Wentworth Holdings

Wentworth Holdings Limited

A.C.N. 080 167 264

NOTICE OF EXTRAORDINARY GENERAL MEETING

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EXPLANATORY STATEMENT

For the Extraordinary General Meeting to be held on Thursday 15 December 2011 at 10am at the offices of Investorfirst Limited at Level 29, 55 Collins Street, Melbourne, VIC, 3000.

In this document you will find:

1. A letter from the Chairman of the Company outlining the proposed resolution to be considered at the Extraordinary General Meeting.
2. Notice of Extraordinary General Meeting.
3. An Explanatory Statement containing an explanation of, and information about, the proposed resolution to be considered at the Extraordinary General Meeting.
4. An Independent Expert's Report as to the fairness and reasonableness of the proposed resolution to be considered at the Extraordinary General Meeting. The Independent Expert has concluded that the Transaction (the subject of the proposed resolution to be considered at the Extraordinary General Meeting) is FAIR AND REASONABLE to shareholders.
5. Proxy Form.

Letter from Wentworth Holdings Limited Chairman – Mr Vaughan Webber

Dear Shareholders

On 14 October 2011 Wentworth Holdings Limited ('Wentworth') announced the proposed sale of its underlying assets to interests associated with Mr Charles Tarbey – Wentworth's Executive Director. This sale was the culmination of a strategic review undertaken by the Wentworth board of directors to assess the most appropriate action to be taken to create value for shareholders.

Under the Sale Agreement with Mr Tarbey, Wentworth will receive up to $18.7 million in value for the underlying assets, comprising:

- Approximately $16.9 million in cash on completion (including approximately $3.5 million of which will be used to pay out Wentworth's debt facility in full); and
- Up to $1.8 million of deferred consideration.

The Sale Agreement contains two key conditions (amongst others):

- the receipt of a 'fair and reasonable' report from an Independent Expert; and
- shareholder approval concerning the transaction.

Wentworth is pleased to provide to shareholders appropriate documents that will allow them to consider the transaction and accordingly vote on the resolution at the Extraordinary General Meeting (EGM) convened concerning the matter.

Should shareholders approve the transaction (and subject to all other conditions being satisfied or waived, if capable of waiver), it is expected that the transaction will be completed within 10 business days after the EGM.

The board, management and staff of Wentworth have worked tirelessly in recent times to restructure the business into a viable, profitable and dividend paying concern. Over the past two financial years, this has been achieved and demonstrated by the achievement of solid EBITDA and the declaration annually of a 0.5 cents per share unfranked dividend.

Whilst the business had been restructured and positive cash flows generated, the next stage of growing and diversifying the business as well as maintaining and growing the underlying portfolio, remained a significant challenge.

The board considered that without avenues for growth, it would be detrimental for shareholders, and value decreasing, to remain as a status quo. In exploring avenues for growth, the board was also sensitive to not exposing the business to additional risk, be that through increased debt levels or acquiring businesses with scrip at values not reconcilable to the value of the underlying Wentworth business.

After an assessment of various business opportunities and an internal strategic review of the business's future prospects, the independent directors (ie: all directors other than Charles Tarbey) considered and accepted the offer for the assets of the Wentworth business from an entity associated with Mr Tarbey. The independent directors believe that this offer is in the best interests of all stakeholders and is supported by the Independent Expert, Leadenhall VRG Pty Limited, whose report is contained within the attached documents.

Following the transaction, your company will be left with substantial cash reserves and effectively no liabilities (refer attached Appendix A). At a time of global financial turmoil and substantively diminished asset values, your directors believe this will enable Wentworth to identify a business activity that can be very rewarding for all shareholders. The quality and depth of the share register should enable your company to consider a number of interesting alternatives. Your board will keep you informed of this process. In addition, your company will have substantial tax losses, which may be of value (subject to income tax law compliance) in any future business undertaking.

On behalf of your board of directors, we look forward to your support of this transaction.

