

# Greencross Limited

## The Pet Company

ABN 58 119 778 862

### **2017 ANNUAL GENERAL MEETING**

### **NOTICE OF MEETING AND EXPLANATORY MEMORANDUM**

**Wednesday, 25 October 2017**

**Commencing at 10.30am (Sydney time)**

## **CHAIRMAN'S LETTER**

Dear Shareholder

It is my pleasure to invite you to attend the 2017 Annual General Meeting of Greencross Limited.

The Meeting will be held at Northside Conference Centre, corner Oxley Street and Pole Lane, Crows Nest, NSW, on Wednesday, 25 October 2017, commencing at 10:30am. Registration will be available from 9.30am. For directions to the venue and information on nearby parking please go to [www.northsideconference.com.au](http://www.northsideconference.com.au)

All resolutions put to shareholders at the Meeting as set out in the Notice of Meeting will be determined by poll.

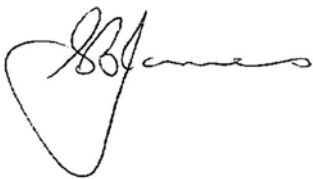
A Voting/Proxy Form is included in this information pack. The Form contains a barcode to assist with the registration process at the Meeting. If you attend the Meeting, please bring the barcoded Form with you. If you are not attending the Meeting, the Form allows you to appoint a proxy to vote on your behalf. Please refer to the Notes to the Notice of Meeting and the Voting/Proxy Form for more information.

Shareholders may direct questions during the meeting to the Chairman about the operations and management of Greencross or to Greencross' auditor about the content of the auditor's report and the conduct of the audit. In addition, a question form has been included with the Notice of Meeting to make it easier for shareholders to submit written questions. Question forms should be submitted no later than Wednesday, 18 October 2017, to the address set out in the Notes to the Notice of Meeting.

The Notice of Meeting commences on page 3, listing the items to be considered at the Meeting. Background information on Items 2 to 8 is contained in the Explanatory Memorandum on pages 11 to 29.

Greencross Directors and Senior Executives extend an invitation to shareholders to join them for refreshments after the Meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stuart James', written over a large, irregular, hand-drawn scribble.

Stuart James  
**Chairman**

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Annual General Meeting of members of Greencross Limited ("**Greencross**" or the "**Company**") will be held at Northside Conference Centre, corner Oxley Street and Pole Lane, Crows Nest, NSW, on Wednesday, 25 October 2017, commencing at 10:30am.

### **ITEMS OF BUSINESS**

#### **1. FINANCIAL STATEMENTS AND REPORTS**

To receive and consider the financial reports and the report of the Directors and the Auditor for the Company and its controlled entities for the fifty three week period ending on 2 July 2017.

**Note:** There is no requirement for shareholders to approve these reports.

#### **2. REMUNERATION REPORT**

To consider and, if thought fit, to pass the following non-binding resolution:

*"That the Remuneration Report, which forms part of the Directors' report of the Company, for the fifty three week period ending on 2 July 2017 be adopted."*

**Note:** This resolution is advisory only and does not bind the Company. The directors will consider the outcome of the vote, and comments made by shareholders on the remuneration report at the meeting, when reviewing the Company's remuneration policies. A voting exclusion statement applies to Resolution 2. Further details of this exclusion are set out in the accompanying Notes.

#### **3. ADOPTION OF NEW CONSTITUTION**

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

*"That for the purposes of sections 136 and 648G of the Corporations Act, 2001 and for all other purposes, with immediate effect from the time of the passing of this resolution, the Company adopt the provisions of the constitution tabled at the meeting, and signed for the purposes of identification by the Chairperson, as the constitution of the Company, in substitution for the present constitution of the Company, which is repealed."*

**Note:** This resolution is a special resolution, meaning that it must be passed by at least 75% of the votes cast by members entitled to vote on the resolution. Further details and background to the resolution are set out in the accompanying Notes.

#### **4. RE-ELECTION OF CHRISTINA BOYCE**

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

*"That Ms Christina Boyce, who retires as a Director of the Company in accordance with Listing Rule 14.4 and being eligible, be re-elected as a Director of the Company."*

**Note:** Information about the candidate appears in the accompanying Explanatory Memorandum.

#### **5. RE-ELECTION OF STUART JAMES**

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

*"That Mr Stuart James, who retires as a Director of the Company in accordance with Listing Rule 14.4 and being eligible, be re-elected as a Director of the Company."*

**Note:** Information about the candidate appears in the accompanying Explanatory Memorandum.

#### **6. RATIFICATION OF ISSUES OF SECURITIES**

To consider and, if thought fit, to pass the following two resolutions as separate ordinary resolutions:

##### **Resolution 6(a)**

*"That for the purposes of Listing Rule 7.4, and for all other purposes, shareholders ratify and approve the issue of 989,073 fully paid ordinary shares in the Company issued to Macquarie Capital (Australia) Limited on 24 March 2017 at an issue price of \$6.91 per share, as described in the Explanatory Memorandum."*

##### **Resolution 6(b)**

*"That for the purposes of Listing Rule 7.4, and for all other purposes, shareholders ratify and approve the issue of 23,178 fully paid ordinary shares in the Company issued to Pacific Custodians Pty Limited as trustee for the Greencross Limited Employee Share Trust on 30 August 2017 at an issue price of \$5.86 per share, as described in the Explanatory Memorandum."*

**Note:** A voting exclusion statement applies to both resolution 6(a) and 6(b). Further details of these exclusions are set out in the accompanying Notes.

#### **7. ISSUING OF SECURITIES TO MARTIN NICHOLAS UNDER THE FY2015 EXECUTIVE LONG TERM INCENTIVE PLAN**

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

*"That approval be given in accordance with Listing Rule 10.14, and for all other purposes, for the Company to issue to Martin Nicholas 4,592 fully paid ordinary shares in the Company in respect of vested*

*rights granted to Martin Nicholas pursuant to the FY2015 Executive Long Term Incentive Plan of the Company as referred to in the Explanatory Memorandum accompanying this Notice of Meeting."*

**Note:** Martin Nicholas was not a director of the Company at the time he was granted Rights under the FY2015 Executive LTIP and accordingly shareholder approval was not required on the grant of the Rights. A voting exclusion statement applies to Resolution 7. Further details of this exclusion are set out in the accompanying Notes.

## **8. GRANT OF SECURITIES TO MARTIN NICHOLAS UNDER THE FY2018 EXECUTIVE LONG TERM INCENTIVE PLAN**

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

*"That approval be given in accordance with Listing Rule 10.14, and for all other purposes, for Martin Nicholas to:*

- (a) participate in the FY2018 Executive Long Term Incentive Plan ("FY2018 LTIP") of Greencross Limited;*
- (b) receive a grant of Rights; and*
- (c) acquire any fully paid ordinary shares of the Company in respect of those Rights,*

*in accordance with the terms of the Equity Incentive Plan of the Company as referred to in the Explanatory Memorandum accompanying this Notice of Meeting."*

**Note:** A voting exclusion statement applies to Resolution 8. Further details of this exclusion are set out in the accompanying Notes.

