



## Notice of Annual General Meeting 2017 and Explanatory Statement

Enero Group Limited ABN 97 091 524 515

*Notice is given that the Annual General Meeting of members of Enero Group Limited will be held at 10.00am on Thursday, 19 October 2017 at Level 2, 100 Harris Street, Pyrmont NSW 2009.*

### Agenda

#### Financial Report, Directors' Report and Auditor's Report

To receive and consider the Annual Financial Report of Enero Group Limited (**Company**) and its controlled entities (**Group**), the Directors' Report and the Auditor's Report for the year ended 30 June 2017.

#### 1. Resolution 1 – Non-binding resolution to adopt the Remuneration Report

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

*"That the 'Remuneration Report' included in the Enero Annual Financial Report for the year ended 30 June 2017, be adopted."*

Note: A voting exclusion applies to Resolution 1.

#### 2. Resolution 2 – Election of Director

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

*"That Anouk Darling, who was appointed by the Board on 6 February 2017, retires in accordance with rule 6.1(e) of the Company's Constitution and, being eligible, offers herself for election, be elected as a Director of the Company."*

#### 3. Resolution 3 – Re-election of Director

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

*"That John Porter, who retires in accordance with rule 6.1(f) of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."*

#### 4. Resolution 4 – Approval of the Enero Share Appreciation Rights Plan

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

*"That the Enero Share Appreciation Rights Plan (SAR Plan) described in the explanatory notes accompanying this Notice of Meeting is approved for all purposes (including for the purpose of Listing Rule 7.2, Exception 9(b)) so that any securities (or rights to securities) issued in accordance with the terms of the SAR Plan qualify as an exception to Listing Rule 7.1."*

Note: A voting exclusion applies to Resolution 4.

#### 5. Resolution 5 – Allocation of Share Appreciation Rights to a Director under the Enero Share Appreciation Rights Plan

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

*"That approval is given for all purposes (including for the purpose of Listing Rule 10.14) for the issue of 1,000,000 Enero Share Appreciation Rights (Share Rights) to the Chief Executive Officer, Matthew Melhuish, under the Enero Share Appreciation Rights Plan as described in the explanatory notes accompanying this Notice of Meeting, and any issue of shares upon the vesting of those Share Rights."*

Note: A voting exclusion applies to Resolution 5.

**By Order of the Board of  
Enero Group Limited**

**Brendan York**  
Company Secretary  
15 September 2017

# NOTICE OF ANNUAL GENERAL MEETING

Enero Group Limited

## Information for Shareholders

### Voting Exclusions

#### Resolution 1:

In accordance with the Corporations Act, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by a member of the KMP, details of whose remuneration are included in the Remuneration Report, and their Closely Related Parties (each a **Restricted Voter**).

However, a Restricted Voter may cast a vote on this resolution if it is not cast on behalf of a Restricted Voter and either:

- a. it is cast by the Restricted Voter as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; or
- b. it is cast by the chair of the meeting (**Chair**) as a proxy, if the appointment of the Chair expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

Further, a Restricted Voter who is appointed as a proxy must not vote on this resolution unless:

- a. the appointment specifies the way the proxy is to vote on this resolution; or
- b. the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though the item is connected directly or indirectly with the remuneration of a member of the KMP.

If you appoint the Chair as your proxy for Resolution 1 and you do not direct your proxy how to vote on Resolution 1, you will be expressly authorising the Chair to exercise your proxy, even if the resolution is connected, directly or indirectly, with the remuneration of a member of the KMP which includes the Chair. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

#### Resolution 4:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in respect of Resolution 4 by any Director of the Company (except one who is ineligible to participate in an incentive scheme of the Company (being a Director who does not meet the definition of 'Eligible Employee' in the SAR Plan)) and any Associate of that person. The Directors of the Company are named on page 18 of Enero's Annual Financial Report. However, the Company need not disregard a vote cast by a Director if:

- a. it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b. it is cast by the Chair as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, in accordance with the Corporations Act, a Restricted Voter who is appointed as a proxy must not vote on this resolution unless:

- a. the appointment specifies the way the proxy is to vote on this resolution; or
- b. the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though the item is connected directly or indirectly with the remuneration of a member of the KMP.