Vaughan Webber
Chairman – Wentworth Holdings Limited

Notice of Extraordinary General Meeting

Wentworth Holdings Limited (ACN 080 167 264)

Notice is given to the members of Wentworth Holdings Limited (ACN 080 167 264) that an Extraordinary General Meeting of the Company will be held at **10am at the offices of Investorfirst Limited at Level 29, 55 Collins Street Melbourne 3000** on **Thursday, 15 December 2011.**

Business

Resolution: Disposal of the Company's main undertaking

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

"That for the purposes of Listing Rules 10.1, 11.2, section 208(1) of the Corporations Act 2001 and for all other purposes, shareholders approve the disposal of the Company's main undertaking, namely the following wholly owned subsidiaries of the Company (and their controlled entities):

- Wentworth Services Pty Ltd (ACN 085 359 119);
- Wentworth Real Estate Pty Ltd (ACN 119 055 971);
- Wentworth Property Management Pty Ltd (ACN 119 061 157); and
- Wentworth Mutual Investment Management Pty Ltd (ACN 099 896 876),

on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this notice of Extraordinary General Meeting."

Independent Expert's Report

*Shareholders should carefully consider the independent expert's report prepared by Leadenhall VRG Pty Ltd (**Independent Expert's Report**) for the purposes of the shareholder approval sought under this Resolution. The Independent Expert's Report comments on the **FAIRNESS AND REASONABLENESS** of the transaction to Non-Associated Shareholders of the Company.*

The independent expert has determined that the disposal of the Company's main undertaking is FAIR AND REASONABLE for shareholders.

Voting Exclusion Statement

The Company will disregard any votes cast on the Resolution by Charles Tarbey, Combined Rental Pty Limited (ACN 152 945 045) and persons and their associates who might obtain a benefit if the resolution is passed..

However, the Company need not disregard a vote if:

- *it 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*
- *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.*

Procedural Notes

1. On a poll, members have one vote for every fully paid share held. On a show of hands, every person present and qualified to vote has one vote and if one proxy has been appointed, that proxy will have one vote on a show of hands. Under the Corporations Act 2001, if a member appoints more than one proxy, neither may vote on a show of hands, but both proxies will be entitled to vote on a poll.

2. Any member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote in his or her stead. If the member wishes to appoint more than two proxies, then an additional proxy form can be obtained from the Company by telephoning Ron Hollands, Company Secretary, on either 03 8591 0520 or via email on ron.hollands@wentworth.com.au.

3. If more than one proxy is appointed, each proxy should be appointed to represent a specified portion of the member's voting rights. If two proxies are appointed, and the appointment does not specify the proportion of the member's vote that each proxy may exercise, each proxy may exercise half of the votes.

4. A proxy need not be a member of the Company and may be an individual or a body corporate. If a member appoints a body corporate as a proxy, that body corporate will need to ensure that it:
   - appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act 2001; and
   - provides satisfactory evidence of the appointment of its corporate representative prior to the commencement of the meeting.

   If such evidence is not received prior to the commencement of the meeting, then the body corporate (through its representative) will not be permitted to act as the member's proxy.

5. Proxy forms (and if the appointment is signed by the appointor's attorney, the original authority under which the appointment was signed or a certified copy of the authority) must be received by the Company prior to 10am on Tuesday, 13 December 2011 by one of the following methods:

   - By mail or in person at the registered office of the Company, 144 Church Street Brighton Victoria 3186.
   - By facsimile to the registered office of the Company on 03 9592 3405.

6. For the purposes of the meeting, shares will be taken to be held by the persons who are the registered holders at 10am (Melbourne Time) on Tuesday, 13 December 2011. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Extraordinary General Meeting.

15 November 2011.

BY ORDER of the Board

R Hollands

Ron Hollands – Company Secretary

Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Extraordinary General Meeting to be held at 10am at the offices of Investorfirst Limited at Level 29, 55 Collins Street Melbourne VIC 3000 on Thursday, 15 December 2011.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution in the Notice of Meeting.

