



HYPERION FLAGSHIP INVESTMENTS LIMITED
ABN 99 080 135 913

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2010 Annual General Meeting of **HYPERION FLAGSHIP INVESTMENTS LIMITED (“the Company”)** will be held at the offices of Hyperion Asset Management Limited, Level 22, 307 Queen Street, Brisbane at **Midday** (Eastern Standard Time) on Friday **12 November 2010**.

The business of the meeting is to consider Item 1, and thereafter, if thought fit, to deal with the following resolutions in Items 2 to 6:

ORDINARY BUSINESS

Item 1: Financial Statements and Reports

To receive and consider the Directors’ Report, Financial Report and Auditor’s Report for the year ended 30 June 2010.

Item 2: Re-election of Ms Sophie Mitchell

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

That Ms S Mitchell be re-elected as a Director of the Company.

Item 3: Re-election of Mr Dominic McGann

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

That Mr D McGann be re-elected as a Director of the Company.

SPECIAL BUSINESS

Item 4: Adoption of Remuneration Report

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

To adopt the Remuneration Report included within the Directors’ Report of the Company for the financial year ended 30 June 2010.

(Note: This resolution is advisory only and does not bind the Directors.)

Item 5: Adoption of replacement Management Agreement

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

That approval be given for the Company to enter into a replacement management agreement with Hyperion Asset Management Limited ACN 080 135 897 to have effect immediately following the conclusion of this meeting provided that the agreement is signed within 14 days of the approval in the form of that tabled by the Chairman at this meeting having regard to the explanation given in the accompanying Explanatory Statement.

Item 6: Amend Constitution

To consider, and if thought fit, pass the following special resolution:

That in accordance with Section 136 of the Corporations Act, the constitution of the Company be modified in the following manner:

- (a) in the index of the Company's constitution, the words opposite 23.5 namely 'Dividends Out of Profits' be deleted and replaced with the words 'Dividends Generally';*
- (b) in rule 2.1 Definitions, delete the words opposite the word 'Law' and insert instead 'means the Corporations Act, 2001 and the Corporations Regulations (as defined in the Corporations Act, 2001)';*
- (c) by deleting the heading 'Dividends Out of Profits' and the relevant text below numbered rule 23.5 and inserting the following:*

'Dividends Generally

The Company may pay a dividend subject to compliance with any requirements imposed by the law. The amount of the dividend is to be determined by the Board and is payable having regard to a date and time declared by the Board for participation purposes and for payment.'

By Order of the Board



I W Harrison
Company Secretary

4 October 2010

INFORMATION FOR SHAREHOLDERS

Appointment of Proxy

A proxy form is enclosed for your use if required. Please note the following in relation to the appointment of a proxy:

- A member who is entitled to attend and vote at this meeting may appoint any person as their proxy to attend and vote for the member at the meeting.
- A member entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If the appointments do not specify the proportion or number of the member's votes, then each proxy may exercise half of the member's votes.
- A proxy need not be a member of the Company.
- If a proxy is given by a corporation, then a form of proxy must be executed in writing under the common seal of the corporation or otherwise in accordance with section 127 of the *Corporations Act* or signed by an attorney.
- If a proxy is given by a natural person, a form of proxy must be executed under the hand of that person or that person's attorney.
- For a proxy appointment to be effective, the Company must receive the following documents no later than 48 hours before the scheduled time for the meeting, that is by Midday on Wednesday 10 November 2010
 - The proxy's appointment
 - If the appointment is signed by the appointer's attorney – the authority under which the appointment was signed or a certified copy of the authority.
- The documents will be received by the Company when it is received at any of the following:
 - The Company's Share Registry - Computershare Investor Services Pty Limited, GPO Box 242 Melbourne Vic 3001
 - The facsimile of the Share Registry – 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

Persons entitled to vote

Under regulation 7.11.37 of the *Corporations Regulations*, the Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the Annual General Meeting will be as it appears in the share register as at 7.00pm (Sydney) on Wednesday, 10 November 2010.

Corporate Representatives

A body corporate, which is a member, may appoint an individual (by certificate executed in accordance with section 127 of the *Corporations Act* or in any other manner satisfactory to the chair) as a representative to exercise all or any of the powers the body corporate may exercise at the meeting. The appointment may be a standing one.

Necessary Information

Information relevant to each resolution is set out in the attached Explanatory Statement which forms part of this notice to members.

**HYPERION FLAGSHIP INVESTMENTS LIMITED
ABN 99 080 135 913**

2010 ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

Purpose

The Explanatory Statement has been prepared to accompany the Notice of Annual General Meeting for 2010 and is intended to provide an explanation regarding the proposed resolutions being put to the Annual General Meeting.

ORDINARY BUSINESS

Item 1: Financial Statements and Reports

The Corporations Act requires the following reports in respect of the financial year ended 30 June 2010 to be laid before the Annual General Meeting:

- Financial Report (which includes financial statements and Directors' Declaration); and
- The Directors' Report (which includes the Remuneration Report); and
- The Auditor's Report

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on these reports.