Dated 25 September 2017

**By order of the Board**



**Vincent Pollaers**  
Company Secretary

## Notes

These Notes and the accompanying Explanatory Memorandum form part of the Notice of Meeting.

### 1. Shareholders of Greencross

Greencross has determined that for the purpose of voting at the Annual General Meeting, shares will be taken to be held by those persons recorded on the Greencross register of shareholders as at 7:00pm (Sydney time) on 23 October 2017. This means that any shareholder registered at 7:00pm (Sydney time) on 23 October 2017 is entitled to attend and vote at the Annual General Meeting.

### 2. How to vote

#### Appointment of Proxy

If you are a shareholder, and you are unable to attend and vote at the meeting, and wish to appoint a proxy, please complete and return the enclosed proxy form. A proxy need not be a shareholder of Greencross.

To vote by proxy, please either:

- A. lodge your proxy online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and follow the prompts, or
- B. complete and sign the relevant proxy form enclosed with this Notice of Meeting and return the proxy form either:
  - by post to Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235; or
  - in person to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000; or
  - by facsimile to Link Market Services Limited on facsimile number +61 2 9287 0309,

so that it is received not later than **10.30am (Sydney time) on 23 October 2017**.

If the appointment is signed by an attorney, the power of attorney or a certified copy of it must be sent with the proxy form.

A shareholder entitled to attend and cast more than 2 votes at the meeting is entitled to appoint no more than 2 proxies to attend and vote in their stead. Where more than one proxy is appointed, each proxy should be appointed to represent a specified proportion of the shareholder's voting rights. Failure to apportion voting rights will result in each proxy being entitled to vote half of the shareholder's votes.

A corporation may elect to appoint a representative in accordance with s250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company before the meeting or at the registration desk on the day of the meeting.

A shareholder may appoint the Chairman of the meeting as their proxy by nominating him in the proxy form. If a shareholder returns their proxy form but does not nominate the identity of their proxy, the Chairman of the meeting will automatically be their proxy. If a shareholder returns their proxy form but their nominated proxy does not attend the meeting, then their proxy will revert to the Chairman of the meeting. For resolutions determined on a poll, if a shareholder's nominated proxy is either not recorded as attending the meeting or does not vote on the resolution in accordance with the shareholder's directions, the Chairman of the meeting is taken, before voting on the resolution closes, to have been appointed as the shareholder's proxy for the purposes of voting on the resolution.

If a shareholder appoints a member of the Company's key management personnel ("**KMP**") (which includes each of the Directors) as proxy, the KMP will not be able to cast the shareholder's votes on Resolutions 2, 7 or 8 unless the shareholder directs them how to vote or the Chairman of the meeting is the shareholder's proxy. If a shareholder appoints the Chairman of the meeting as their proxy or the Chairman of the meeting is appointed as the shareholder's proxy by default, but the shareholder does not mark a voting box for Resolutions 2, 7 or 8, then by completing and submitting the proxy form the shareholder will be expressly authorising the Chairman of the meeting to exercise the proxy even though the relevant resolution is connected with the remuneration of the Company's KMP.

The Chairman of the meeting intends to vote all available proxies in favour of all resolutions.

#### Attending the meeting in person

Eligible shareholders may attend the meeting and vote in person. If you intend to attend the meeting in person, you do not need to submit a proxy voting form.

You may still attend the meeting and vote in person even if you have appointed a proxy. You will be provided with a poll voting card on the day of the meeting. If you have previously submitted a proxy voting form, your attendance will suspend your proxy appointment while you are present at the meeting.

### **3. Non-binding Resolution on Remuneration Report (Resolution 2)**

Resolution 2 (Remuneration Report) is advisory and nonbinding. The outcome of Resolution 2 (Remuneration Report) does not bind the Company or the Directors. However, the Directors will consider the outcome of the vote and comments made by members on the remuneration report at the meeting when reviewing the Company's remuneration policies.

If 25% of the votes that are cast are voted against adoption of the Remuneration Report at two consecutive AGMs, members will be required to vote at the second of those AGMs on a resolution ("**spill resolution**") that another meeting of the Company's shareholders be held within 90 days at which all of the Company's Directors (other than the Managing Director) who were Directors of the Company when the Directors' Report for the second AGM was approved by those Directors, must stand for re-election.

A voting exclusion statement in respect of Resolution 2 is set out below.

#### 4. **Special Resolution for adoption of new Constitution (resolution 3)**

Resolution 3 (Adoption of new Constitution) requires a special resolution. In order for a special resolution to be passed, at least 75% of the votes cast by members entitled to vote on the resolution must be in favour.

#### 5. **Voting Exclusion Statement**

##### Resolutions 2, 7 and 8

The Company will disregard any votes cast on the Resolutions 2, 7 or 8 by or on behalf of any of the following persons:

- a member of the Company's key management personnel details of whose remuneration is included in the Remuneration Report for the fifty three week period ending on 2 July 2017 ("**KMP**"); or
- a Closely Related Party (as defined below) of a KMP,

whether the votes are cast as a shareholder, undirected proxy or in any other capacity (each, a "**Prohibited Voter**").

However, the Company will not disregard a vote by a Prohibited Voter if:

- it is cast as a proxy, and the proxy is appointed by writing that specifies how the proxy is to vote on Resolutions 2, 7 or 8 and it is not cast on behalf of a Prohibited Voter (as defined below); or
- the proxy is the Chairman of the meeting and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on Resolutions 2, 7 or 8.

If you appoint the Chairman as your proxy, unless you direct the Chairman how to vote, the proxy form expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP of the Company, and you will be taken to have directed him to vote in accordance with his stated intention to vote in favour of these resolutions. If you do not want your vote exercised in favour of these resolutions, you should direct the Chairman of the Meeting to vote 'against', or to abstain from voting on, these resolutions.

If you appoint any Prohibited Voter, other than the Chairman of the Meeting, as your proxy, you are encouraged to direct that Prohibited Voter how to vote on Resolutions 2, 7 and 8. If you do not direct that person how to vote, that person will not be entitled to vote, and will not vote, your proxy on Resolutions 2, 7 and 8.

If you are a KMP or a Closely Related Party of a KMP (or are acting on behalf of any such person) and purport to cast a vote, that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.



**"KMP"** are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. KMP personnel include its Directors and certain senior executives.

A **"Closely Related Party"** of KMP means any of the following:

- a spouse, child or dependant of the KMP;
- a child or dependant of the KMP's spouse;
- anyone else who is one of the KMP's family and may be expected to influence, or be influenced by, the KMP in the KMP's dealings with the Company;
- a company the KMP controls; or
- a person prescribed by regulations (as at the date of this notice, no additional persons have been prescribed by regulation).

#### Resolutions 6(a) and 6(b)

The Company will disregard any votes cast by the following persons in respect of Resolution 6(a) and Resolution 6(b):

- any person who participated in the issue covered by the relevant resolution; or
- any associate of those persons.

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 on the relevant resolution, in accordance with the directions on the proxy form; or
- it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote on the relevant resolution, in accordance with a direction on the proxy form to vote as the proxy decides.

#### Resolution 7

The Company will also disregard any votes cast on Resolution 7 by or on behalf of any Director of the Company who is eligible to participate in the Company's FY2015 Executive Long Term Incentive Plan or any of their associates (being Martin Nicholas or any associate of Martin Nicholas).