1 Disposal of the Company's main undertaking

1.1 Background

Shareholder approval is being sought to approve the sale by the Company of the entire issued share capital of the following wholly owned subsidiaries of the Company:

(a) Wentworth Services Pty Ltd (ACN 085 359 119);

(b) Wentworth Real Estate Pty Ltd (ACN 119 055 971);

(c) Wentworth Property Management Pty Ltd (ACN 119 061 157); and

(d) Wentworth Mutual Investment Management Pty Ltd (ACN 099 896 876),

(***Transaction Entities***) to Combined Rental Pty Limited (ACN 152 945 045), a company controlled by Charles Tarbey, a director of the Company and a related party for the purposes of the ASX Listing Rules and the Corporations Act (***Purchaser***).

The Transaction Entities (and their controlled entities) (***Sale Group***) hold all assets relating to Wentworth's property asset management services business. The sale of the Transaction Entities is part of the strategy to reposition the Company away from the property management sector as announced to the market on 14 October 2011. Accordingly, after the proposed Transaction, the Company will have substantial cash assets but will have no ongoing property management or real estate sales operations.

1.2 Overview of Transaction

On 14 October 2011, the Company entered into a share sale agreement (***Sale Agreement***) to sell the entire issued share capital of the Transaction Entities to the Purchaser. Mr Charles Tarbey has also entered into the Sale Agreement to guarantee the obligations of the Purchaser.

The key terms of the Sale Agreement are as follows:

(a) The purchase price is up to $18,704,000, payable as follows:

- (i) $16,862,000 on Completion (approximately $3,508,000 of which will be paid to Wentworth's debt financier to discharge all debts owing by Wentworth to it); and
- (ii) up to $1,842,000 of deferred consideration payable in four instalments on:
  - (A) 15 April 2012;
  - (B) 15 July 2012;
  - (C) 15 October 2012; and
  - (D) 15 January 2013, and

  interest (at the rate of 4.5% per annum) is payable from Completion until the last instalment is paid in full. In order to receive the deferred consideration, certain aspects of some of the landlord contracts entered into by the Sale Group need amending or updating. As these contracts are updated, Wentworth will be entitled to instalment payments of deferred consideration payable on the dates specified above. Following completion of the transaction, Mr Ron Hollands (Company Secretary) will be given access to monitor the process of updating these contracts.

(b) The purchase price is also subject to the following adjustments:

- (i) a downwards adjustment will be made to the purchase price if actual operating trade creditors of Wentworth Services Pty Ltd at Completion (as determined by the date that is 3 months after Completion) exceeds $658,000, by the amount of the excess;
- (ii) a downwards adjustment will be made to the purchase price if the amount of annual leave and long service leave entitlements of Wentworth employees as at 30 September 2011 exceeded $499,000 (as reconciled by the date that is 3 months after Completion), by the amount of the excess; and
- (iii) an upwards adjustment will be made to the purchase price if the referral fees receivable from a Century 21 franchisee due to said franchisee selling a property managed by a Transaction Entity (or their controlled entities) up to and including Completion (as determined by the date that is 3 months after Completion) exceeds the amount shown in the completion accounts by more than $25,000, by the amount of the excess.

Overview of Transaction cont.,.

(c) At Completion, the Company may, at the Purchasers request, also provide the Purchaser with a short term working capital loan of $200,000, which is repayable by the Purchaser within 30 days of Completion.

(d) The Company has agreed to reimburse the Purchaser for all third party expenses up to $200,000 if shareholder approval is not obtained.

(e) Completion of the Sale Agreement is conditional on the following conditions being satisfied (or, if possible, waived):

  (i) shareholder approval being obtained in the manner contemplated at the Extraordinary General Meeting;

  (ii) the obtaining of all required financial assistance approvals under Part 2J.3 of the Corporations Act in relation to each Sale Group entity and the Purchaser as a result of the proposed grant of security to the Purchaser's financier for the funding of the Transaction;

  (iii) the counterparty under each premises lease occupied by a Sale Group entity giving written consent, if applicable, as required under the premises lease to the change of control of the applicable Sale Group entity as a result of the Transaction;

  (iv) the assignment (and the consent of the lessor to the assignment) of the premises lease for the Company's registered office to a Sale Group entity;

  (v) the transfer to Wentworth Franchisors Pty Ltd (an entity to be retained within the Company's group) or the deregistration of certain "unused entities" within the Sale Group so that they no longer are subsidiaries of the Sale Group; and

  (vi) Charles Tarbey's appointment as an executive director of the Company continuing until Completion, subject to any removal or resignation in accordance with the Corporations Act, the ASX Listing Rules or the Vendor's constitution or termination in circumstances where Charles Tarbey engages in wilful misconduct, fraud or dishonesty in the course of his employment or fails to perform his duties to the Company or to any other group entity in a material respect.

