided those criteria are satisfied in respect of the proposed demerger of Queensland Resorts, Trustees Australia shareholders may be entitled to CGT roll-over relief and/or income tax relief on the issue of the Queensland Resorts Shares in Queensland Resorts and any dividend component. Required adjustments to their respective cost bases in both their remaining interests in Trustees Australia and their newly acquired interests in Queensland Resorts are also prescribed.

Similarly, any CGT consequences which may arise for Trustees Australia as a result of the demerger may be ignored for income tax purposes by way of CGT roll-over, and certain cost base adjustments may be required.

The Board's investigation into the taxation implications of this transaction indicates on any reasonable basis, that Trustees Australia satisfies the ITAA requirements as the 'head entity' in a 'demerger group' and also that of being a 'listed public company'.

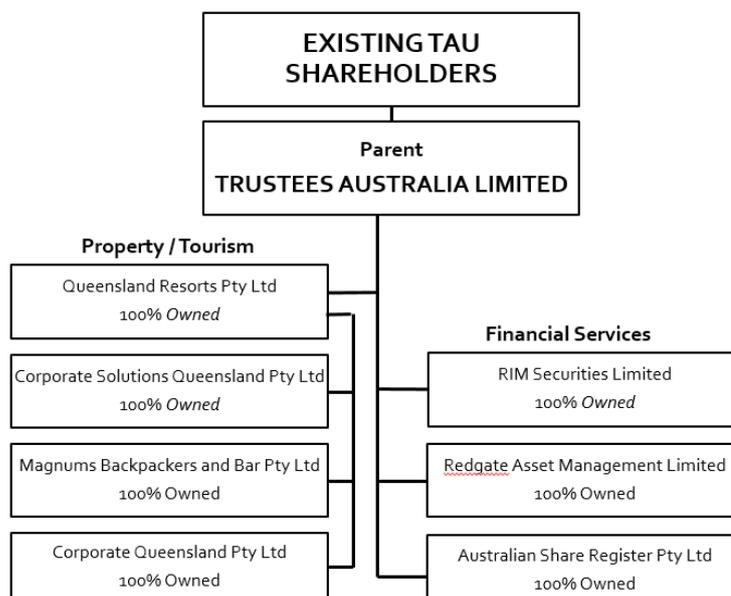
4.8 Capital structure

The Company's capital structure in terms of the number and class of Shares on issue (33,010,131 fully paid ordinary shares), will remain the same after the Demerger as before assuming no separate capital raising is undertaken. However, it is likely that after and subject to the Demerger proceeding, the Company will seek to raise additional capital by way of a separate prospectus offer.

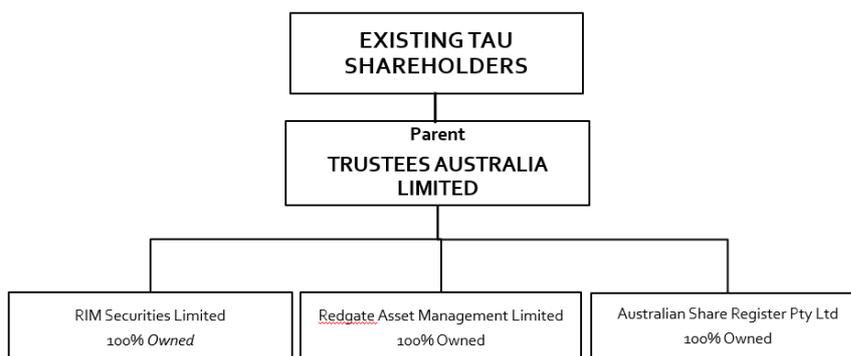
4.9 Proposed Entity Structure - Pre and Post Demerger

The Demerger of the Property / Tourism stream of activities will include three companies which are wholly owned subsidiaries of Queensland Resorts. These are Corporate Solutions Pty Ltd ACN 010 620 612, which is the group administration company which handles company payroll, accounting and similar internal activities, and Magnums Backpackers and Bar Pty Ltd ACN 010 746 997 and Corporate Queensland Pty Ltd ACN 081 530 734, both of which are dormant companies used for retaining brand names.

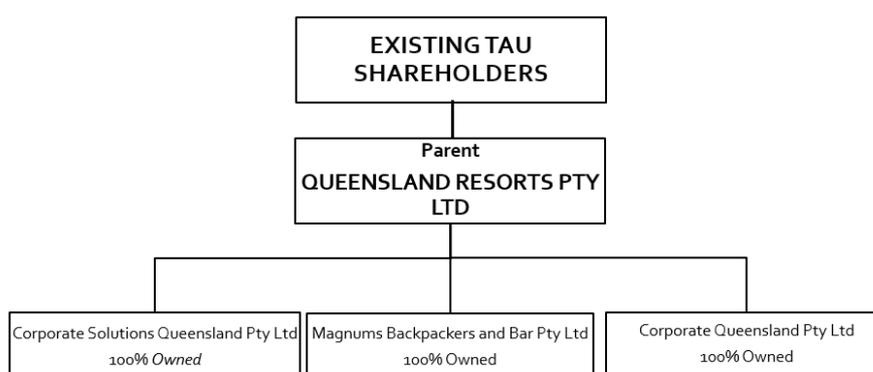
Pre-Demerger Structure



Post-Demerger Structures
Trustees Australia Limited



Queensland Resorts Limited



4.10 Directors and management

Directors

The Directors do not have any material interest in the outcome of Resolutions 1 and 2 other than as a result of their interest arising solely in the capacity as Shareholders.

No Director will receive any payment or benefit of any kind as a consequence of the Sale other than in their capacity as a Shareholder.

Profiles on each of the continuing Directors and Management are set out below.

Michael Hackett

Mr. Hackett is the Managing Director of Trustees Australia Limited. He has a Bachelor of Commerce degree from the University of Queensland and qualified as a Chartered Accountant. Mr. Hackett has considerable experience in managing and operating a wide range of businesses and property developments.

Mr. Hackett is currently a director of Trustees Australia Limited.

Kerry Daly

Mr. Daly holds a Bachelor of Business (Accountancy) and is a Certified Practising Accountant. He is an experienced senior executive and public company director with some 30 years' experience in the financial sector, including retail banking, equities, bond markets dealing, funds management, investment banking and corporate advisory. Kerry had approximately 20 years' experience at chief executive officer, managing director and executive director level in financial services entities.

Nathan Leman

Mr. Leman is an experienced qualified commercial builder and project manager with approximately 20 years hands-on experience in managing development, construction and technology acquisition and implementation projects. He is responsible for the design and implementation of property and IT projects for the Trustees Australia group, including those relating to financial services technology platforms. As a director of Trustees Australia, Mr Leman has been appointed to the boards of most of its subsidiary entities and investments, and he takes a significant active role in their management.

Key Management

Jerome Jones

Mr. Jones is the contract CFO and Company Secretary of the Group. He is a Certified Practising Accountant and has completed a Bachelor of Business (Accountancy). He has considerable commercial experience in the operation and reporting of listed and unlisted companies including taxation and accounting standards matters.

Evelyn Anderson

Mrs. Anderson is the Group's Financial Accountant and managed the accounting and administration personnel at Airlie Beach and supervised all facility operations for approximately 14 years.

Elizabeth Hackett

Mrs. Hackett is the General Manager - Operations and Marketing for the Queensland Resorts assets and businesses also handles all marketing activities. She has been in senior management the hospitality industry in Australia and New Zealand through many years and contributes to the Queensland industry as a judge in Queensland Tourism Awards and other industry activities.

4.11 Indicative timetable

An indicative timetable for the Transaction, is as follows:

Event	Date
Dispatch of Notice of Meeting	[22 November] 2016
Application for listing of Queensland Resorts on NSX	[25 November] 2016
Meeting - (Enter ASX trading halt at commencement)	[22 December] 2016
Conditional Approval of NSX listing application for Queensland Resorts	[9 January] 2017
Record Date for Determining entitlements Demerger Shares	[12 January] 2017
Date of Completion and Demerger	[23 January] 2017
Commencement of trading in Queensland Resorts on NSX	[31 January] 2017

The dates are indicative only and may change, subject to the Corporations Act and Listing Rules of both ASX and NSX. The Record Date will be determined by the date that NSX provides conditional approval for listing of Queensland Resorts Shares. This

is subject to NSX's internal processes and the NSX Listing Rules. There is no assurance NSX will grant the conditional approval sought.