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 on the relevant resolution, in accordance with the directions on the proxy form; or
- it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote on the relevant resolution, in accordance with a direction on the proxy form to vote as the proxy decides.

## Resolution 8

The Company will also disregard any votes cast on Resolution 8 by or on behalf of any director of the Company who is eligible to participate in the Company's FY2018 Executive Long Term Incentive Plan or any of their associates (being Martin Nicholas or any associate of Martin Nicholas).

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 on the relevant resolution, in accordance with the directions on the proxy form; or
- it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote on the relevant resolution, in accordance with a direction on the proxy form to vote as the proxy decides.

## **6. Questions and comments by shareholders at or before the meeting**

In accordance with the Corporations Act, a reasonable opportunity will be provided for shareholders at the meeting to ask questions and to make comments on Company matters the subject of the meeting. Shareholders may direct questions during the meeting to the Chairman about the operations and management of the Company or to the Company's auditor about the content of the auditor's report and the conduct of the audit. In addition, a question form has been included with this Notice of Meeting to make it easier for shareholders to submit written questions prior to the meeting. Question forms should be submitted:

- (1) online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and follow the prompts, or
- (2) by completing and signing the question form enclosed with this Notice of Meeting and return the question form either:
  - by post to Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 or in person to Level 12, 680 George Street, Sydney NSW 2000; or
  - by facsimile to Link Market Services Limited on facsimile number +61 2 9287 0309,

so that it is received not later than no later than **10.30am (Sydney time) on Wednesday 18 October 2017**.

Copies of written questions and answers will be available at the meeting and posted on the Company's website. However, each question submitted will not necessarily be individually addressed at the meeting or individually after the meeting.

## **EXPLANATORY MEMORANDUM**

### **ITEM 1 – FINANCIAL STATEMENTS AND REPORTS**

The Corporations Act requires that the report of the Directors, the report of the Auditor and the financial reports be presented to the annual general meeting. In addition, the Company's constitution provides for such reports and statements to be received and considered at the meeting.

### **RESOLUTION 2 – REMUNERATION REPORT**

The Corporations Act requires that the section of the report of the Directors' Report dealing with the remuneration of Directors and other KMP ("**Remuneration Report**") be put to shareholders for adoption by way of a non-binding vote.

The Remuneration Report may be found in the Annual Report.

Following consideration of the Remuneration Report, the Chairman will give shareholders a reasonable opportunity to ask questions about, or make comments upon, the Remuneration Report.

#### Board Recommendation

The Board recommends that shareholders vote in favour of Resolution 2.

### **RESOLUTION 3 – ADOPTION OF NEW CONSTITUTION**

#### Highlights

Shareholder rights will be enhanced in new constitution, including through:

- polls being required for voting at shareholders meetings (except on procedural motions);
- no limit on the maximum number of directors on the board;
- shareholder approval being required for proportional takeovers;
- removal of inconsistencies with laws and ASX listing rules;
- better accommodation for future law and listing rule amendments; and
- reduced administrative costs and complexity.

#### Background

The Company's existing constitution was originally adopted by shareholders in May 2007 in preparation for the initial public offering of the Company's shares and listing on the ASX.

In the 10 years since the Greencross listing on the ASX the Company's constitution has not been amended, yet there have been substantial changes to Australian corporate law and practice – including, changes to the

[Corporations Act](#) and [ASX Listing Rules](#), the introduction (and subsequent revision) of the [ASX Corporate Governance Council's Corporate Governance Principles and Recommendations](#), and the widespread adoption by other listed companies of electronic forms of communication and conduct.

As a result, the Company's constitution is now materially inconsistent with current law, the [Corporations Act](#) and [ASX Listing Rules](#), and best corporate governance practice. Accordingly, the Board recommends that the Company's constitution be amended to take account of these inconsistencies and changes, and to address other specific matters that the Board considers to be in the best interests of the Company and its shareholders.

In light of the number of changes being proposed to various parts of the constitution, and the fact that some of the amendments are of a non-substantive nature, the Board has decided that it is most appropriate to adopt a wholly new constitution incorporating the proposed amendments.

The proposed changes that the Board considers significant for shareholders are described below. In the discussion below, references to Rules are to Rule numbers in the proposed new constitution, unless stated otherwise.

The proposed new constitution and a detailed side by side comparison of the new constitution with the current constitution are available for review:

- at the head office of the Company during normal office hours at Unit 6, 372 Eastern Valley Way, Chatswood NSW 2067;
- on the Company's website at [www.greencrosslimited.com.au](http://www.greencrosslimited.com.au);
- by obtaining a copy of the document by calling Vincent Pollaers, Company Secretary, on +61 2 9932 2135 or sending him an email at [vpollaers@gxltd.com.au](mailto:vpollaers@gxltd.com.au); and
- copies of the proposed new constitution will also be available at the meeting.

## Summary of material changes

A summary of the material changes to the constitution and the reasons for the material changes is set out in the table immediately below. In the table, any reference to a Rule is a reference to Rule numbers in the proposed new constitution, unless stated otherwise.

	<b>Proposed New Constitution</b>	<b>Current Constitution</b>	<b>Comments/reasons for change</b>
1.	<p><b>General:</b> With the aim of simplifying the constitution and of minimising the prospect of conflicts arising in the future, the new constitution does not generally repeat provisions or requirements of the <a href="#">Corporations Act</a> and <a href="#">ASX Listing Rules</a>, which helps to minimise the risk of the constitution becoming inconsistent with the law or <a href="#">ASX Listing Rules</a> as the law and <a href="#">ASX Listing Rules</a> change over time. In addition, the new constitution avoids the degree of duplication that appears in the existing constitution by removing provisions that are subsumed by broader rights or obligations appearing in other Rules.</p>	<p>The current constitution includes a number of rules that repeat the requirements in the <a href="#">Corporations Act</a> and <a href="#">ASX Listing Rules</a> at the time of adoption of the constitution in May 2007. Many of those provisions are now inconsistent with current law and <a href="#">ASX Listing Rules</a>.</p>	<p>Changes in the law and <a href="#">ASX Listing Rules</a> over the last 10 years have resulted in the current constitution no longer reflecting the law and <a href="#">ASX Listing Rules</a>. The constitution should reflect the law and <a href="#">ASX Listing Rules</a>, both now and in the future.</p>
2.	<p><b>Directors retirement &amp; rotation:</b> The Board may appoint a person as a Director (rule 46(b)). Any such person must retire from office and may offer themselves for re-election at the next AGM after their appointment (rule 47(d)).</p> <p>Shareholders may elect a person to be a Director (rule 46(c)). Any person elected by shareholders as a Director must retire from office and may offer themselves for re-election no later than the 3rd AGM after their last election or 3 years after their last election or appointment (rule 47(a)).</p>	<p>Rules 8.1 (appointment and removal of directors) and 8.3 (retirement at AGMs) in the current Constitution:</p> <ul style="list-style-type: none"> <li>are inconsistently drafted, which causes uncertainty regarding the timing and process for appointment and removal of non-executive directors; and</li> <li>do not reflect the Listing Rules regarding election and 3 yearly rotation of non-executive directors (<a href="#">Listing Rule 14.4</a>).</li> </ul>	<p>It is appropriate that the constitution be clearly drafted reflecting the current law and <a href="#">ASX Listing Rules</a> and be flexibly drafted so that ideally it will capture future changes in the law and <a href="#">ASX Listing Rules</a>.</p>