  The conditions must either be satisfied or waived (if capable of waiver) by 28 February 2012 (***End Date***). The Company and the Purchaser may, by not less than 2 Business Days' notice to the other, terminate the Sale Agreement at any time before Completion if:

  (i) the conditions are not satisfied or waived by the End Date; or

  (ii) the conditions become incapable of satisfaction and the parties agree that any of the conditions cannot be satisfied.

(f) On completion of the Transaction, Mr Tarbey will resign as a director of the Company (and all of its subsidiaries).

1.3 Use of funds

Funds realised from the Transaction will be used to:

(a) reduce bank debt of the Company to $zero; and

(b) source a new undertaking/s for the Company.

1.4 Pro forma balance sheet

An unaudited pro forma balance sheet of the Company following completion of the proposed disposal of the Transaction Entities is set out in Appendix A.

1.5 Capital structure

There will be no change to the capital structure of the Company as a result of the disposal of the Transaction Entities.

1.6 Group structure

The group structure of the Company prior to and following completion of the proposed disposal of the Transaction Entities is set out in the attached Appendix B and C respectively.

1.7 Advantages of the Transaction

The Directors (other than Charles Tarbey) are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Resolution;

(a) the Transaction provides a positive outcome for shareholders;

(b) the Transaction will occur at a point whereby the underlying assets remain of a scale to be able to be sold in an economic way – if delays were to occur further deterioration in the value of the underlying assets will continue; and

(c) the Transaction and the resultant proceeds place the Company in a position to seek new opportunities to create shareholder value.

1.8 Disadvantages of the Transaction

The Directors (other than Charles Tarbey) are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Resolution;

(a) a portion of the consideration (10%) is deferred and is contingent upon the rectification of some landlord contracts. Should this not occur, all of the deferred consideration may not be received;

(b) the Company intends, in the future, to change the nature of its activities, which may not be consistent with the objectives of all Shareholders;

(c) there is no certainty that any new activities undertaken following the Transaction will create shareholder value; and

(d) there is no certainty that the Company will be in a position to pay future dividends.

1.9 Independent Expert's Report

The Directors (other than Charles Tarbey) have commissioned the Independent Expert to prepare an Independent Expert's Report in relation to the Transaction. A copy of the report is attached to this Explanatory Statement and is incorporated in it.

1.10 Information Requirements

Set out below is a brief summary of Chapter 2E of the Corporations Act and ASX Listing Rules 10.1 and 11.2.

(a) **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. In particular, section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party, the public company must:

(i) obtain the approval of members in the manner set out in sections 217 to 227 of the Corporations Act ; and

(ii) give the benefit within 15 months after the approval.

A "financial benefit" is defined in the Corporations Act in broad terms and includes the disposal of an asset.

In compliance with the information requirements of section 219 of the Corporations Act, shareholders are advised of the following particulars in relation to the Transaction:

Item	**Description**
Name of related party	Combined Rental Pty Limited (ACN 152 945 045) (***Purchaser***).
Statement of the relationship between the Purchaser and the Company	The Purchaser is an entity controlled by Charles Tarbey, an executive director of the Company, and is therefore a related party of the Company (s228(4) Corporations Act).
Nature of the financial benefit	The Company will sell the entire issued share capital of the Transaction Entities to the Purchaser. The Independent Expert's Report accompanying this Explanatory Statement contains a valuation of the financial benefit.
Directors' recommendations	All of the Directors other than Charles Tarbey recommend that Shareholders vote in favour of the Resolution based on the advantages of the Transaction set out in section 1.7 above.
Director's interests in the Resolution	Charles Tarbey, an executive director and shareholder of the Company, controls the Purchaser and therefore has a material personal interest in the outcome of the Resolution. Mr Tarbey did not participate in any deliberations by the Board in respect of the Company's proposed disposal of its main undertaking. In addition, Mr Tarbey was not present, and did not vote on, any Board resolution to