There is no requirement either in the Corporations Act or the Constitution for shareholders to vote on, approve or adopt these reports.

Shareholders will be able to ask the auditor questions.

Item 2: Re-election of Ms Sophie Mitchell retiring by rotation

Sophie Mitchell retires by rotation in accordance with Clause 16 of the Company's Constitution and, being eligible, offers herself for re-election.

Sophie has been a Director of the Company since 11 June 2008. She is the Chair of the Audit and Compliance Committee.

Sophie is currently Director Corporate and Special Projects at RBS Morgans. She has extensive securities industry experience as a former portfolio manager with Seymour Funds Management and Head of Research at RBS Morgans.

The other Directors recommend that shareholders vote in favour of the re-election of Sophie Mitchell.

Item 3: Re-election of Mr Dominic Mc Gann retiring by rotation

Dominic Mc Gann retires by rotation in accordance with Clause 16 of the Company's Constitution and, being eligible, offers himself for re-election.

Dominic has been a Director of the Company since 8 October 2009. He is a member of the Audit and Compliance Committee.

Dominic is a partner with McCullough Robertson and a solicitor with the Supreme Court of Queensland. His corporate experience includes assisting in the floats of a number of companies, the restructuring, sale & acquisition of companies as well as providing advice to public sector bodies and assisting in the development of projects in the resources sector. He is a former Director of La Boite Theatre Inc and National Electricity Code Administrator Limited.

The other Directors recommend that shareholders vote in favour of the election of Dominic McGann.

SPECIAL BUSINESS

Item 4: Remuneration Report

The Annual Report for the year ended 30 June 2010 incorporates a Remuneration Report as part of the Director's Report (refer to pages 15 to 16 of the Annual Report). The remuneration report incorporates information required by the *Corporations Act*, which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Directors.

The *Corporations Act* requires listed companies to put a resolution to their shareholders that the Remuneration Report be adopted. The vote on this resolution is advisory only and is not binding on the Directors of the Company.

All Shareholders at the meeting will be given a reasonable opportunity to ask questions about, and make comments on the Remuneration Report.

The Directors unanimously recommend that shareholders vote in favour of the resolution.

Item 5: Adoption of updated Management Agreement

The Company has in place a management agreement with Hyperion Asset Management Limited ACN 080 135 897 ("**Manager**") which is due to expire on 13 March 2011. The Company's directors are happy with the performance of the Manager under the agreement and believe that the Manager should have a continuing role. (A summary of the terms of the management agreement appears at *Note 22* of the notes to the Company's financial statements for the year ending 30 June 2010 earlier sent to shareholders).

The Company and the Manager have been discussing some changes to the existing management agreement, on which mutual in principle agreement has now been reached, subject to the Company's shareholders approving these changes via the identified resolution on the meeting agenda. In summary, it is proposed that a new management agreement be entered into by the Company and the Manager (to supersede and replace the existing agreement) which would contain the same provisions as presently in place, but altered in these areas, namely:

- the replacement agreement would be for a five year term effective from the passing of the resolution today;
- the replacement agreement would allow for up to 10% of the value of the Company's investment portfolio to be invested in unlisted securities, which may include the possibility of an investment in the Manager;
- the replacement agreement would confer a new right on the Company to terminate the Manager's engagement if there was any change to the Manager's senior executives (or their role) as currently retained by the Manager to provide advisory and ancillary services to the Company;
- the need for the Manager to remain a subsidiary of Wilson HTM Investment Group Ltd will no longer be a critical term enabling either party to terminate the agreement because the manager is no longer a subsidiary of Wilson HTM Investment Group Ltd;
- the Manager's remuneration provisions will be more clearly expressed. The re-expression of remuneration is only for clarification purposes and the changes will not increase the remuneration payable; and
- some minor corrections will be made to ensure consistency of terms used in the agreement, to make minor consequential changes needed and to insert clause headings.

The Company's directors request that you vote in favour of the resolution under this agenda item. The agreement intended to be entered into will be tabled at the meeting. A full copy of the agreement can be obtained by any member if a request is made to the Company Secretary. A summary of the new management agreement is attached to this Explanatory Statement.

If member approval is given, the replacement agreement contemplates that, to be effective, both the Manager and the Company need to execute it within 14 days of that approval being given.

Item 6: Amend Constitution

The *Corporations Act* was recently amended by replacing the section requiring that dividends be paid out of company profits with a test based on balance sheet solvency. The new provisions of the *Corporations Act* allow companies to pay dividends if:

- the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for payment of the dividend;
- the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The dividend provisions in the Company's Constitution are currently based on the repealed section of the *Corporations Act* and state that dividends can only be paid out of profits.

Therefore, it is proposed to amend the Constitution to make it consistent with the new provisions of the *Corporations Act*. The amendments proposed also recognise updating the legislative reference to Corporations Law with Corporations Act.