If you appoint the Chair as your proxy for Resolution 4 and you do not direct your proxy how to vote on Resolution 4, you will be expressly authorising the Chair to exercise your proxy, even if the resolution is connected, directly or indirectly, with the remuneration of a member of the KMP which includes the Chair. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 4. Shareholders may also choose to direct the Chair to vote against Resolution 4 or to abstain from voting.

#### Resolution 5:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in respect of Resolution 5 by any Director of the Company who is eligible to participate in the SAR Plan (being a Director who meets the definition of 'Eligible Employee' in the SAR Plan) and any Associate of that person. The Directors of the Company are named on page 18 of Enero's Annual Financial Report. However, the Company need not disregard a vote cast by a Director if:

- a. it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b. it is cast by the Chair as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, in accordance with the Corporations Act, a Restricted Voter who is appointed as a proxy must not vote on this resolution unless:

- a. the appointment specifies the way the proxy is to vote on this resolution; or
- b. the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though the item is connected directly or indirectly with the remuneration of a member of the KMP.

If you appoint the Chair as your proxy for Resolution 5 and you do not direct your proxy how to vote on Resolution 5, you will be expressly authorising the Chair to exercise your proxy, even if the resolution is connected, directly or indirectly, with the remuneration of a member of the KMP which includes the Chair. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 5. Shareholders may also choose to direct the Chair to vote against Resolution 5 or to abstain from voting.

## Voting

You can vote in either of two ways:

- attending the meeting and voting in person or by attorney, or if you are a corporate shareholder, by corporate representative voting for you; or
- appointing a proxy to attend and vote for you, using the enclosed voting and proxy form.

### Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the meeting venue at least 30 minutes prior to the time designated for the meeting so that we may check their shareholding against our register of members and note their attendance. Attorneys should bring with them an original or certified copy of the Power of Attorney under which they have been authorised to attend and vote at the meeting. The meeting will be held at 10.00am on Thursday, 19 October 2017 at Level 2, 100 Harris Street, Pyrmont NSW 2009.

### Voting by corporate representative

If a corporate shareholder plans to attend through a corporate representative, it must appoint a person to act as its representative and the appointed person must bring appropriate written evidence of the appointment to the meeting signed under the corporation's common seal or in accordance with section 127 of the Corporations Act.

### Voting by proxy

A shareholder who is unable to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote for the shareholder at the meeting. A proxy need not be a shareholder of the Company and may be an individual or a body corporate.

If a shareholder is entitled to cast two or more votes, they may appoint up to two proxies and may specify the percentage or number of votes each proxy is appointed to exercise. Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the shareholder's voting rights and an additional form of proxy is available on request from the Company.

If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy

but not directed as to how to vote, the proxy may only vote on Resolutions 1, 4 and 5 if the proxy is the Chair of the meeting and the appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP. If such authorisation is given, the Chair intends to vote in favour of Resolutions 1, 4 and 5.

Where a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, each proxy may exercise half of the votes. The form of proxy must be signed by a shareholder or a shareholder's attorney. Proxies given by corporations must be signed in accordance with their constituent documents or as authorised by the Corporations Act. If the form of proxy is executed under power of attorney it must accompany the form of proxy unless it has already been noted by the Company. In the case of joint shareholders, names of the joint shareholders should be shown on the form of proxy.

### Voting entitlements

The Company has determined that for the purpose of determining voting entitlements for the general meeting, shares in the Company will be taken to be held by those people who are shown in the register of members as at 7.00pm Sydney time on Tuesday, 17 October 2017.