	<b>Proposed New Constitution</b>	<b>Current Constitution</b>	<b>Comments/reasons for change</b>
3.	<b>Nomination period for new directors:</b> Shareholders that wish to nominate a person as a candidate for election as a Director must give written notice to the company at least 45 Business Days before the AGM (see rule 46(e)).	Under the current constitution, a shareholder may nominate a person as a candidate for a Director by giving written notice to the company no less than 30 Business Days before the scheduled AGM date.	<a href="#">ASX Listing Rule 14.3</a> permits a company constitution to specify the director nomination deadline. A 30 Business Day nomination period is a shorter period than market practice and may allow insufficient time for the Company to finalise the Notice of Meeting, have it printed and dispatched to shareholders. A nomination period at least 45 Business Days prior to the AGM will allow sufficient time for the Company to finalise the notice of meeting and dispatch it to shareholders. A cut-off date of at least 45 Business Days) prior to the AGM for shareholders to nominate a person as a candidate for election as a director reflects market practice.
4.	<b>Directors and officers indemnity:</b> Directors and officers are given the benefit of an indemnity consistent with market practice and to the full extent permitted by law (rule 54).	Rule 20.1 reflects old law and is more restrictive than the current law and market practice. For example, under the current constitution an indemnity in favour of directors and officers might not cover costs and expenses where legal proceedings are settled (as opposed to legal proceedings running their full course and the director being exonerated/found not guilty of the relevant conduct).	In order to attract and retain appropriate persons to be directors and senior officers of the Company, the constitution should provide for directors and officers to be given the benefit of an indemnity and insurance arrangements that are consistent with market practice and to the full extent permitted by law. Rule 54 in the proposed new constitution is consistent with <a href="#">Part 2D.2 of the Corporations Act</a> and market practice for director and officer indemnification and insurance arrangements.

	<b>Proposed New Constitution</b>	<b>Current Constitution</b>	<b>Comments/reasons for change</b>
5.	<p><b>Governance arrangements:</b> The new Constitution reflects market standard powers and gives the Board typical flexibilities in adopting and changing governance standards. For example the Board may delegate any of its powers to a managing director of the Company (rule 52(b)), a committee of the Board, a Director, an employee of the Company or any other person (rule 57(a)).</p>	No equivalent provision.	The proposed new constitution adopts board and governance standards that reflect market practice and applicable <a href="#">ASX Corporate Governance Council Corporate Governance Principles and Recommendations</a> , particularly recommendation 1.1
6.	<p><b>Conduct of general meetings:</b> The business and conduct of the business of general meetings is specified in some detail, consistent with modern governance practices and avoids the potential for disputes regarding the manner in which business may be conducted and raised at a general meeting of shareholders (see rules 30 &amp; 33). These rules codify the authority of the person chairing a general meeting, to ensure the appropriate conduct of the meeting. Amongst other things, the rules authorise the chair of a general meeting to:</p> <ul style="list-style-type: none"> <li>• require attendees to comply with security arrangements before they are admitted to the meeting;</li> <li>• determine that a vote cast in contravention of the <a href="#">Corporations Act</a> or <a href="#">ASX Listing Rules</a> is to be disregarded,</li> <li>• require the cessation of any discussion at a meeting if that action is considered to be required to ensure orderly conduct of the meeting;</li> <li>• make determinations in relation to matters arising from the general meeting, which determinations are final, including determinations on procedural matters and on any challenges to the rights of particular persons to vote, subject always to the law;</li> <li>• withdraw from consideration by the meeting any resolution proposed in the notice convening the meeting, other than a resolution proposed by Shareholders in accordance with the <a href="#">Corporations Act</a> or a resolution required by the <a href="#">Corporations Act</a> to be put to the meeting.</li> </ul>	The current constitution does not provide detail as to the procedures to be observed throughout the conduct of a general meeting, particularly with respect to the monitoring and adjudicative functions of the chairperson	These Rules in the proposed new constitution adopt governance standards that reflect market practice and applicable <a href="#">ASX Corporate Governance Council Corporate Governance Principles and Recommendations</a> , including principle 6 and recommendations 6.3 & 6.4

	<b>Proposed New Constitution</b>	<b>Current Constitution</b>	<b>Comments/reasons for change</b>
7.	<p><b>Business of a shareholders meeting:</b> No resolution which is not in a notice of meeting or any amendment of a resolution in a notice of meeting may be moved without approval of the Board or the chairperson of the meeting or pursuant to the <a href="#">Corporations Act</a> (rule 30).</p>	No equivalent provision	This Rule in the proposed new constitution reflects market practice and ensures that all shareholders are given an appropriate opportunity to consider the resolutions to be voted on and to give voting instructions to their proxies or corporate representative.
8.	<p><b>Effect of attendance at shareholders meeting:</b> A person's attendance at a shareholders meeting will result in the person waiving any objection to a failure to give notice or defective notice, unless the person at the beginning of the meeting objects to the holding of the meeting (rule 29(d)).</p>	No equivalent provision	This Rule in the proposed new constitution balances the need for the company to have certainty regarding business conducted at a shareholders meeting without depriving a shareholder of the right to object.
9.	<p><b>Authority of attending shareholders and proxies at general meetings:</b> The new constitution sets out the rights of proxies, attorneys or corporate representatives (see rules 35 - 41). Some key points include:</p> <ul style="list-style-type: none"> <li>the proxy, attorney or other representative attending the meeting have the same rights as the appointing Shareholder such as voting, demanding a poll, right to speak etc (Rule 35);</li> <li>resolutions put to the vote at a meeting of Shareholders must be decided by a poll, unless the vote is in respect of a procedural motion (such as a motion to elect the chair of the meeting or to postpone the meeting), in which case the procedural resolution may be decided on a show of hands (Rule 37(a)).</li> </ul>	No equivalent provisions	<p>These Rules in the proposed new constitution:</p> <ul style="list-style-type: none"> <li>adopt governance standards that reflect market practice and applicable law; and</li> <li>reflect feedback from some Shareholders that they would prefer that all resolutions (other than procedural resolutions) are decided by a poll rather than a show of hands.</li> </ul>