Item	Description
	approve the Company entering into the Transaction. No other Directors have an interest in the Resolution other than an interest arising solely in their capacity as shareholders of the Company.
Information to be considered by Shareholders	This Explanatory Statement sets out the information that Shareholders should consider in respect of the Transaction. In addition, each Shareholder should read the Independent Expert's Report in its entirety before making a decision as to how to vote on the Resolution.

(a) Listing Rule 10.1

ASX Listing Rule 10.1 provides that the Company must not dispose of a substantial asset to a related party without the approval of shareholders. ASX Listing Rule 10.10 provides that the notice of meeting seeking approval for the disposal must include a voting exclusion statement under which the Purchaser and his associates must not vote, and a report on the Transaction by an independent expert (attached as Schedule 1 to this Notice of Extraordinary General Meeting) which states whether the transaction is fair and reasonable to shareholders of the Company who are entitled to vote at the meeting.

(b) Listing Rules 11.1 and 11.2

ASX Listing Rule 11.2 provides that if the Company proposes to dispose of its main undertaking, the Company must provide full details to ASX as soon as practicable and the Company must obtain the approval of shareholders.

2 Definitions

The following terms have the following meaning in this Explanatory Statement:

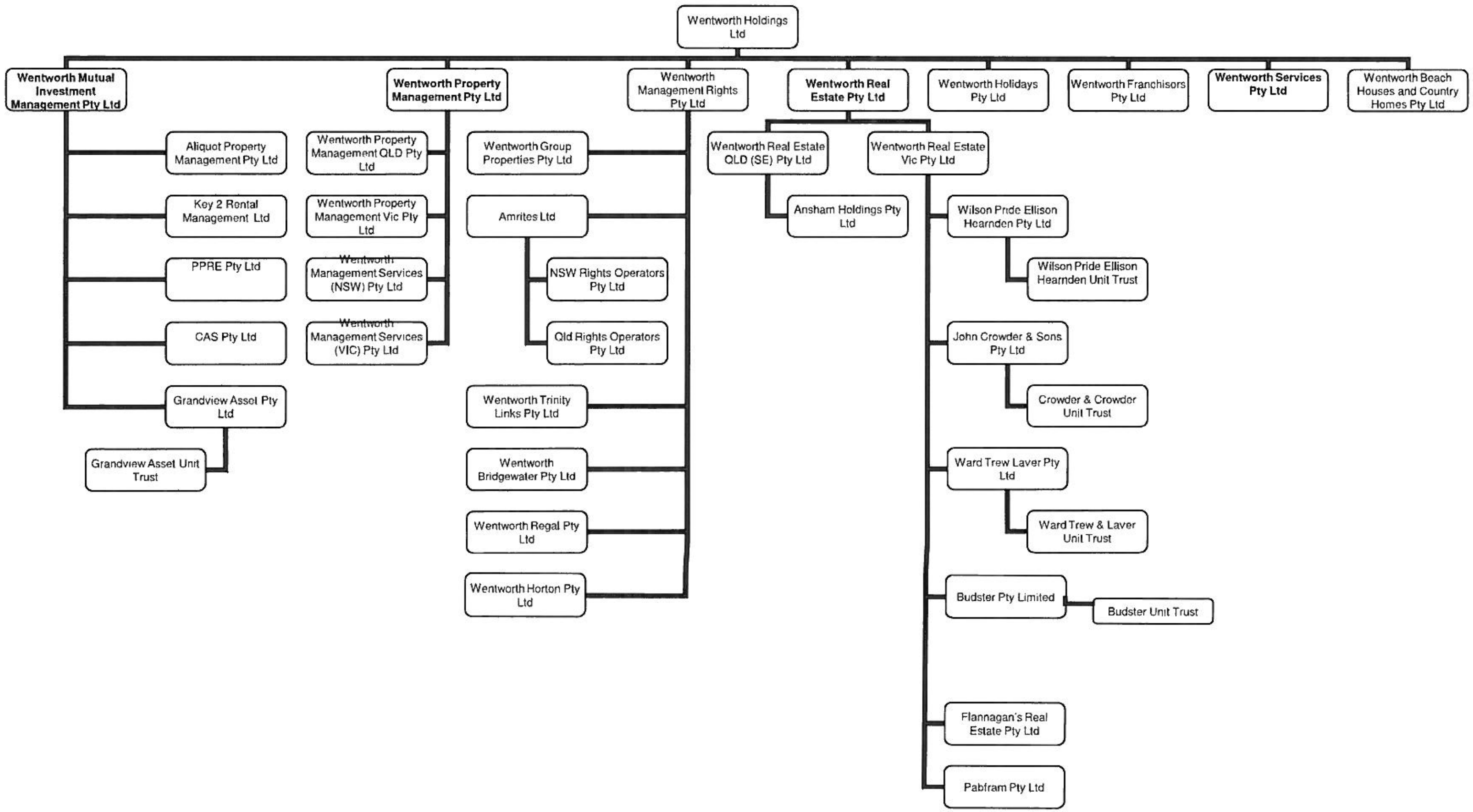
Board means the board of directors of the Company.
Corporations Act means the *Corporations Act 2001* (Cth).
Director means a director of the Company.
Non-Associated Shareholder means a shareholder the Company other than Charles Tarbey, Combined Rental Pty Limited (ACN 152 945 045) and their associates.
Transaction means the sale by the Company of its main undertaking, being the entire issued share capital of the Transaction Entities.
Transaction Entities means the following wholly owned subsidiaries of the Company:
(a) Wentworth Services Pty Ltd (ACN 085 359 119);
(b) Wentworth Real Estate Pty Ltd (ACN 119 055 971);
(c) Wentworth Property Management Pty Ltd (ACN 119 061 157); and
(d) Wentworth Mutual Investment Management Pty Ltd (ACN 099 896 876).

Appendix A
WHL - Post divestment Balance Sheet
All amounts $000's

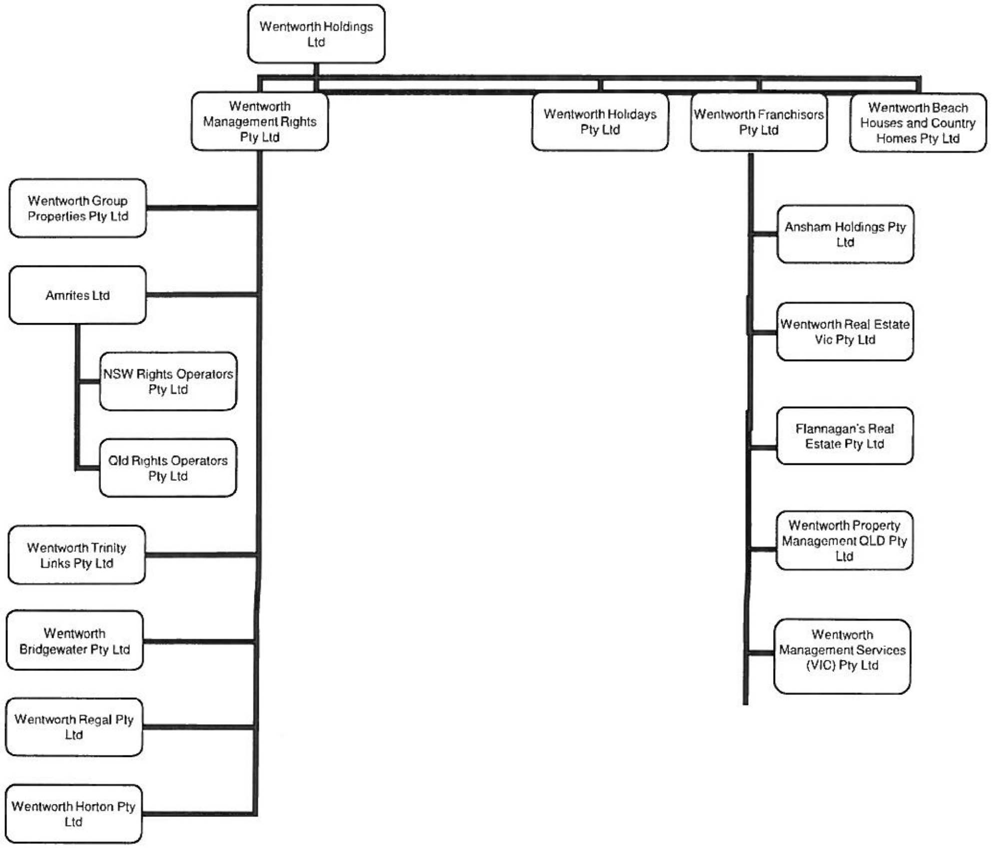
Assets	
Current Assets	
Cash	13,544
Deferred consideration	1,842
Other current assets	252
Total current assets	15,638
Non-Current Assets	
Net Deferred tax asset	1,009
Total non-current assets	1,009
Total assets	16,647
Liabilities	
Current Liabilities	
Trade & other payables	-164
Dividend	-6
Total current liabilities	-170
Total Liabilities	-170
Net Assets	16,477
Equity	
Issued capital	-78,763
Share capital reserves	-531
Financial asset revaluation reserve	31
Accumulated losses (op)	67,250
YTD (profits)	-4,464
Total Equity	-16,477