4.12 Advantages and disadvantages of the Proposed Demerger

The Directors consider that the following advantages and disadvantages to the Company of the Proposal may be relevant to Shareholders in deciding whether to approve the Resolutions:

(a) Advantages

- (i) The approval of the Demerger will allow the Company and Queensland Resorts to separately expand in their respective activity streams of Financial Services and Tourism respectively and be in a superior position to attract new capital and new investment interest of benefit to all stakeholders.
- (ii) The separate activity streams and new investor interest may lead to an increase in the security price and share trading liquidity of each entity and the payment of dividends.
- (iii) The Demerger provides a greater opportunity for increasing Shareholder wealth.

(b) Disadvantages

- (i) The change of activities involves risks as set out in section 4.14.

4.13 Treatment of Shareholders outside Australia or New Zealand

The *in-specie* issue of Queensland Resorts Shares will not be made where, acting reasonably, the Company determines that it would be unlawful or unduly onerous or impracticable to do so. Rather, and on implementation of the Demerger, the Company proposes to appoint a nominee to receive, hold and after listing on an exchange, seek to sell any Queensland Resorts Shares to which such Shareholders would otherwise be entitled on the Record Date (Ineligible Shareholders) at a price per Queensland Resorts Share equal to the volume weighted average closing price per Share over the 30 traded days after relisting and to account to those Shareholders for the sale proceeds.

4.14 Risks

The proposed Demerger and the future operations of the separated entities is not risk free. Before deciding to approve the Proposal, Shareholders should read the Notice and Explanatory Memorandum and consider at least the following risks in light of their personal circumstances and investment objectives (including financial and taxation issues) and if necessary, seek professional advice from their accountant, stockbroker, lawyer or other professional adviser.

The operating and financial performance and position of the Company, the value of securities in each of the Company and Queensland Resorts (Post-Demerger Entities) and the amount and timing of any dividends that they may pay will be influenced by a range of factors. Many of the risks set out below are beyond the control of the Post-Demerger Entities and the Directors. Accordingly, these factors may have a material effect on the Post-Demerger Entities' performance and profitability which may cause the market price of Shares or the Queensland Resorts Shares to rise or fall over any given period.

The below risks are not intended to be exhaustive of the risk factors to which the Post-Demerger Entities is exposed.

(a) Implementation risk

Assuming Shareholders approve Resolutions 1 and 2, the Queensland Resorts will seek to have the Queensland Resorts Shares listed on NSX. There is a risk that this may not occur, or occur on terms and conditions disadvantageous to existing Shareholders.

(b) Specific risks

Following are certain risks specific to an investment in the Post-Demerger Entities:

(i) Management risks, including reliance on key management

The responsibility of the day-to-day operations and the strategic management of the Post-Demerger Entities depends substantially on its experienced managers and its key supervisory team. There can be no assurance given that there will be no detrimental impact on the Post-Demerger Entities if one or more of these employees or consultants cease their engagement with the Post-Demerger Entities.

(ii) Operating risks

The operation of the Company's businesses involve risks to employees, contractors and plant and equipment through accident, malfunction and acts of God, and other events which may often be not foreseen or be able to be insured against and in respect of which the Post-Demerger Entities and its Directors and management have little or no control or knowledge about. Some events may cause considerable or even catastrophic damage to the Post-Demerger Entities and its assets. There can be no assurance that the Post-Demerger Entities can avoid such events.

(a) Regulatory

Changes in relevant taxes, legal and administration regimes, accounting practice and government licensing and operations policies may adversely affect the financial performance of the Post-Demerger Entities. In order to perform Additional requirements for capital

The Post-Demerger Entities' capital requirements depend on numerous factors. Depending on the Post-Demerger Entities' ability to generate income from its operations, the Post-Demerger Entities may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If either of the Post-Demerger Entities is unable to obtain additional financing as needed, it may be required to limit the scope of its operations and scale back its expansion programme as the case may be.

(b) Competition risk / consumption and investment trends.

The tourism industry and the financial services industry are subject to domestic and global competition. Although the Post-Demerger Entities will undertake all reasonable due diligence in its business decisions and operations, the Post-Demerger Entities will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Post-Demerger Entities' projects and business.

(c) Insurance risks

The Post-Demerger Entities intend to insure its operations in accordance with industry practice. However, in certain circumstances, the Post-Demerger Entities' insurances may not be of a nature or level to provide adequate

insurance cover and in some circumstances appropriate insurance cover may not be available or financially viable for certain risks. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Post-Demerger Entities.

