

## 2016 Notice of Meeting



# Mortgage Choice Limited

ACN 009 161 979

# Annual general meeting 18 October 2016

## Notice of meeting

Notice is given that the 2016 annual general meeting of Mortgage Choice Limited (**the Company**) will be held on 18 October 2016 at the offices of Mortgage Choice Limited at Level 10, 100 Pacific Highway, North Sydney NSW, commencing at 10:00 am.

### Items of business

#### Financial report, directors' report and auditor's report

1. To receive and consider the financial report of the Company and its controlled entities, and the directors' report and auditor's report for the year ended 30 June 2016.

*Note: A copy of the reports is accessible on the Company's website at [www.mortgagechoice.com.au/2016annualreport](http://www.mortgagechoice.com.au/2016annualreport).*

#### Re-election of directors

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

*"That Rodney Higgins, who retires as a director of the Company in accordance with clause 62 of the Company's constitution and, being eligible, offers himself for re-election, is re-elected as a director of the Company."*

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

*"That Deborah Ralston, who retires as a director of the Company in accordance with clause 62 of the Company's constitution and, being eligible, offers herself for re-election, is re-elected as a director of the Company."*

#### Remuneration report

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

*"That the remuneration report for the Company (which forms part of the directors' report) for the year ended 30 June 2016 is adopted."*

*A voting exclusion applies to this item as outlined on page 6 of this Notice.*

#### Aggregate maximum sum of non-executive directors' fees

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

*"That for the purposes of clause 65.1 of the Company's constitution, Listing Rule 10.17 and for all other purposes, the maximum aggregate amount of directors' fees payable to non-executive directors for their services as directors be increased by \$250,000 from \$750,000 to \$1,000,000 per annum."*

*A voting exclusion applies to this item as outlined on page 6 of this Notice.*

#### Renewal of proportional takeover provisions

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

*"That the proportional takeover provisions contained in clause 25 of the constitution of the Company at the date of this Notice of Meeting be included as clause 25 in the constitution of the Company for a further period of three years, with effect from the close of the meeting."*

Further information on the items to be considered at the meeting is set out in the "notes on items of business" and "other important information" sections, which form part of this notice of meeting.

### Notes on items of business

#### Financial report, directors' report and auditor's report

1. The Corporations Act 2001 (Cth) (Corporations Act) requires the financial report of the Company and its controlled entities (which includes the financial statements and the directors' declaration), the directors' report and the auditor's report for the year ended 30 June 2016 to be laid before the annual general meeting. Shareholders will be provided with a reasonable opportunity to ask questions about the reports. There is no requirement either in the

Corporations Act or the Company's constitution that shareholders vote on or approve the reports.

Shareholders can access a copy of the Company's financial report, directors' report and auditor's report for the year ended 30 June 2016 (which form part of the Company's 2016 Annual Report) on the Company's website at the following address: [www.mortgagechoice.com.au/2016annualreport](http://www.mortgagechoice.com.au/2016annualreport).

Shareholders may elect to receive, free of charge, a printed copy of the reports for each financial year. A printed copy of the reports has been sent to shareholders who have previously made this election. Shareholders who have not received a printed copy of the reports but wish to do so should contact the Mortgage Choice Share Registry to obtain information about making the necessary election.

## Re-election of directors

### 2. Rodney Higgins

Rodney Higgins is to retire as a director of the Company at the end of the annual general meeting to be held on 18 October 2016 in accordance with clause 62.4 of the Company's constitution. Clause 62.4 requires that a director must retire from office at the conclusion of the third annual general meeting after the director was last elected or re-elected as a director. Rodney Higgins was last re-elected at the Company's 2013 annual general meeting.

In accordance with clause 62.6 of the Company's constitution, Rodney Higgins will hold office as a director of the Company until the end of the meeting and is eligible for re-election. He intends to offer himself for re-election at the meeting.

Details of this candidate are as follows:

#### **Rodney Higgins**

*Non-Executive Director*

Member of nomination and remuneration committees

Director since 30 January 1986

Rodney is co-founder of Mortgage Choice. With a background in residential and commercial property, sales and leasing, he has been a Director of companies involved in manufacturing, wholesaling, importing, retailing and finance. Age 61.

The directors of the Company (excluding Rodney Higgins) recommend that shareholders vote **in favour** of the re-election of Rodney Higgins.

### 3. Deborah Ralston

Deborah Ralston is to retire as a director of the Company at the end of the annual general meeting to be held on 18 October 2016 in accordance with clause 62.4 of the Company's constitution. (The effect

of that clause is outlined above.) Deborah Ralston was last re-elected at the Company's 2013 annual general meeting.

In accordance with clause 62.6 of the Company's constitution, Deborah Ralston will hold office as a director of the Company until the end of the meeting and is eligible for re-election. She intends to offer herself for re-election at the meeting.

Details of this candidate are as follows:

#### **Deborah Ralston PhD, FAICD, SFFin, FCPA**

*Independent Non-Executive Director*

Member of audit committee and Chairman of the Mortgage Choice Financial Planning investment committee

Director since 24 May 2004

Deborah is Professor of Finance at Monash University and Chair of the Australian Securities and Investment Commission Digital Finance Advisory Committee. She was formerly Executive Director of the Australian Centre for Financial Studies and prior to that, Pro Vice Chancellor at the University of Canberra. Deborah is a former Director of Heritage Building Society. Age 63.

The directors of the Company (excluding Deborah Ralston) recommend that shareholders vote **in favour** of the re-election of Deborah Ralston.

## Remuneration report

- The Corporations Act requires the Company to include, in the directors' report for the year ended 30 June 2016, a detailed remuneration report setting out certain prescribed information relating to the remuneration of the Company's key management personnel (KMP) (including the directors, the Chief Executive Officer (CEO) and certain other members of the Company's senior management), and to submit the remuneration report for adoption by resolution of shareholders at the annual general meeting.

The remuneration report for the Company for the financial year ended 30 June 2016 is located on pages 16 to 37 of the 2016 Annual Report. The 2016 Annual Report is available on the Company's website at the following address: [www.mortgagechoice.com.au/2016annualreport](http://www.mortgagechoice.com.au/2016annualreport).

Shareholders will have a reasonable opportunity at the meeting to ask questions about or make comments on the remuneration report.

The vote on the resolution for adoption of the remuneration report is advisory only and does not bind the directors of the Company or the Company. However, the Board will take the outcome of the vote and discussion at the meeting into account in setting remuneration policy for future years.

The directors of the Company recommend that shareholders vote **in favour** of the adoption of the remuneration report.

### Aggregate maximum sum of non-executive directors' fees

- Shareholder approval is sought to increase the aggregate maximum sum of non-executive directors' fees that may be paid by the Company as remuneration for the services of the Company's non-executive directors by \$250,000 per annum from \$750,000 per annum to \$1,000,000 per annum. The current aggregate maximum sum of directors' fees of \$750,000 per annum was approved by members in general meeting on 5 April 2004.

The total annual remuneration of the non-executive directors for the financial year ended 30 June 2016 was \$646,050.

The Company believes the proposed increase in the aggregate maximum sum is reasonable given the significant time period that has elapsed since the maximum aggregate sum was previously set and the increases in directors' fees during that time.

The increase will provide the Board with the flexibility to appoint an additional director when considered appropriate to further enhance the existing skills and experience of the Board. The proposed increase would also allow for flexibility to adjust the fees of directors in the future to ensure the Company can continue to pay market rates to attract and retain Directors with the requisite skills and experience.

No securities have been issued to a non-executive director under Listing Rule 10.11 or 10.14 at any time within the last three years.

As the non-executive directors have an interest in the outcome of item 5, the Board does not believe it is appropriate to make a recommendation to shareholders as to how to vote in relation to the proposed resolution in item 5.

### Approval of proportional takeover provisions in the Company's constitution

#### Background

- Under the Corporations Act, a company may include provisions in its constitution dealing with proportional takeover bids for the company's shares (known as proportional takeover provisions). Under such provisions, registration of a transfer of shares under a proportional takeover bid is prohibited unless and until a resolution to approve the bid is passed in accordance with the provisions. A proportional takeover bid is an off-market takeover bid sent to each of the Company's shareholders but

only in respect of a specified proportion (ie less than 100%) of their shares in the Company.

The Company's constitution adopted on 23 October 2013 includes (in clause 25) proportional takeover provisions. In accordance with the Corporations Act, these provisions will automatically cease to apply on 23 October 2016, being three years after the date of their reinstatement, unless they are renewed at the Company's annual general meeting.

The proportional takeover provisions are designed to assist shareholders to receive proper value for their shares if a proportional takeover bid is made for the Company. Accordingly, the directors consider that it is in the interests of shareholders to renew those provisions. If the proposed resolution in item 6 is passed, proportional takeover provisions (on the same terms as existing clause 25 of the Company's constitution) will be renewed for a further three years from the time the resolution is passed.

The Corporations Act requires that the following information be provided to shareholders when they are considering the renewal of proportional takeover provisions in a company's constitution.

#### Effect

If renewed, the effect of the proportional takeover provisions would be as follows.

If a proportional takeover bid is made for shares in the Company, the directors would be required to ensure that a resolution to approve the bid is voted on, at a meeting of the holders of the class of shares for which the bid is being made, before the 14th day before the last day of the bid period ('the approving resolution deadline'). The resolution will be passed if more than 50% of votes are cast in favour of the resolution, and will otherwise be taken to be rejected. The bidder and its associates are not allowed to vote on the resolution. Each other person who, as at the end of the day on which the first offer under the bid was made, held bid class shares is entitled to vote on the resolution. If no such resolution is voted on before the approving resolution deadline, a resolution approving the takeover bid is taken to have been passed.

If a resolution to approve the bid is voted on before the approving resolution deadline and rejected, then all binding contracts resulting from acceptances of offers made under the bid are required to be rescinded by the bidder, and all unaccepted offers (and offers failing to result in binding contracts) are taken to have been withdrawn.

If a resolution approving the bid is passed or taken to have been passed, the transfers resulting from the bid may be registered, provided that they comply

with other applicable provisions of the Corporations Act and the Company's constitution.

The proportional takeover provisions would not apply to full takeover offers or to takeover offers for a class of securities other than shares. The provisions would apply until three years after the date of their renewal and may then be renewed again for a further term by a special resolution passed at a general meeting of the Company.

#### **Reasons**

A proportional takeover bid may enable control of the Company to pass without shareholders having the opportunity to sell all of their shares to the bidder. Shareholders may be exposed to the risk of being left as minority shareholders in the Company and of the bidder being able to acquire control of the Company without payment of an adequate control premium for their shares.

The proportional takeover provisions in the Company's constitution lessen this risk because they allow shareholders collectively to decide whether a proportional takeover bid is acceptable (in principle) and should be permitted to proceed.

#### **No knowledge of any acquisition proposals**

As at the date of this notice, no director of the Company is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

#### **Review of effect of current proportional takeover approval provisions**

The Corporations Act requires that shareholders be given a statement that retrospectively examines the advantages and disadvantages, for directors and shareholders, of the proportional takeover provisions proposed to be renewed. Such a statement follows:

During the period that proportional takeover provisions have been in effect under clause 25 of the Company's constitution, there have been no takeover bids for shares in the Company, either proportional or otherwise. Accordingly, there are no actual examples against which to review the advantages or disadvantages of those proportional takeover provisions for the directors and shareholders of the Company. The directors are not aware of any potential takeover bid that has been discouraged by the inclusion of proportional takeover provisions in the Company's constitution. It follows that the directors are not aware of any advantages nor disadvantages of the proportional takeover provisions in the past.

#### **Potential advantages and disadvantages of renewing proportional takeover provisions**

As well as a retrospective review of the provisions proposed to be renewed, the Corporations Act requires that shareholders be given a statement of the potential future advantages and disadvantages of the provisions.

The Company's directors consider that the proposed renewal of the proportional takeover provisions has no potential advantages or potential disadvantages for directors because they remain free to make recommendations on whether a resolution approving a proportional takeover bid should be passed and whether offers under the bid should be accepted.

The potential advantages of the proposed proportional takeover provisions for shareholders are:

- they give shareholders the right to decide by majority vote whether a proportional takeover bid should proceed;
- they may assist shareholders to avoid being locked in as a relatively powerless minority;
- they increase shareholders' bargaining power and may assist in ensuring that any proportional bid is adequately priced; and
- knowing the view of the majority of shareholders may assist each individual shareholder to assess the likely outcome of the proportional takeover bid and decide whether to accept or reject an offer made under the bid.

Some potential disadvantages of the proposed proportional takeover provisions for shareholders of the Company are that:

- the provisions impose a hurdle to, and may discourage the making of, proportional takeover bids for shares in the Company;
- this hurdle may depress the price of shares in the Company or deny shareholders an opportunity to sell their shares at a premium; and
- the provisions may reduce the likelihood of a proportional takeover bid for shares in the Company being successful.

However, the Company's directors do not believe that these or any other possible disadvantages outweigh the potential advantages of renewing the proportional takeover provisions for a further three years.

### Voting requirements

The proposed resolution in item 6 is required by the Corporations Act to be passed by a special resolution. A special resolution must be passed by at least 75% of the votes cast by shareholders who are present (whether in person, or by proxy, attorney or representative) and entitled to vote at the meeting.

### Recommendation

The directors of the Company unanimously recommend that shareholders vote in favour of the proposed resolution in item 6.

### Other important information

#### Proxies

A member who is entitled to vote at the meeting has a right to appoint a proxy to attend and vote instead of the shareholder. The proxy need not be a member of the Company.

A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, section 249X of the Corporations Act will take effect so that each proxy may exercise half of the votes (ignoring fractions).

If a member appoints 1 proxy, that proxy may vote on a show of hands. However, if a member appoints 2 proxies, neither proxy may vote on a show of hands – they may vote only on a poll taken on a proposed resolution.

To appoint a proxy, members will need to use the personalised proxy form enclosed with this Notice or submit a proxy appointment electronically by following the instructions below.

To be effective for the scheduled meeting, the completed proxy form, and the power of attorney or other authority (if any) under which the proxy form is signed (or a certified copy of that power or authority), must be received by no later than 10.00am (Sydney time) on 16 October 2016:

- by post to the Mortgage Choice Share Registry, Link Market Services Limited, 1A Homebush Bay Drive, Rhodes, NSW, 2138 or Level 12, 680 George Street, Sydney, NSW 2000 or Locked Bag A14, Sydney South, NSW 1235; or
- by facsimile to the Mortgage Choice Share Registry on (02) 9287 0309; or
- by delivery or facsimile to the Company's registered office, Level 10, 100 Pacific Highway, North Sydney NSW 2060.

To appoint a proxy electronically, members need to visit the Mortgage Choice Share Registry's website ([www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)) and follow the prompts and instructions given there (members will be taken to have signed the proxy appointment if they lodge it in accordance with the instructions on the website). To be effective for the scheduled meeting, the electronic proxy appointment, and any power of attorney or other authority under which the proxy form is authenticated (or a certified copy of that power or authority), must be lodged and received by no later than 10.00am (Sydney time) on 16 October 2016.

A corporation which is a member may also appoint an individual to act as its representative at the annual general meeting in accordance with section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment unless it has previously been provided to the Mortgage Choice Share Registry.

### Determination of voting entitlements

The directors of the Company have determined, in accordance with the Corporations Regulations 2001 (Cth), that the shares of the Company that are on issue as at 7.00pm (Sydney time) on 16 October 2016 will be taken, for the purposes of the annual general meeting, to be held by the persons who held them at that time. Accordingly, those persons will be the shareholders of the Company entitled to attend and vote at the meeting.

### Voting exclusions for item 4 (remuneration report) and item 5 (aggregate maximum sum of non-executive directors' fees)

The Company will disregard any votes cast on Item 4:

- by or on behalf of a member of the Company's KMP named in the Company's remuneration report for the year ended 30 June 2016 or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties,

Unless the vote is cast as proxy for a person entitled to vote on Item 4:

- in accordance with a direction in the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy.

The Company will disregard any votes cast on Item 5:

- by or on behalf of each director or an associate of a director, regardless of the capacity in which the vote is cast; or

- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties,

Unless the vote is cast as proxy for a person entitled to vote on Item 5:

- in accordance with a direction in the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy.

Please read the information below under the heading 'Chairman as proxy' for details of how the Chairman intends to vote undirected proxies on Item 4 and Item 5.

### Chairman as proxy

If you appoint a proxy, the Company encourages you to consider directing them how to vote by marking the appropriate box on each of the proposed resolutions.

If you appoint the Chairman of the meeting as your proxy (or the Chairman of the meeting becomes your proxy by default) and you do not direct your proxy how to vote on any of the resolutions referred to in this Notice then by signing and submitting the proxy form, you will be expressly authorising the Chairman of the meeting to vote as he decides on the proposed resolutions (even though Item 4 and Item 5 are connected directly or indirectly with the remuneration of members of the KMP).

The Chairman intends to vote undirected proxies in favour of each of the resolutions in Items 2 to 6 set out in this Notice.

If you do not want the Chairman of the meeting to vote as your proxy in favour of any proposed resolution, you need to direct your proxy to vote against, or to abstain from voting on, the relevant resolution by marking the appropriate box on the proxy form.

### Other proxies

If you appoint a director (other than the Chairman of the meeting) or another KMP (or a closely related party of a KMP) as your proxy, you should direct them how to vote on Item 4 and Item 5 by marking the appropriate box on the proxy form. If you do not do so, your proxy will not be able to vote on your behalf on Item 4 or Item 5.

If:

- a poll is duly demanded at the annual general meeting in relation to a proposed resolution;
- a shareholder has appointed a proxy (other than the Chairman of the meeting) and the appointment of the proxy specifies the way the proxy is to vote on the resolution; and
- that shareholder's proxy is either not recorded as attending the meeting or does not vote on the resolution,

the Chairman of the meeting will, before voting on the resolution closes, be taken to have been appointed as the proxy for the shareholder for the purposes of voting on that resolution and must vote in accordance with the written direction of that shareholder.

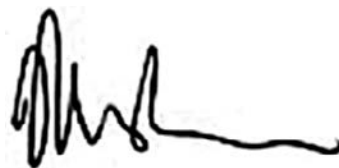
### Questions from shareholders

Shareholders as a whole will be given a reasonable opportunity at the annual general meeting:

- to ask questions about, and make comments on, the Company's financial report and directors' report (including the remuneration report) for the year ended 30 June 2016, and on the business, operations and management of the Company generally; and
- to ask a representative of the Company's auditor, Deloitte Touche Tohmatsu, questions relevant to the conduct of the audit, the auditor's report for the year ended 30 June 2016, the accounting policies adopted by the Company in relation to the financial statements contained in the financial report for the year ended 30 June 2016 and the independence of the auditor in relation to the conduct of the audit.

Members may also submit a written question to the auditor if the question is relevant to the content of the auditor's report or conduct of the audit. Written questions for the auditor must be received by no later than 11 October 2016. Please send any written questions for the auditor:

- by post to the Mortgage Choice Share Registry, Link Market Services Limited, 1A Homebush Bay Drive, Rhodes, NSW 2138 or Level 12, 680 George Street, Sydney, NSW 2000 or Locked Bag A14, Sydney South, NSW 1235; or
- by facsimile to the Mortgage Choice Share Registry on (02) 9287 0309; or
- by delivery to the Company's registered office, Level 10, 100 Pacific Highway, North Sydney NSW 2060.



### David Hoskins

Company Secretary  
By Order of the Board  
DATED: 24 August 2016