Appendix B -Wentworth Group Structure

pre completion



Appendix C -Wentworth Group Structure Post Completion (note: aside from Wentworth Holdings Limited, all other entities are dormant)



Proxy Form for Securityholders - Extraordinary General Meeting Facsimile: (+61 3) 9592 3405

Wentworth Holdings

Completed proxy forms must be received by the Company no later than **10.00am** on **Tuesday, 13 December 2011** to be valid. You may return the form by mail or Facsimile {(+61 3) 9592 3405} as set out below:

Wentworth Holdings Limited
144 Church Street
Brighton VIC 3186

1. **I / We (please print):** Name ______________________
   Address ______________________
   ______________________ Security Holder Reference Number (if known) ______________
2. **Appointment of Proxy**
   I / We being a member/s of Wentworth Holdings Limited hereby appoint

   ☐ **The Chairman of the Meeting** (mark with an "×")**or** ☐

   (Write here the name of the person you are appointing if this person/s is someone other than the chairman of the meeting)

   or failing the person/s named, or if no person/s is named, the Chairman of the meeting, as my/our proxy and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of Wentworth Holdings Limited to be held at the offices of Investorfirst Limited at Level 29, 55 Collins Street Melbourne Victoria 3000 at **10:00am on Thursday 15 December 2011** and at any adjournment of that meeting.

   If you appoint a proxy, Wentworth encourages you to direct your proxy how to vote on each item of business.

   ★ Except as set out above, the Chairman intends to vote all undirected proxies in favour of all resolutions. If you do not wish to direct your proxy how to vote, please place a cross in the box. By marking this box, you acknowledge that the Chairman (or other person you have appointed as a proxy) may exercise your proxy even if he / she has an interest in the outcome of the resolution and votes cast by him / her other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be calculating the required majority if a poll is called on the resolution. ☐

3. **Votes on Items of Business Voting** directions to your proxy – please mark with a cross to indicate your directions

Ordinary Resolution		**For**	**Against**	**Abstain**
Resolution 1	Disposal of the Company's main undertaking	☐	☐	☐

4. **Appointment of a Second Proxy** I/We wish to appoint a second proxy

   ☐ Mark with an "×" if you wish to appoint a second proxy **and** ☐ **or** ☐

   State the percentage of your voting rights Or the number of shares for this Proxy Form

5. **Authorised Signature/s**
   This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder	Security Holder 2	Security Holder 3
×		
Individual/Sole Director and Sole Company Secretary	Director	Director/Company Secretary

______________________ Contact Name

( ) ______________________ Contact daytime telephone

______________________ Email

______________________ Date

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