	<b>Proposed New Constitution</b>	<b>Current Constitution</b>	<b>Comments/reasons for change</b>
10.	<b>Use of technology in shareholder meetings:</b> The new constitution provides a mechanism for meetings of shareholders to be held at multiple venues using technology (rule 28).	No equivalent provision.	This Rule in the proposed new constitution adopts governance standards that reflect market practice, applicable law ( <a href="#">section 249S of the Corporations Act</a> ) and applicable <a href="#">ASX Corporate Governance Council Corporate Governance Principles and Recommendations</a> , particularly recommendations 6.3 & 6.4.
11.	<b>Direct voting:</b> The ASX Corporate Governance Council has encouraged listed companies to consider ways to facilitate shareholder participation in meetings of each company's members. Direct voting enables shareholders to vote on resolutions to be considered at a meeting without the need to attend the meeting or to appoint a proxy (or other representative). The proposed constitution (rule 37(b)) empowers the Board to determine that direct voting applies to a meeting of shareholders and the procedures for the implementation of direct voting at that meeting. A complying direct vote will be taken to have been cast at the meeting of shareholders. Direct voting does not affect the number of votes a shareholder has.	No equivalent provision	This Rule in the proposed new constitution adopts governance standards that reflect market practice and applicable <a href="#">ASX Corporate Governance Council Corporate Governance Principles and Recommendations</a> , particularly recommendation 6.3.
12.	<b>Polls:</b> Under the new constitution, for any resolution that is in a notice of meeting that is put to a vote at a meeting of Shareholders, it must be decided on a poll, rather than a show of hands (see rule 37(a)).	Under rule 7.8(b) any resolution to be considered at a meeting may be decided on a show of hands unless a poll is demanded in accordance with the <a href="#">Corporations Act</a> .	This change has been made to reflect the recent commitments of the Company and practices at recent AGMs following feedback from Shareholders.
13.	<b>Capital management:</b> Capital management is authorised including converting shares from one class to another, reducing, altering or buying-back shares in any manner provided for in applicable law and subject to any applicable shareholder approvals (rules 8(a)&(b))	Rule 2.7 of the current constitution uses old terminology (such as capital redemption reserve), which does not reflect current law and practice.	The Rules in the proposed constitution expressly empowers the Company to carry out capital management initiatives in accordance with current law (under <a href="#">Chapter 2J of the Corporations Act</a> )

	<b>Proposed New Constitution</b>	<b>Current Constitution</b>	<b>Comments/reasons for change</b>
14.	<p><b>Multiple registered holders of shares:</b> Under the new constitution (rules 9(b)&amp;(c)), the Company is not bound to register more than 3 persons as the registered holder of shares. If the Company does register 2 or more persons as registered holders of shares, those persons are taken to hold shares as joint tenants. The new constitution (in rule 10(c)) also makes clear that if share certificates are issued and there are multiple registered holders of the shares, then it is the first person on the register that is entitled to receive the share certificate.</p>	No equivalent provision	The limit on the number of registered holders of a share reflects <a href="#">ASX Settlement Rule 8.10.1</a>
15.	<p><b>Holding locks and refusal to register paper based share transfers:</b> <a href="#">ASX Listing Rule 8.10.1</a> permits a listed company to apply a holding lock to prevent a transfer of shares or refuse to register a paper-based transfer document in limited circumstances. The Company will be able to apply a holding lock (rule 25(g)) and refuse such a share transfer in those circumstances (rule 25(c)).</p>	No equivalent provision	The Rules in the proposed constitution reflect the powers permitted under <a href="#">ASX Listing Rule 8.10</a> and <a href="#">ASX Settlement Rules 8.15 and 8.16</a>
16.	<p><b>Sale of unmarketable parcel of shares:</b> Under the new constitution (rules 76-78), the Company may sell the shares of a Shareholder if</p> <ul style="list-style-type: none"> <li>the total number of shares of a particular class held by a Shareholder is less than a marketable parcel at the time and date specified in a notice from the Company to that Shareholder (being the lesser of 42 days after the date of the Company giving that notice or any lesser period permitted pursuant to applicable law);</li> <li>the Company gives the Shareholder a notice stating that the shares are proposed to be sold by the Company; and</li> <li>the Shareholder does not give notice in writing to the Company, by the time and date specified in the notice of the Company stating that all or some of those Shares are not to be sold.</li> </ul>	The current constitution does not enable directors to sell shares held by a member that are below the marketable parcel number of shares.	The Rules in the proposed constitution reflect the powers permitted under <a href="#">ASX Listing Rules 15.13 and 15.13A</a> . The sale of unmarketable parcels of shares enables the Company to manage the costs of administering its share register.

	<b>Proposed New Constitution</b>	<b>Current Constitution</b>	<b>Comments/reasons for change</b>
17.	<b>Proportional takeover approval:</b> Consistently with <a href="#">sections 648D &amp; 648G of the Corporations Act</a> , the new constitution (in rules 79 & 80) prohibits the registration of a transfer of shares or other securities resulting from a proportional takeover bid, unless the relevant holders of the shares (or other securities) of the Company in a meeting approve the proportional takeover bid.	No equivalent provision	The purpose, effect and reasons for the Rules in the proposed new constitution are explained in further detail below after the end of this table. The directors of the Company believe that the proportional takeover rules, contemplated in <a href="#">sections 648D &amp; 648G of the Corporations Act</a> are in the best interests of the shareholders.
18.	<b>Dividends:</b> Under the new constitution dividends may be declared and paid as determined by the Directors consistently with applicable law (rule 64(a))	The current constitution (rule 14.1) reflects the old law regarding dividends, which allowed dividends to be declared based on a profits test, rather than the current law which allows dividends to be declared based on a net assets test.	Unless the constitution is amended to reflect the law, any dividends declared and paid by the Company will need to satisfy both the test in the current constitution (dividends must come out of profits) and the test in the current law (dividends may be paid out of net assets, if the dividend is fair and reasonable to shareholders and does not materially prejudice the ability of the company to pay creditors - see <a href="#">section 254T of the Corporations Act</a> ). The current constitution adds an additional and unnecessary hurdle to payment of dividends. The proposed new constitution will allow dividends to be declared and paid to the extent permitted by law (including if that test changes in the future).
19.	<b>Non-cash assets distributions:</b> The Board may make determinations where the Company makes a dividend or capital return by the distribution to shareholders of specific assets (such as shares in another company), including the making of an agreement on behalf of shareholders to issue or transfer those other shares to the shareholders (rule 68(b)).	No equivalent provision	The proposed constitution provides authorisation for the Board to implement non-cash asset distributions (such as for a corporate spin-off or demerger) where the Board considers that it is in the interests of shareholders.

### Proportional takeover approval provisions

In accordance with [section 648D of the Corporations Act](#) a company may include in its constitution provisions prohibiting the registration of a transfer of securities resulting from a proportional takeover bid, unless the relevant holders of the securities in a meeting approve the proportional takeover bid.

It is a requirement of the Corporations Act that such provisions in a company's constitution apply for a maximum period of 3 years, unless earlier renewed. The current constitution of the Company does not include such proportional takeover bid approval provisions, but the proposed new constitution does include proportional takeover bid approval provisions (Articles 79 and 80 of the Constitution). If the new constitution is adopted, then the proportional takeover bid approval provisions will expire 3 years after the date of this year's AGM (i.e. on 25 October 2020), in accordance with their terms and the Corporations Act, unless earlier renewed.

The Directors consider that it is in the best interests of shareholders to include these provisions in their form set out in the proposed new constitution. Accordingly, a special resolution is being put to shareholders under [section 648G of the Corporations Act](#) to adopt the new constitution including Articles 79 and 80.