### Timing

For the appointment of a proxy to be valid, the proxy forms (together with any power of attorney or other authority) must be returned:

- by post to the share registry, Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 Australia;
- online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au); or
- by successfully transmitted facsimile transmission to Link Market Services on +61 2 9287 0309,

by no later than 10.00am Sydney time on Tuesday, 17 October 2017.

Shareholder queries should be directed to the Company Secretary by phone (02) 8213 3031 or by email [agm@enero.com](mailto:agm@enero.com).

## Explanatory Statement

This Explanatory Statement has been prepared to provide shareholders with material information to enable them to make an informed decision on the business to be conducted at the AGM.

All shareholders should read this Explanatory Statement carefully and in its entirety before making any decision in relation to the resolutions.

### Financial Report, Directors' Report and Auditor's Report

Under the Corporations Act, the Directors of the Company must lay the Financial Report, the Directors' Report and the Auditor's Report for Eneo for the financial year ended 30 June 2017 before the meeting (**Reports**).

These Reports are set out in Eneo's 2017 Annual Report which has been made available to shareholders and is available on the Company's website ([www.enero.com](http://www.enero.com)).

Shareholders will be given reasonable opportunity at the AGM to ask questions and make comments on the Reports.

The Auditor will be available at the AGM to answer shareholder questions on the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by Eneo in relation to the preparation of the Annual Report and the independence of the auditor in relation to the conduct of the audit.

No resolution is required to be moved in respect of this item of General Business.

### Resolution 1 – Non-binding resolution to adopt the Remuneration Report

Under the Corporations Act, the Company is required to include, in the Directors' Report, a detailed Remuneration Report including prescribed information in relation to the remuneration of Directors and other members of the KMP and Eneo's remuneration practices (**Remuneration Report**).

The Remuneration Report for the year ended 30 June 2017 is incorporated in Eneo's 2017 Annual Report (as part of the Directors' Report) and is available on the Company's website ([www.enero.com](http://www.enero.com)).

Shareholders will be given reasonable opportunity at the AGM to ask questions and make comments on the Remuneration Report.

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The vote on the Remuneration Report is advisory only and does not bind the Directors or the Company. However, in accordance with the Corporations Act, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2017 AGM, and if at the 2018 AGM at least 25% of the votes cast on the resolution for adoption of the 2018 Remuneration Report are against it, the Company will be required to put a resolution to the 2018 AGM, to approve calling an extraordinary general meeting to consider the election of Directors (**Spill Resolution**).

If more than 50% of shareholders vote in favour of the Spill Resolution, the Company must then convene an extraordinary general meeting (**Spill Meeting**) within 90 days of the 2018 AGM. All of the Directors who were in office when the 2017 Directors' Report was approved, other than the Managing Director, will need to stand for re-election at the Spill Meeting if they wish to continue as Directors.

Each Director recommends the adoption of the Remuneration Report by shareholders.

### Resolution 2 – Election of Director

Rule 6.1(e) of the Company's Constitution requires any Director who has been appointed by the Directors since the last AGM either as an addition to the existing Directors or to fill a casual vacancy on the Board to retire. Retiring Directors may seek re-election. Anouk Darling was appointed as an independent, Non-Executive Director of the Board on 6 February 2017. Anouk Darling will retire at the AGM and is seeking re-election in accordance with rule 6.1(e) of the Company's Constitution.

Anouk has over 20 years' experience in marketing, and brand strategy. Anouk is a Director of Macquarie Telecom Limited as well as a member of its Audit and Risk Committee, and Remuneration and Nomination Committee. Anouk is also a Board member of Discovery Holiday Parks and a member of its People and Remuneration Committee as well as a Non-Executive Director of Healthy Life Group. Anouk also consults as an operating partner to Allegro Funds across its portfolio companies. Her most recent Executive role was Chair of Moon

Communications Group, a business which she worked in for 12 years, where she firstly held the role of Strategy Director and then as Chief Executive Officer. Anouk is a member of the Audit and Risk Committee.

Each Director (other than Anouk Darling) recommends that shareholders vote in favour of Resolution 2 to elect Anouk Darling as a Director of Enero.

### Resolution 3 – Re-election of Director

Rule 6.1(f) of the Company's Constitution requires a Director (other than the Managing Director) who, if he or she does not retire, will at the conclusion of the meeting have been in office for three or more years or for three or more AGMs since he or she was last elected to office, must retire at the AGM. Retiring Directors may seek re-election. John Porter is currently a Director of the Company and in accordance with the Company's Constitution John will retire and will seek re-election at the AGM.

John was appointed as Chairman and Non-Executive Director of the Company on 24 April 2012. Prior to joining Enero Group, John Porter was Executive Director and Chief Executive Officer of Austar United Communications Limited from June 1999 to April 2012. John was Managing Director of Austar Entertainment Pty Limited from July 1997 to December 1999. From January 1997 to August 1999, he also served as the Chief Operating Officer of United Asia Pacific, Inc. (UAP). He led the establishment of Austar Entertainment Pty Limited in 1995, and by doing so played an integral role in the development of Australia's subscription television industry. Prior to joining Austar, John spent 10 years in various senior management capacities for Time Warner Cable, a subsidiary of Time Warner, Inc. He has more than 30 years of management experience in the US and Australian subscription television industries. John is also currently CEO of Telenet Group Holding NV. John is the Chairman of the Remuneration and Nomination Committee.

Each Director (other than John Porter) recommends that shareholders vote in favour of Resolution 3 to re-elect John Porter as a Director of the Company.

### Resolution 4 – Approval of the Enero Share Appreciation Rights Plan

During 2011 Enero introduced the SAR Plan designed to incentivise Enero's senior executives and other senior management of Enero and its controlled entities.

#### **Why is shareholder approval being sought?**

Listing Rule 7.1 requires shareholder approval by ordinary resolution for an issue of equity securities if, over a 12-month period, the amount of equity securities issued is more than 15% of the number of ordinary shares on issue at the start of that 12-month period. However, Listing Rule 7.2, Exception 9(b) provides that an issue under an employee incentive scheme is exempted from the 15% limit under Listing Rule 7.1 if shareholders approve the issue of securities under an employee incentive scheme as an exception to Listing Rule 7.1 no more than three years before the date of issue.

Listing Rule 7.2, Exception 9(b) requires shareholders to be informed of the number of securities issued under the relevant employee incentive scheme since the date of the last approval. The SAR Plan was last approved by shareholders at the 2014 AGM held on 29 October 2014. This is the second time that approval has been sought for the SAR Plan for the purpose of Listing Rule 7.2, Exception 9(a). No Shares and a total of 5,700,000 Share Rights have been issued under the SAR Plan since the Company last received approval for the purpose of Listing Rule 7.2, Exception 9(a) in 2014.

Subject to there being no material amendments to the terms of the SAR Plan, approval of the SAR Plan at the meeting will be effective for three years from the date of the resolution. In the absence of such approval, future issues of securities under the SAR Plan may still be made, but must be counted towards the Company's capacity to issue equity securities under Listing Rule 7.1 at the time of issue.



## Key terms of the SAR Plan

### Eligibility

Eligibility to participate in the SAR Plan and the number of Share Rights offered to each Eligible Employee will be determined by the Board.

Non-executive Directors are not eligible to participate in the SAR Plan. Executive Directors are eligible to participate in the plan but will not participate until shareholder approval is obtained in accordance with Listing Rule 10.14.