4.15 General investment risks

In addition to the above specific risks associated with the Post-Demerger Entities' proposed operations there are also general risks associated with an investment in securities. These include:

(d) Securities investments and share market conditions

There are risks associated with any securities investment. The price at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Post-Demerger Entities regardless of the Post-Demerger Entities' operational performance. Neither of the Post-Demerger Entities nor their Directors warrant the future performance of the Post-Demerger Entities, or any return of an investment in the Post-Demerger Entities.

(e) Economic risk

Changes in both Australian and world economic conditions may adversely affect the financial performance of the Post-Demerger Entities. Factors such as inflation, currency fluctuations, interest rates, travel trends and safety issues, industrial disruption and economic growth may impact on future operations and earnings.

(f) Legal proceedings

Legal proceedings may arise from time to time in the course of the business of the Post-Demerger Entities. As at the date of this Meeting Booklet, there are no material legal proceedings affecting the Post-Demerger Entities and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Post-Demerger Entities.

4.16 Directors' recommendation

The Board is of the view that once the two entities are demerged and each has the opportunity to focus on its own stream of activities for growth and to access new capital, the performance of both entities should improve accordingly.

The Board is advanced in considering potential future acquisition opportunities for each segment.

For the reasons set out above the Directors recommend that Shareholders approve the proposed Demerger and vote in favour of all Resolutions.

Each Director intends to vote all Shares in which he has a relevant interest, in favour of all Resolutions unless excluded.

5 RESOLUTION 3 - ISSUE OF QUEENSLAND RESORTS SHARES BY PUBLIC OFFER

5.1 Introduction

Resolution 3 seeks Shareholder approval to issue up to 10,000,000 Queensland Resorts Shares at an issue price of \$0.20 under the Public Offer to raise up to \$2,000,000 subject to approval of Resolution 1.

In this case, the Company is the parent entity of Queensland Resorts and it is Queensland Resorts which, subject to the approval of Resolution 1 and of the listing application made to NSX, will seek to raise the new capital by the issue of its Queensland Resorts Shares in conjunction with the Demerger and listing on NSX.

As Trustees Australia is currently the sole holder of Queensland Resorts Shares and if the Demerger is approved, the Shareholders will become the Queensland Resorts Shareholders, it is appropriate that the Shareholders consider this Resolution 3.

The purpose of the Public Offer is to raise additional working capital for Queensland Resorts for post Demerger activities and to expand the number and diversification of Queensland Resorts Shareholders.

Any funds raised for working capital will be directed towards the analysis of prospective acquisitions and if the Directors consider the acquisitions should be undertaken, the implementation of those decisions.

5.2 Directors' Recommendation

The Directors unanimously recommend the approval of this Resolution and confirm their unanimous intention to vote in favour of the Resolution, including in respect of any applicable proxies.

A voting exclusion statement is included in the Notice.

6 CONDITIONS OF IMPLEMENTATION OF DEMERGER PROPOSALS

6.1 Background

The implementation of the proposals set on in this Explanatory Memorandum and the Resolutions is subject to a number of conditions precedent which if not satisfied in appropriate timeframes may prevent or delay the completion of the implementation.

6.2 Primary Conditions Precedent

The primary conditions precedent to implementation of the Demerger and the Offers are as follows:

- (a) The approval by Trustees Australia Shareholders at the EGM on 22 December 2016 of each of the Resolutions 1, 2 and 3;
- (b) NSX providing conditional approval for the Queensland Resorts Shares to be quoted on NSX to subject to the implementation;
- (c) Raising some of the \$2,000,000 in new funds under the Public Offer by subscription by Eligible Subscribers;
- (d) The release of all encumbrances over Queensland Resorts assets and entities;
- (e) The deconsolidation and exit of Queensland Resorts and its subsidiary entities from the Trustees Australia consolidated tax group

1 SCHEDULE 1 - DEFINITIONS

In this Notice and Explanatory Memorandum:

AEST	means Australian Eastern Standard Time.
ASIC	means Australian Securities and Investments Commission.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	means the board of Directors.
Company	means Trustees Australia Limited (ABN: 42 010 653 862).
Constitution	the constitution of Queensland Resorts from time to time.
Corporations Act	means the Corporations Act 2001 (Cth) as amended.
Demerger	means the equal capital reduction and <i>in-specie</i> distribution of the Queensland Resorts Shares to Shareholders referred to in Resolutions 1 and 2.
Director	means a director of the Company.
Directors	the directors of the Company as at the date of this Prospectus.
Explanatory Memorandum	means this explanatory memorandum.
Ineligible Overseas Shareholders	means a Shareholder whose address shown on the Trustees Australia register as at time of record date is a place outside Australia and New Zealand.
Listing Rules	means the listing rules of the ASX.
Meeting	means the meeting of Shareholders convened by this Notice.
NSX	means National Stock Exchange of Australia Limited ABN 11 000 902 063
Notice or Notice of Shareholder Meeting	means this notice of meeting.
Offers	comprise (a) the Demerger proposal contained in the Notice of Meeting; and (b) the Public Offer.
Prospectus	the Queensland Resorts prospectus dated 22 November 2016 and lodged with ASIC on that date.
Proxy Form	means the proxy form attached to this Notice.
Queensland Resorts	means Queensland Resorts Pty Ltd ABN 80 010 547 912

Queensland Resorts Director	a director of Queensland Resorts.
Queensland Resorts Shares	means the ordinary fully paid shares on issue in Queensland Resorts
Record Date	a date to be set following the Meeting and subject to approval of the Demerger Resolutions (Resolutions 1 and 2 at the Meeting)
Resolution	means a resolution set out in the Notice.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a registered holder of a Share.
Securities Registry	means Boardroom Pty Limited ABN 14 003 209 836.
Trustees Australia	means Trustees Australia Limited ABN 42 010 653 862.

TRUSTEES AUSTRALIA LIMITED PROXY FORM

FOR ALL ENQUIRIES CALL: +61 7 3020 3020 ALL CORRESPONDENCE TO:

Company Secretary, GPO Box 6 Brisbane QLD 4001

The Meeting will be held at:

Level 3

140 Ann Street Brisbane QLD

22 December 2016 at 2:30pm (AEST-Brisbane time).

YOUR VOTE IS IMPORTANT

FOR YOUR PROXY VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 10.00am (AEST), 20 December 2016

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 Appointment of Proxy

Indicate here whom you want to appoint as your Proxy.

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the Group. Do not write the name of the issuer company or the registered security holder in the space.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an 'Appointment of Corporate Representative' prior to admission. An Appointment of Corporate Representative form can be obtained from the Group's securities registry.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Group's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote

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

STEP 3 Sign the Form

The form must be signed as follows:

Individual: This form is to be signed by the security holder.

Joint Holding: where the holding is in more than one name, all the security holders must sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting (**10.00 am (AEST) on 20 December 2016**). Any Proxy Form received after that time will not be valid for the scheduled meeting. **Proxies may be lodged using the reply paid envelope or:**

BY MAIL: GPO Box 6 Brisbane QLD 4001

BY FAX: +61 7 3020 3080

BY EMAIL: shareholders@trusteesau.com.au

IN PERSON: Level 3, 140 Ann Street BRISBANE QLD

If you wish to attend the meeting, please bring this form with you to assist registration.

Security Holder Details

Name:
Address:
Contact Telephone No:
Contact Name (if different from above):

STEP 1 - Appointment of Proxy

I/We being a member/s of Trustees Australia Limited and entitled to attend and vote hereby appoint

the Chairman of the Meeting (mark with an 'X') **OR** If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the annual general meeting of the shareholders of Trustees Australia Limited (**Company**) to be held on Level 3 at 140 Ann Street Brisbane QLD on 22 December 2016 at 2:30pm (AEST) and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Stapled Securities are not to be counted in computing the required majority on a poll.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (to adopt the Remuneration Report) (except where I/we have indicated a different voting intention below) even though Resolution 1 (to adopt the Remuneration Report) is connected directly or indirectly with the remuneration of a member of key management personnel for the Company, which may include the Chairman.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

SECURITY HOLDER NAME Security Holding No:.....

STEP 2 - Voting directions to your Proxy - please mark to indicate your directions

		For	Against	Abstain
Ordinary Business				
Resolution 1	Change to Nature and Scale of Activities and Disposal of Main Undertaking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of Capital Return	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Shares in Queensland Resorts by Public Offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 3 - Please sign here

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security holder 1	Security holder 2	Security holder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name Contact Daytime Telephone.....

Date: / / 2016