### Effect of proposed proportional takeover approval provisions

The effect of Articles 79 and 80 of the new constitution, will be that where a proportional takeover bid is made for securities in the Company (i.e. a bid is made for a specified proportion, but not all, of each holder's bid class securities), the Directors must convene a meeting of holders of the relevant securities to vote on a resolution to approve that bid. The meeting must be held, and the resolution voted on, at least 15 days before the offer period under the bid ends. The resolution that is voted on will be passed if more than 50% of the votes cast on the resolution are in favour of the resolution, excluding votes by the bidder and its associates. However, the Corporations Act also provides that, if the meeting is not held within the time required, then a resolution to approve the proportional takeover bid will be deemed to have been passed. If the resolution to approve the proportional takeover bid is passed or deemed to have been passed, the transfer of securities resulting from acceptance of an offer under that bid will be permitted, and the transfers registered, subject to the Corporations Act and the Constitution of the Company. If the resolution to approve the proportional takeover bid is rejected, the registration of any transfer of shares resulting from an offer under the proportional takeover bid will be prohibited, and the bid deemed to be withdrawn.

Articles 79 and 80 of the proposed new constitution, will not apply to full takeover bids.

## Reasons for, and implications of, proportional takeover provisions

In the Directors' view, shareholders (and holders of any other securities that the Company might issue) should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid for the Company may enable control of the Company to be acquired by a party holding less than a majority interest. As a result, the relevant holders may not have the opportunity to dispose of all their securities, and risk being part of a minority interest in the Company or suffering loss if the takeover bid causes a decrease in the market price of the securities or makes the securities less attractive and, accordingly, more difficult to sell. Articles 79 and 80, if adopted as part of the proposed new constitution, would only permit this to occur with the approval of a majority of the relevant holders.

For shareholders (or holders of other relevant securities), the potential advantages of Articles 79 and 80, are that they will provide all relevant holders with the opportunity to consider, discuss in a meeting called specifically for the purpose, and vote on whether a proportional takeover bid should be approved. This affords the relevant holders an opportunity to have a say in the future ownership and control of the Company and helps the holders to avoid being locked into a minority ownership position. Your Directors believe this will encourage any proportional takeover bid to be structured so as to be attractive to at least a majority of the relevant holders. It may also discourage the making of a proportional takeover bid that might be considered opportunistic. Finally, knowing the view of a majority of the relevant holders may help each individual holder to assess the likely outcome of the proportional takeover bid and decide whether or not to accept an offer under the proportional takeover bid.

On the other hand, a potential disadvantage for securityholders arising from Articles 79 and 80, if adopted as part of the new constitution, is that proportional takeover bids may be discouraged by the further procedural steps that the Articles will require and, accordingly, this may reduce any takeover speculation element in the price of the Company's securities. Shareholders may also be denied an opportunity to sell a portion of their securities at an attractive price where the majority rejects an offer from persons seeking control (but not full ownership) of the Company.

It should be noted that since its listing as a public company, no proportional takeover bid for securities in the Company has been announced or made.

The Directors do not consider that there are any advantages or disadvantages specific to the Directors in relation to the proposed inclusion of Articles 79 and 80, or that have been applicable during the period that those Articles have not been in effect. The Directors will continue to remain free to make a recommendation to shareholders (or other relevant holders of securities) as to whether a proportional takeover bid should be accepted.

As at the date of this notice, none of the Directors is aware of any proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

### Board Recommendation:

The Directors recommend that shareholders vote in favour of the adoption of the new constitution in Resolution 3, including the proportional takeover provisions in Articles 79 and 80 of the proposed new constitution.

## RESOLUTIONS 4 AND 5 – RE-ELECTION OF DIRECTORS

Under clause 8.3(b) of the constitution of the Company at least one-third of the Directors or, if their number is not a multiple of 3, then the number nearest to but not exceeding one-third of the Directors shall retire from office. In determining the Directors to retire under this rule, the Directors longest in office since last being elected or re-elected must retire.

Ms Christina Boyce and Mr Stuart James retire at the end of the Meeting in accordance with this rule and, being eligible, offer themselves for re-election, respectively.

The experience and qualifications and other details in relation to each Director seeking re-election are set out in the tables below.

### Board Recommendation

The Board (with the relevant Director abstaining in respect of their own re-election) unanimously recommends that shareholders vote in favour of Resolutions 4 and 5.

<b>Ms Christina Boyce</b>	
<b>Title</b>	Non-Executive Director
<b>Qualifications</b>	B.Ec. (University of Sydney), MBA (KGSM), GAICD
<b>Experience and expertise</b>	Ms Boyce has over 25 years management consulting experience advising major local and international companies in the retail and consumer goods space on marketing and sales strategies. She has worked with a number of major retailers on format renewal, category and pricing strategy and business transformation. Ms Boyce started her career at McKinsey where she co-led the Asia Pacific Retail and Consumer goods practice. Ms Boyce subsequently acted as a key advisor on a number of major private equity transactions as well as advising on a range of digital transformation projects across a range of industries including retail. Ms Boyce was an advisor and executive at NBN Co during its initial start up with responsibility for regulatory strategy, product and pricing. Ms Boyce continues to provide strategic advice as a director of Port Jackson Partners, a leading consultancy, with a particular focus on strategic direction setting, negotiation strategy and revenue management. Ms Boyce is currently a Non-Executive Director of Monash IVF Group Limited and Oneview Healthcare Plc.
<b>Other current public company directorships</b>	Monash IVF Group Limited Oneview Healthcare Public Limited Company - Oneview Healthcare Plc is listed on ASX
<b>Former directorships (last 3 years)</b>	Cryosite Limited
<b>Special responsibilities</b>	Chair of the Remuneration and Nomination Committee, Member of Audit and Risk Management Committee

<b>Mr Stuart James</b>	
<b>Title</b>	Non-Executive Director and Chairman
<b>Qualifications</b>	BA (Hons), MAICD, FAIM
<b>Experience and expertise</b>	Mr James has had a successful career within the Resources, Financial, Healthcare and Pharmaceutical sectors around the world. Mr James had a 25 year career with Royal Dutch Shell Group both in Australia and internationally. His special areas of focus were Retail and South East Asia. Post Shell, Mr James became Managing Director of Australian Financial Services for Colonial and Managing Director of the Colonial State Bank (formerly the State Bank of NSW). Subsequently, Mr James became CEO of the Mayne Group with its diverse interests in logistics, healthcare and pharmaceutical, both in Australia and internationally. Following his executive career, Mr James has held a number of non-executive roles in both Australian and international companies. From 2006 to 2014, he was a member of the supervisory Board of Wolters Kluwer N.V., a 'software as services' global company which, during this period, underwent significant transformation from a hard copy provider of information to a completely digital service provider. Mr James was Chairman of Pulse Health Limited - a private hospital operator, Affinity Education Group Limited -a childcare operator, Prime Financial Group Limited - a wealth management and financial advisory business and Progen Limited and Phosphagenics Limited -both biotech companies. Mr James currently has interests in both fin-tech and healthcare digitalization.
<b>Other current public company directorships</b>	None
<b>Former directorships (last 3 years)</b>	Affinity Education Group Limited Pulse Health Limited Prime Financial Group Limited
<b>Special responsibilities</b>	Member of the Remuneration and Nomination Committee

Both Ms Christina Boyce and Mr Stuart James were present and participated in all Board and Committee meetings that they were eligible to attend during the 2017 financial year.

## **RESOLUTION 6 – RATIFICATION OF ISSUES OF SECURITIES**

The purpose of these resolutions is for shareholders to approve, pursuant to Listing Rule 7.4, and for all other purposes, the issue of shares in connection with:

- the underwriting of the Company's Dividend Reinvestment Plan; and
- the acquisition of shares by Pacific Custodians Pty Limited as trustee for the Greencross Limited Employee Share Trust for the purposes of the Company fulfilling its obligations to employees under the Company's Equity Investment Plan.

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of shareholders is required for an issue of securities, if the securities will, when aggregated with the

securities issued by a company during the last 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period. Under Listing Rule 7.1, a company may issue up to 15% of its ordinary share capital in any 12 month rolling period on a non pro-rata basis without member approval.

Listing Rule 7.4 provides that an issue of shares made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 where:

- the issue did not breach Listing Rule 7.1; and
- the members subsequently approve it.

These two issues of shares have already taken place, within the 15% limit prescribed by Listing Rule 7.1.

The approvals sought in Resolution 6(a) and Resolution 6(b) under Listing Rule 7.4, are effectively a retrospective approval or 'ratification' to refresh the Company's capacity to issue further equity securities pursuant to Listing Rule 7.1, should there be a requirement to do so.

In relation to Resolution 6(a), details of the issues of shares to Macquarie Capital (Australia) Limited on 24 March 2017 in connection with the underwriting of the Dividend Reinvestment Plan are set out in the table below. In relation to Resolution 6(b), details of the issues of shares to Pacific Custodians Pty Limited as trustee for the Greencross Limited Employee Share Trust on 30 August 2017 in connection with the Company fulfilling its obligations to employees under the Company's Equity Investment Plan are set out in the table below.

If shareholders approve Resolution 6(a) and Resolution 6(b), the Company will have the flexibility to issue more shares in the next 12 months if an opportunity arises which the Directors believe is in the best interests of the Company, and which they expect will create shareholder value.

If shareholders approve Resolution 6(a) and Resolution 6(b), the relevant share issues would be treated, for the purpose of Listing Rule 7.1, as having been made with prior member approval. The issued shares would then cease to use up part of the Company's 15% limit and would enable that proportion of the 15% limit to be used for a future issue of equity securities.

If shareholders do not approve Resolution 6(a) and Resolution 6(b) it will not invalidate either of those share issues.

The information to be provided to shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5.



In compliance with the information requirements of Listing Rule 7.5, members are advised of the following particulars in relation to the share issues:

Number of Securities	Issue price	Issue date	Terms of Securities	Name of allottees	Use of funds raised
989,073	\$6.91	24 March 2017	Ordinary shares, ranking equally with all other existing fully paid ordinary shares	Macquarie Capital (Australia) Limited	Where a person is entitled to a dividend and elects not to reinvest under the Dividend Reinvestment Plan, the underwriter has provided funding to the Company to allow the Company to pay such dividend in cash.
23,178	\$5.86	30 August 2017	Ordinary shares, ranking equally with all other existing fully paid ordinary shares	Pacific Custodians Pty Limited as trustee for the Greencross Limited Employee Share Trust (the <b>Trustee</b> )	<p>No funds were raised from the issue.</p> <p>The Company had an obligation to either issue shares, acquire shares on market and transfer those shares or pay the cash equivalent value for shares to eligible participants under the Company's Equity Incentive Plan.</p> <p>The Company discharged this obligation by issuing the relevant number of shares to the Trustee who holds the shares on trust for eligible participants under the Company's Equity Incentive Plan.</p>

#### Board Recommendation

The Board recommends that shareholders vote in favour of Resolution 6(a) and Resolution 6(b).

### **RESOLUTION 7 –ISSUING SECURITIES TO MARTIN NICHOLAS UNDER THE FY2015 EXECUTIVE LONG TERM INCENTIVE PLAN**

ASX Listing Rule 10.14 requires that shareholders approve awards of securities being acquired by a Director under an employee incentive scheme.

On 26 June 2015, the Company granted 23,810 Rights to acquire ordinary shares in the Company (**Ordinary Shares**) to Martin Nicholas under the FY2015 Executive Long Term Incentive Plan (**FY2015 Rights**). The grant of the FY2015 Rights to Mr Nicholas were disclosed in the Company's Remuneration Report for the year ending 30 June 2015. As Mr Nicholas was not a director at the time of grant of the FY2015 Rights, the grant

of the FY2015 Rights to Mr Nicholas did not require the approval of Shareholders under the ASX Listing Rules.

The FY2015 Rights of Mr Nicholas are exercised automatically when the Rights vest upon satisfaction of the applicable performance conditions. The performance conditions and their threshold and maximum targets are disclosed in the Company's Remuneration Report for the year ending 30 June 2017.

Shareholder approval is being sought to issue 4,592 fully paid Ordinary Shares to Martin Nicholas as a result of the vesting of the FY2015 Rights. Under the Plan Rules disclosed in the Company's Remuneration Report for the year ending 30 June 2015, each vested Right entitles Mr Nicholas to receive one share plus an additional number of shares calculated on the basis of dividends that would have been paid in respect of the shares during the performance period.

For the purposes of ASX Listing Rule 10.15:

- Mr Nicholas is the only Director who was entitled to participate under the FY2015 Executive Long Term Incentive Plan ("**FY2015 LTIP**");
- the number of FY2015 Rights granted to Mr Nicholas under the FY2015 LTIP on 26 June 2015, was 23,810;
- the grant of the FY2015 Rights formed part of Mr Nicholas' remuneration arrangements and were granted at no cost and no amount is payable on vesting of the FY2015 Rights;
- no other securities have been acquired by Directors or their associates under the FY2015 LTIP;
- there is no loan scheme in relation to the FY2015 Rights;
- the number of shares to be issued to Mr Nicholas under the FY2015 LTIP is 4,592 as a result of the vesting of FY2015 Rights;
- if shareholder approval is obtained, it is anticipated that the 4,592 shares that have vested under the FY2015 LTIP be issued to Mr Nicholas shortly after the Meeting and, in any event, no later than 12 months after the date of the Meeting; and
- voting exclusions will apply to Mr Nicholas and any of his associates, as set out in the Notice of Meeting.

#### Board Recommendation

The Board (other than Mr Nicholas) recommend that shareholders vote in favour of Resolution 7. The Chairman of the Meeting intends to vote all available Proxies in favour of this resolution.

### **RESOLUTION 8 – GRANT OF SECURITIES TO MARTIN NICHOLAS UNDER THE FY2018 EXECUTIVE LONG TERM INCENTIVE PLAN**

ASX Listing Rule 10.14 requires that shareholders approve awards of securities being acquired by a Director under an employee incentive scheme.

Shareholder approval is sought for the grant to Mr Nicholas, Managing Director and Chief Executive of Greencross, of 67,826 Rights ("**FY2018 Rights**") pursuant to the Company's FY2018 Executive Long Term Incentive Plan ("**FY2018 LTIP**") under the terms of Equity Incentive Plan, as described in the Explanatory

Memorandum to Resolution 6 of the Company's Notice of Meeting for its 2016 Annual General Meeting and approved by shareholders at that meeting.

The Board believes that equity based incentives are an important component of Mr Nicholas' remuneration to ensure an appropriate component of his remuneration is linked to generating returns for shareholders and that his remuneration is determined on the same basis as the remuneration of the senior executives that report to him. Details of Mr Nicholas' remuneration and other interests in Greencross (including security interests) in his capacity as Chief Executive Officer are set out in the Remuneration Report and Director's Report in the Company's 2017 Annual Report released to the ASX on 22 August 2017.

The proposed grants of FY2018 Rights are for the purposes of the Company's FY2018 LTIP, and form part of the FY2018 remuneration structure for Mr Nicholas. The Non-Executive Directors consider that Mr Nicholas' remuneration package (including his participation in the FY2018 LTIP through the proposed grant of the above Rights) is reasonable and appropriate having regard to the circumstances of Greencross, Mr Nicholas' responsibilities as Managing Director and CEO, and remuneration packages provided for similar roles at comparable companies.

FY2018 Rights are granted in respect of ordinary fully paid shares. Each FY2018 Right represents a right to receive a one share in the Company plus an additional number of shares calculated on the basis of the dividends that would have been paid on shares from commencement of the performance period to the time the Rights are exercised, assuming those dividends are reinvested.

FY2018 Rights do not carry a right to vote or, in general, a right to participate in other corporate actions such as bonus issues. The default settlement of the Rights is in shares. The Board, in its absolute discretion, may permit settlement in cash. The Board also has discretion to satisfy vested grants and the allocation of subsequent shares to participants by either the issue of new shares or an on-market acquisition.

FY2018 Rights will only be granted or vest, as applicable, once the Board, in its discretion, has determined that any relevant performance conditions have been satisfied. FY2018 Rights become exercisable on vesting and may be exercised by a participant at any time during the exercise period (being the date of vesting until the 15<sup>th</sup> anniversary of the date of the grant of the FY2018 Rights).

The maximum number of FY2018 Rights the Company is proposing be granted to Mr Nicholas under the FY2018 LTIP is calculated by dividing the maximum dollar value of his remuneration package allocated to long-term incentives, being \$390,000, by the 10 day VWAP share price following the announcement of the Company's results (announced on 22 August 2017) of \$5.75. On this basis, the maximum number of FY2018 Rights that the Company will grant to Mr Nicholas under the FY2018 LTIP is 67,826. The maximum value of FY2018 Rights that will be granted to Mr Nicholas on the above basis under the FY2018 LTIP is \$390,000.

The number of FY2018 Rights that would vest (if any) at the end of the performance period will be determined having regard to the FY2018 LTIP performance and service criteria applicable to all KMP executives, including Mr Nicholas, described above.

The FY2018 Rights granted to participants will vest to the extent that the Board determines that:

- the performance condition was satisfied during the performance period; and

- the participant was continuously employed by the Company until the vesting date of the FY2018 Rights (unless the participant ceased employment by reason of redundancy, mutual agreement, permanent disability or death ("**Good Leaver**")) and has not given notice to terminate their employment, subject to overriding Board discretion to determine an alternative treatment.

The basis of the Performance Conditions is as follows:

- EPS growth is set with reference to historic performance, budget and a FY2017 base EPS based on a pro-forma 52 week year. EPS growth is the arithmetic average growth over the 3 years. The stretch target sits well above consensus for the year. The vesting scale is straight-line with 30% vesting at threshold and 100% at stretch.
- ROIC is set with reference to historic performance and budget. The relevant target is the ROIC over the three year period. The vesting scale is straight-line with 30% vesting at threshold and 100% at stretch.
- TSR is assessed against the ASX 200 consumer discretionary accumulation index (cumulative) index return. The threshold target is the accumulation index return. The vesting scale is a straight-line with 50% vesting at the threshold and 100% vesting if the Company's TSR performance is equal to or greater than the index return plus 5 percentage points.

As specifics of the EPS and ROIC hurdles are market sensitive, disclosure of targets and maximums will be deferred to the release of the FY2020 Remuneration Report.

Performance against LTI targets will also be disclosed in the FY20 Remuneration Report.

The Performance Conditions are tested following the announcement of the FY2020 full year result, in or around September 2020.

A FY2018 Right granted will lapse if, amongst other relevant events:

- the applicable performance condition is not satisfied;
- the participant leaves the Company due to resignation or termination for cause, unless the Board in its absolute discretion determines otherwise, or if the employee is a Good Leaver (i.e. has left due to redundancy, permanent disability, death or another circumstance deemed acceptable to the board); or
- The Board determines (in its absolute discretion) that the employee has acted fraudulently or dishonestly or is in material breach of his/her obligations under the Equity Incentive Plan or to the Company.

If a change in control event occurs prior to the vesting of FY2018 Rights, then the Board may, within 14 days after the Event, determine in its absolute discretion the treatment of the participant's unvested Rights and the timing of such treatment, which may include determining that the unvested FY2018 Rights:

- vest (whether subject to further performance conditions or not);
- lapse or are forfeited;
- remain subject to the applicable performance conditions and/or performance period(s);
- become subject to substitute or varied performance conditions and/or performance period(s); or
- which vest in accordance with this rule, may only be settled in cash or with securities other than shares,

having regard to any matter the Board considers relevant, including, without limitation, the circumstances of the event (including the value being proposed to shareholders), the extent to which the applicable performance conditions have been satisfied (or estimated to have been satisfied) at the time of the event and/or the proportion of the performance period that has passed at the time of the event.

### Other Information

For the purposes of ASX Listing Rule 10.15:

- Mr Nicholas is the only Director entitled to participate under the FY2018 LTIP;
- the maximum number of FY2018 Rights to be granted to Mr Nicholas under the FY2018 LTIP is 67,826 (which are subject to the vesting conditions discussed above);
- the grant of the FY2018 Rights forms part of Mr Nicholas' remuneration arrangements and as such will be granted at no cost and no amount is payable on vesting of the Rights;
- no other securities have been acquired by Directors or their associates under the FY2018 LTIP;
- there is no loan scheme in relation to the FY2018 Rights;
- Mr Nicholas last received a grant of 58,470 Rights on 6 February 2017, as described in the Explanatory Memorandum to Resolution 7 of the Company's Notice of Meeting for its 2016 Annual General Meeting, and approved by shareholders at that meeting;
- Mr Nicholas is prohibited from hedging the share price exposure in respect of FY2018 Rights during the performance period applicable to FY2018 Rights. Shares issued on the vesting of FY2018 Rights will be subject to the Company's Securities Trading Policy;
- if shareholder approval is obtained, details of the FY2018 Rights to be granted to Mr Nicholas under the FY2018 LTIP will be provided in the Company's Remuneration Report for the year ending 30 June 2018;
- if shareholder approval is obtained, it is anticipated that the FY2018 Rights will be granted to Mr Nicholas shortly after the Meeting and, in any event, no later than 12 months after the date of the Meeting; and
- voting exclusions will apply to Mr Nicholas and any of his associates, as set out in the Notice of Meeting.

### Board Recommendation

The Board (other than Mr Nicholas) recommends that shareholders vote in favour of Resolution 8.