Summary of new management agreement between Hyperion Asset Management Limited (Manager) and Hyperion Flagship Investments Limited (Company)

Approval to this agreement is sought from the Company's shareholders at the Company's AGM on 12 November 2010.

If approved by shareholders it is intended that this agreement will have immediate effect, subject to the agreement being executed by both parties within 14 days following the AGM. Under this agreement, the Manager is appointed to provide 'primary services' and 'secondary services' to the Company. The primary services comprise:

- (a) managing the investment of the Company's portfolio including keeping it under review;
- (b) ensuring investments by the Company are only made in authorised investments;
- (c) complying with the investment policy of the Company;
- (d) identifying, evaluating and implementing the acquisition and disposal of authorised investments;
- (e) providing the Company with monthly investment performance reporting;
- (f) managing the Company's public and regulatory announcements and notices;
- (g) promoting investment in the Company by the general investment community; and
- (h) providing investor relationship services

The secondary services to be provided cover accounting support, internal audit support, office services, human resources support, corporate support and information technology support. The agreement allows secondary services to be contracted out provided this is under a contract between the Manager and a third party. Service levels for each of the secondary services are to be established by the Company's board and the Manager is to report on those service levels to the Company's board at least once per year.

The agreement is to be in force for 5 years (unless terminated earlier). Subject to ASX Listing Rule 15.16, the agreement may continue after the initial 5 year term if the board of the Company resolves this with the agreement of the Manager. The agreement can be terminated before its 5 year duration. The Company may exercise a termination right if there are major changes to the senior executives (or their roles) providing the primary services. If this event occurs, the Company may give a written termination notice to the Manager which will be effective at the end of 7 days next following the giving of the notice unless an alternative agreed date is determined. The Company may also terminate the agreement if there is a material and substantial breach by the Manager and if the Manager fails to remedy that breach within 14 days after written notice is given to it specifying the breach required to be remedied. The Manager may terminate the agreement in the event of any material and substantial breach of the agreement and if the Company fails to remedy that breach 3 months following the giving of the written notice to it. The Company can also terminate the agreement if its shareholders, at a general meeting called for that purpose, resolve by ordinary resolution to terminate this agreement. Otherwise, the agreement terminates if either party ceases to carry on business or in the event that either party is placed in liquidation or is subject to receivership. There is no termination fee payable to the Manager if the agreement is terminated. However, termination of the agreement does not prejudice the pre-existing rights which may have accrued to either party prior to termination.

The management agreement does not restrict the Manager to only providing its services to the Company. The Manager cannot conduct any services or business in contravention or in breach of any law relating to the operations of the Company.

The Manager is entitled to a performance fee for its services being a sum, payable annually in arrears, equal to 15% per annum of the amount by which the Company's net performance before tax (that is, after deducting the Net Assets at the beginning of the year (adjusted for tax) from the Net Assets at the end of the period (adjusted for the impact of tax, dividends paid during the year and equity adjustments) and before the calculation of this fee) exceeds the interest rate payable on bank bills as represented by the UBS Bank Bill Index for the 12 month period to June of each year, provided that, if the Company's performance in any 12 month period is less than the interest rate payable on bank bills as represented by the UBS Bank Bill Index for that 12 month period, no sum will be payable. The Company is liable to pay GST in respect of any fee payable to the Manager.

The agreement restricts the role of the Manager to authorised investments which comprises securities which are listed/quoted on ASX and expected to be quoted on ASX within a 6 month period from date of investment, unlisted securities (i.e. non quoted securities) provided that the amount invested in unlisted securities shall not exceed 10% in value of the Company's portfolio at the time of investment, options, bills of exchange, promissory notes or other negotiable instruments issued by State, Territory or Commonwealth Governments or by any corporation with investment grade credit rating, deposits with any bank or corporation declared to be an authorised dealer in the short-term money market and certain types of debentures, unsecured notes and similar securities meeting criteria similar to bills of exchange, promissory notes or negotiable instruments referred to above.



Hyperion Flagship Investments Limited
 ABN 99 080 135 913

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
 GPO Box 242 Melbourne
 Victoria 3001 Australia

Alternatively you can fax your form to
 (within Australia) 1800 783 447
 (outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
 (custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 552 270
 (outside Australia) +61 3 9415 4000

000001 000 HIP
 MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030



Proxy Form

For your vote to be effective it must be received by Midday AEST Wednesday 10 November 2010

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this 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 this 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. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Hyperion Flagship Investments Limited hereby appoint

the Chairman of the meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

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 to act generally at the meeting 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) at the Annual General Meeting of Hyperion Flagship Investments Limited to be held at the offices of Hyperion Asset Management Limited, Level 22, 307 Queen Street, Brisbane on Friday, 12 November 2010 at Midday and at any adjournment of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Business

	For	Against	Abstain
2 Re-election of Ms Sophie Mitchell as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Dominic McGann as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

4 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Adoption of replacement Management Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Amend Constitution	<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.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / /