

Greencross Limited

The Pet Company

ABN 58 119 778 862

ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

MEETING DOCUMENTATION

Thursday, 22 October 2015

Commencing at 11:00am (Sydney time)

CHAIRMAN'S LETTER

Dear Shareholder

It is my pleasure to invite you to attend the 2015 Annual General Meeting of Greencross Limited. The Meeting will be held at the offices of Clayton Utz, Boardroom, Level 14, 1 Bligh Street, Sydney NSW, on 22 October 2015, commencing at 11:00am. Registration will be available from 10.00am.

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 shareholder's to submit written questions. Question forms should be submitted by 11.00am on Wednesday, 7 October 2015 at the address set out in the Notes to the Notice of Meeting.

Copies of frequently raised written questions and answers will be available at the meeting and posted on Greencross' website.

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 19.

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

Yours sincerely



Stuart James
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of members of **Greencross Limited** ('**Greencross**' or '**Company**') will be held on Thursday 22 October 2015 at Clayton Utz, Boardroom, Level 14, 1 Bligh Street, Sydney NSW, commencing at 11.00am (Sydney time).

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 financial year ended 30 June 2015.

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

2. ELECTION OF MS REBEKAH HORNE

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

"That Ms Rebekah Horne, who retires as a Director of the Company in accordance with ASX Listing Rule 14.4 and rule 8.1 of the Company's constitution, and being eligible, be elected as a Director of the Company."

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

3. RE-ELECTION OF MR STUART JAMES

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

"That Stuart James, who retires as a Director of the Company in accordance with rule 8.3 of the Company's constitution, and being eligible, be re-elected as a Director of the Company."

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

4. RE-ELECTION OF MR PAUL WILSON

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

"That Paul Wilson, who retires as a Director of the Company in accordance with rule 8.3 of the Company's constitution, and being eligible, be re-elected as a Director of the Company."

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

5. RATIFICATION OF ISSUE OF SECURITIES

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

Resolution 5(a)

"That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 626,030 fully paid ordinary shares in the Company issued to Macquarie Capital (Australia) Limited on 29 September 2014 at an issue price of \$9.76 per share, as described in the Explanatory Memorandum."

Resolution 5(b)

"That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 709,003 fully paid ordinary shares in the Company issued to Macquarie Capital (Australia) Limited on 31 March 2015 at an issue price of \$8.68 per share, as described in the Explanatory Memorandum."

Note: A voting exclusion statement applies to Resolutions 5(a) and (b). Further details of this exclusion are set out in the accompanying Notes.

6. REMUNERATION REPORT

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

"That the Remuneration Report, that forms part of the Directors' report of the Company, for the year ended 30 June 2015 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 6. Further details of this exclusion are set out in the accompanying Explanatory Memorandum.

7. PROPOSED INCREASE IN BOARD REMUNERATION

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

"That, pursuant to article 8.4 of the Company's constitution, and for the purposes of Listing Rule 10.17, the maximum aggregate remuneration payable by the Company to the Directors (as a whole) for their non-executive services be increased by \$250,000 from \$750,000 per annum to \$1,000,000 per annum, divided among the Directors in such proportion and manner as the Directors agree or, in default of that agreement, equally."

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 EXECUTIVE LONG TERM INCENTIVE PLAN

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

"That approval be given in accordance with ASX Listing Rule 10.14 for the participation of Martin Nicholas in the Executive Long Term Incentive Plan (LTIP) of Greencross Limited, and for the grant of performance rights to Martin Nicholas within one year of the date of this Annual General Meeting pursuant to the LTIP and on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting."

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

Dated 18 September 2015

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 7:00 pm (Sydney time) on 20 October 2015. This means that any shareholder registered at 7:00 pm (Sydney time) on 20 October 2015 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 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 **11.00am (Sydney time) on 20 October 2015**.

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 Resolution 6 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 Resolution 6, 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 6 on Remuneration Report](#)

Resolution 6 is advisory and nonbinding. The outcome of Resolution 6 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 6 is set out below.

4. Voting Exclusion Statement

Resolutions 5(a) – (b)

The Company will disregard any votes cast by the following persons in respect of Resolutions 5(a) – (b):

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

However, the Company need not disregard a vote if:

- (1) 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
- (2) 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 6 (Remuneration Report)

The Company will disregard any votes cast on the Resolution 6 by or on behalf of any of the following persons:

- (1) a member of the Company's key management personnel details of whose remuneration is included in the Remuneration Report for the financial year ended 30 June 2015 (**KMP**); or
- (2) 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:

- (1) it is cast as a proxy, and the proxy is appointed by writing that specifies how the proxy is to vote on Resolution 6 and it is not cast on behalf of a Prohibited Voter (as defined below); or
- (2) 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 Resolution 6.

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 this resolution. If you do not want your vote exercised in favour of this resolution, you should direct the Chairman of the Meeting to vote 'against', or to abstain from voting on, this resolution.

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 Resolution 6. 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 Resolution 6

Important for Resolution 6

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:

- (1) a spouse, child or dependant of the KMP;
- (2) a child or dependant of the KMP's spouse;
- (3) 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;
- (4) a company the KMP controls; or
- (5) a person prescribed by regulations (as at the date of this notice, no additional persons have been prescribed by regulation).

Resolution 7 (Proposed increase in board remuneration)

The Company will disregard any votes cast on the Resolution 7 by or on behalf of the following persons:

- (1) a Director of the Company; or
- (2) any associate of those persons.

However, the Company need not disregard a vote if:

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

Resolution 8 (Grant of securities to Martin Nicholas under the LTIP)

The Company will disregard any votes cast on the Resolution 8 by or on behalf of the following persons:

- (1) Martin Nicholas; or
- (2) an associate of Martin Nicholas.

However, the Company need not disregard a vote if:

- (1) 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
- (2) 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.

5. 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. Question forms should be submitted:

- online at www.linkmarketservices.com.au and follow the prompts, or
- by completing and signing the question form enclosed with this Notice of Meeting and return the question form either (1) 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 (2) 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 **11.00am (Sydney time) on Wednesday 7 October 2015**.

Copies of written questions and answers will be available at the meeting and posted on the Company's website.

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.

RESOLUTIONS 2 TO 4 – DIRECTORS

Under the ASX Listing Rules, a director appointed by the Board shall only hold office until the end of the next annual general meeting following their appointment, but shall be eligible for re-election at that meeting. Rebekah Horne will retire at the end of the meeting in accordance with this rule and, being eligible, offer herself for election.

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. Stuart James and Paul Wilson retire at the end of the meeting in accordance with this rule and, being eligible, offer themselves for election and re-election, respectively.

The Board (with the relevant Director abstaining in respect of their own election or re-election) unanimously recommends that shareholders vote in favour of Resolutions 2 to 4.

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

Ms Rebekah Horne	
<i>Title</i>	Non-Executive Director
<i>Qualifications</i>	BBus, MBA (in progress), AICD Directors Course
<i>Date of appointment</i>	[8] September 2015
<i>Experience and expertise</i>	<p>Ms Horne has 20 years' experience in digital, telecommunications, mobile and media companies and is currently the Chief Digital Officer of Network Ten. Prior to joining Ten, Ms Horne was the CEO of LA based start-up Topfloor.com, a Google and POLARIS Ventures backed e-commerce business where Ms Horne reported to the board. In 2011, Ms Horne founded Inception Digital, a small digital agency funded by MH Carnegie and currently is a Non Executive Director of that company. From 2006-2011, Ms Horne was responsible for the internationalisation of News Corp's digital business, Fox Interactive Media, starting with the build of the Australian operation, and going on to be the SVP international, responsible for all territories outside of the US, which included 26 international territories. Prior to joining News Corp, Ms Horne held a senior content and commerce position at SingtelOptus.</p> <p>Ms Horne also has experience as a Non-Executive Director, sitting on the board of a range of subsidiary companies for Network Ten.</p>

	Ms Horne brings extensive digital experience which will assist Greencross in the development and implementation of its multi channel offering and pet lovers community. These skills will complement the skill set of the other Directors.
<i>Other current public company directorships</i>	None
<i>Former directorships (last 3 years)</i>	None
<i>Special responsibilities</i>	None

Mr Stuart James	
<i>Title</i>	Non-Executive Director and Chairman
<i>Qualifications</i>	BA (Hons), MAICD, FAIM
<i>Experience and expertise</i>	Mr James is an experienced executive within the financial and healthcare sectors. Following a 25 year career with Shell both in Australia and internationally, Mr James became Managing Director of Australian Financial Services for Colonial and Managing Director of Colonial State Bank (formerly the State Bank of N.S.W). Mr James' also held an executive role as CEO of the Mayne Group from January 2002 to January 2005. Prior to that Mr James was Mayne's Chief Operating Officer from July 2000 to January 2002. Mr James is the Chair of Prime Financial Group Limited, Pulse Health Limited and Affinity Education Group Limited.
<i>Other current public company directorships</i>	Affinity Education Group Limited Prime Financial Group Limited Pulse Health Limited
<i>Former directorships (last 3 years)</i>	Progen Pharmaceuticals Limited Phosphagenics Limited
<i>Special responsibilities</i>	Member of the Remuneration Committee

Mr Paul Wilson	
<i>Title</i>	Non-Executive Director
<i>Qualifications</i>	B.Bus, MBA, MAID
<i>Experience and expertise</i>	Mr Wilson was a co-founder, director and shareholder of Mammoth Pet Holdings Pty Ltd prior to its acquisition by Greencross Limited. He served the Managing Director of Mammoth from inception in 2005. Following the acquisition by Greencross, Mr Wilson assumed the role of Chief Commercial Officer for Greencross and was responsible for the development and execution of its stores and clinics network and acquisition strategy, and for information technology and supply chain. Prior to Mammoth, Mr Wilson was the Chief Operating Officer of ShopFast, Australia's largest online grocery retailer (sold to Coles in 2003). He

	has worked in the retail industry for 26 years. Mr Wilson was with Caltex Australia from 1987 to 1999, in a number of roles including, National Fuels Pricing and Planning Manager, Retail Sales Manager for convenience retailing, and General Manager of Caltex/Boral JV, Vitalgas.
<i>Other current public company directorships</i>	None
<i>Former directorships (last 3 years)</i>	None
<i>Special responsibilities</i>	Non-Executive Chairman of Animates NZ Holdings Limited, a joint venture between Greencross Limited and EBOS Limited. Non-Executive Chairman of the Petbarn Foundation, the vehicle for the philanthropic efforts of Greencross

Both Mr. Stuart James and Mr. Paul Wilson were present and participated in all Board and Committee meetings that they were eligible to attend during the 2015 financial year.

ITEM 5 – RATIFICATION OF ISSUE 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.

Details of the issues of shares to Macquarie Capital (Australia) Limited on 31 March 2015 and 29 September 2014 in connection with the underwriting of the Dividend Reinvestment Plan are set out in the following table.

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.

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:

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

The issue has already taken place, within the 15% limit prescribed by Listing Rule 7.1.

The approval sought in Resolution 5, under Listing Rule 7.4, is 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.

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.

If shareholders approve Resolution 5, 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 5, the issue of shares in connection with the underwriting of the Dividend Reinvestment Plan 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 5 it will not invalidate the issue in connection with the underwriting of the Dividend Reinvestment Plan.

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 proposed allotment and issue:

Resolution Number	Number of Securities	Issue price of Securities	Terms of Securities	Name of allottees or the basis on which allottees were determine	Use of funds raised by the issue
5(a)	626,030	\$9.76	Ordinary shares, ranking equally with all other existing fully paid ordinary shares	Macquarie Capital (Australia) Limited	Dividend Reinvestment Plan underwrite
5(b)	709,003	\$8.68	Ordinary shares, ranking equally with all other existing fully paid ordinary shares	Macquarie Capital (Australia) Limited	Dividend Reinvestment Plan underwrite

RESOLUTION 6 – REMUNERATION REPORT

The Corporations Act requires that the section of the report of the Directors' Report dealing with the remuneration of Directors and other Key Management Personnel ('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.

The Board recommends that shareholders vote in favour of Resolution 6.

RESOLUTION 7 – PROPOSED INCREASE IN BOARD REMUNERATION

The Meeting will, for the purposes of article 8.4 of the Company's constitution and ASX Listing Rule 10.17, consider a Resolution to approve an increase to the maximum aggregate remuneration payable by the Company to the Directors (as a whole) for their non-executive services be increased by \$250,000 from \$750,000 per annum to \$1,000,000 per annum, divided among the Directors in such proportion and manner as the Directors agree or, in default of that agreement, equally. The reason for the requested increase is primarily to:

- Accommodate the increase in the number of Non-Executive Directors from four to six with the transition of Paul Wilson and Glen Richards from Executive Director to Non-Executive Director roles;
- Provide the Board with sufficient flexibility to appoint an additional independent director. The recent appointment of Ms. Rebekah Horne as a Non-Executive Director adds distinctive experience in online and digital marketing to the Board's skill set and will promote further gender diversity at the Board level;
- Accommodate the increase to Board member fees that have resulted from an independent benchmarking exercise conducted by the external advisers and that went into effect from 27 August 2014.

The current aggregate Non-Executive Director fee cap of \$750,000 was approved by shareholders at the General Meeting on 22 January 2014. This fee cap is currently insufficient in providing remuneration for the proposed composition of Non-Executive Board members, post-AGM. The forecast FY16 headroom under the proposed \$1,000,000 cap, accounting for Board and Committee member fees, is approximately \$100,000.

When required, the Company will seek approval for small increases to the Non-Executive Director fee cap in step with the succession program of the Board as well as the Company's continued growth in size and complexity.

In the last 3 years, the Company has issued the following securities to non-executive directors under Listing Rules 10.11 or 10.14 with the approval of the shareholders of the Company:

Date of AGM /EGM for shareholder approval	Number of Securities	Issue price of Securities	Terms of Securities	Name of non-executive director	Use of funds raised by the issue
2013 AGM held on 14 November 2013	73,529	\$3.40	Fully paid ordinary shares, ranking equally with all other existing fully paid ordinary shares	Stuart James	To fund future acquisition opportunities
2014 EGM held on 22 January 2014	7, 190,597	In consideration for the transfer of securities in Mammoth Pet Holdings	Fully paid ordinary shares, ranking equally with all other existing fully paid ordinary shares	Entities associated with Jeffrey David (who was at the time a Greencross non-executive director)	To fund the acquisition Mammoth Pet Holdings Pty Limited

The Board recommends that shareholders vote in favour of Resolution 6.

RESOLUTION 8 – GRANT OF SECURITIES TO MARTIN NICHOLAS UNDER THE 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 Limited, of 60,653 Performance Rights under the Company's Equity Incentive Plan and on the terms set out in this Explanatory Memorandum.

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) are set out in the Announcement and Appendix 3X released to the ASX on 26 August 2015 following his appointment. The Remuneration Report and Director's Report in the Company's 2015 Annual Report released to the ASX on 11 August 2015 sets out Mr Nicholas's previous remuneration and other interests in Greencross in his capacity as Group Chief Financial Officer.

Each year the Non-Executive Directors will review and approve the remuneration package of Mr Nicholas. This will include his fixed remuneration, short-term incentives in the form of cash and, if appropriate, Performance Rights and long-term incentives in the form of Performance Rights.

The proposed grant of Performance Rights are for the purposes of the Company's Long-term Incentive Plan, and forms part of the FY16 remuneration structure for Mr Nicholas. The Non-Executive Directors consider that Mr Nicholas' remuneration package (including his participation in the LTI Plan through the proposed grant of the above Performance 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.

Performance Rights are granted over ordinary fully paid shares. Each performance right represents a right to receive one share in the Company, subject to the terms of the LTI Plan. 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 Performance 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.

The shares are granted on the basis of the value of the grant divided by the 10 day VWAP achieved on the 5 days before and the 5 days after the announcement of the Company's results (announced on 11 August 2015). Consistent with preferred Australian corporate governance practice, the Company applies a face value calculation (as opposed to fair value accounting treatment) in determining the number of awards to be granted to Mr. Nicholas.

The maximum number of Performance Rights the Company is proposing be granted to Mr Nicholas is calculated by dividing the maximum dollar value of his remuneration package allocated to long-term incentives, being \$390,000, by the VWAP Share price of \$6.43. On this basis, the maximum number of Performance Rights that the Company will grant to Mr Nicholas is 60,653.

The maximum value of Performance Rights that will be granted to Mr Nicholas on the above basis is \$390,000.

Shareholder approval for the issue of Performance Rights to Mr Nicholas is sought for this purpose and will preserve the flexibility as to how Greencross sources any shares on exercise that will be allocated (i.e. whether Shares are purchased on-market and transferred to Mr Nicholas or issued directly to him).

The number of Performance Rights that would vest (if any) at the end of the Performance Period will be determined having regard to the FY16 remuneration structure and performance criteria applicable to all KMP executives, including Mr Nicholas, described below.

The following diagrams summarise the remuneration structure for Executives:

Diagram 1 – Percentage breakdown of components of Executive Total Remuneration

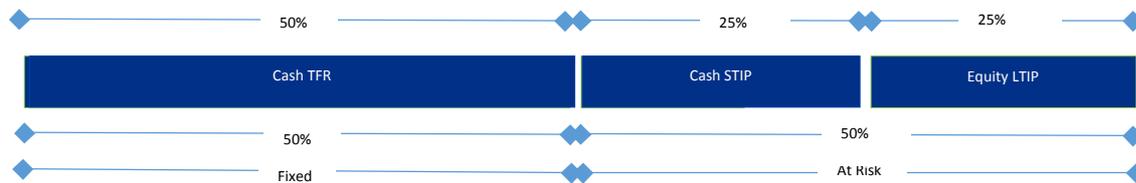


Diagram 2 – Description of components of Chief Executive Officer Total Remuneration

Total Fixed Remuneration (TFR)	Short Term Incentive	Long Term Incentive
<p>Comprises:</p> <ul style="list-style-type: none"> Cash salary; Salary sacrifice items; and Employer superannuation contributions in line with statutory obligations. <p>TFR is determined by reference to the first, second and third quartiles in market (where applicable) and the individual's skills and experience relative to the position's requirements.</p>	<p>Up to 50% of TFR ("maximum STI")</p> <p>Performance Period: One year commencing 1 July 2015</p> <p>Performance Conditions:</p> <ul style="list-style-type: none"> 25% dependent on achieving Revenue targets. 25% dependent on achieving Like for Like Sales targets. 25% dependent on achieving Group EBITDA targets. 25% dependent on achieving Cash Generation targets. Each target has a threshold and stretch hurdle. <p>Payment Up to 50% of TFR payable immediately following FY16 Results Announcement.</p> <p>Service Conditions: Must be employed throughout the Performance Period or leave employment during the period with "Good Leaver" status.</p>	<p>Grant of performance rights - grant value up to 50% of TFR ("maximum LTI").</p> <p>Performance Period: Three years commencing 1 July 2015</p> <p>Performance Conditions:</p> <ul style="list-style-type: none"> 50% of maximum LTI dependent on achieving EPS growth targets 30% of maximum LTI dependent on achieving ROIC targets 20% of maximum LTI dependent on achieving relative TSR targets Each target has a threshold and stretch hurdle. <p>Service Conditions: Must be employed throughout the Performance Period or leave employment during the period with "Good Leaver" status.</p>

The Board can exercise its discretion to amend any element of the equity incentive plan.

LTI Performance 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 Vest Date of the 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 is set with reference to historic performance and budget. It is the arithmetic average for the 3 years. The stretch target sits well above consensus for the year. The vesting scale is straight-line with 0% vesting at threshold and 100% at stretch.
- ROIC is set with reference to historic performance and budget. The relevant target is the FY18 result. The threshold target sits well above WACC. The vesting scale is straight-line with 0%

vesting at threshold and 100% at stretch.

- TSR is assessed against the TSR of ASX 200 index companies excluding the resources sector. The vesting scale is straight-line with 50% vesting at threshold if performance ranks the company at the 50th percentile and 100% if the performance ranks the company at the 75th percentile or greater.

As specifics of the EPS and ROIC hurdles are market sensitive, full disclosure of thresholds, targets and maximum will be deferred to the release of the 2018 Remuneration Report.

Performance against LTI targets will be reported retrospectively.

The Performance Conditions are tested following the announcement of the FY 18 full year result, in or around September 2018.

A Participant must not enter into any scheme, arrangement or agreement (including options and derivative products) under which the Participant may alter the economic benefit to be derived from any Performance Rights that remain subject to the Plan Rules, irrespective of future changes in the market price of Shares.

A Performance 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 LTI Plan or to the Company.

If a change in control event occurs prior to the vesting of Performance 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 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 LTI Plan;
- the maximum number of Performance Rights to be granted to Mr Nicholas under the Equity Incentive Plan is 60,653 (which are subject to the vesting conditions discussed above);

- the grant of the Performance 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 Performance Rights;
- no other securities have been acquired by Directors or their associates under the LTI Plan;
- there is no loan scheme in relation to the Performance Rights;
- Mr Nicholas is prohibited from hedging the share price exposure in respect of Performance Rights during the Performance Period applicable to Performance Rights. Shares issued on the vesting of Performance Rights will be subject to the Company's Securities Trading Policy;
- if shareholder approval is obtained, details of the Performance Rights to be granted to Mr Nicholas under the LTI Plan will be provided in the Company's Remuneration Report for the year ending 30 June 2016;
- if shareholder approval is obtained, it is anticipated that the Performance 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.

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

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