### Grants and plan limits

Under the rules of the SAR Plan, Share Rights may be offered and granted to eligible employees of the Group from time to time, at the absolute discretion of the Board provided that the aggregate number of shares on offer under the SAR Plan (or in each case any other relevant employee share scheme) may not exceed 15% of the total share capital of Enero at the time of the offer (noting that if Enero seeks to rely on ASIC Class Order 14/1000 (the **Class Order**) in relation to an offer then the limit for that offer, all outstanding Share Rights offered under the Class Order and all shares of Enero issued in the previous three years under the SAR Plan, or any other employee share scheme, in each case relying on the Class Order, equals 5% of the share capital of Enero at the time of the offer).

For the purposes of calculating the number of shares on offer under the SAR Plan at any time the Board will deem any unexercised Share Right that does not have a fixed conversion rate (that is, where the number of Shares into which a Share Right is convertible is not known at the time of the relevant offer) to be convertible into one Share (or, if the Share Right may be convertible into more than one Share, such number of Shares as the Board may reasonably determine). However, the Share Rights issued under the SAR Plan to date will each convert into a fraction of one Share upon vesting.

### Terms and conditions

The specific terms and conditions of each Share Right issued pursuant to the SAR Plan may be determined by the Board prior to such Share Right's issue and allotment and will be notified to the Eligible Employee when the offer of such Share Right is made to that Eligible Employee.

For example, the price payable per Share Right (if any), the conversion rate, the performance hurdles (if any) and the vesting and exercise profile of each Share Right will be determined by the Board prior to its issue and allotment and may vary from holder to holder, but subject always to:

- a. the restriction that one Share Right shall never convert into more than one Share; and
- b. the over-riding plan limits described above.

### Vesting conditions and performance period

Share Rights will vest and become exercisable if and to the extent that any applicable performance conditions specified in the terms of the offer are satisfied during any applicable performance period and the Share Rights have not lapsed.

Both the performance conditions and performance period (if applicable) are set by the Board in its absolute discretion.

### Vesting and exercise

The Board currently intends Share Rights to vest in tranches if the result of  $A - B$  in the conversion formula (below) for each such Share Right is greater than zero.

$$\text{Share entitlement (E)} = \frac{A - B}{A}$$

Where:

A = the volume weighted average price of Shares as listed on the ASX (**Enero VWAP**) for the 20 trading days immediately before the vesting date.

B = the Enero VWAP for the 20 trading days immediately before the date of issue of the Share Right.

If the result is greater than zero, the Share Rights in the tranche will vest.

Vested Share Rights will either be automatically exercised or exercised by the participant (at the discretion of the Board) and entitle the participant to receive a number of Shares (or a fraction of a Share) calculated in accordance with the conversion rate or formula notified by the Board to the Eligible Employee at the time the offer to that Eligible Employee was made in respect of that Share Right.

### Rights and disposal restrictions attaching to Share Rights

The Share Rights are personal to each holder and may not be disposed of, encumbered or exercised by another person other than with the consent of the Board, as part of a sale of the Company or in the case of a transfer to a personal legal representative of a holder. If there is a reorganisation of capital of the Company then the rights of a holder will be changed to the extent necessary to comply with the applicable Listing Rules.

The holders of Share Rights will not be entitled to participate in any new issues in shares to existing shareholders of the Company unless they acquire the underlying shares prior to the record date for determination of entitlements to the new issue of securities.

The Share Rights do not entitle the holder to vote at a meeting of shareholders of the Company or to receive a share of any dividend declared by the Company. Shares issued on exercise of Share Rights will not be subject to dealing restrictions unless the Company's Board specifically sets out such restrictions in the initial offer of Share Rights to an Eligible Employee.

### Quotation

Share Rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the SAR Plan in accordance with the Listing Rules and having regard to any disposal restrictions in place under the SAR Plan.

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### *Lapse of Share Rights*

Unless the Board determines otherwise, all unvested Share Rights will immediately lapse if:

- a. any applicable performance conditions have not been met or reached during the performance period;
- b. the participant resigns from their employment;
- c. the participant's employing entity ceases to be a subsidiary of the Company (and that participant is not employed by another Group company within 28 days of such cessation); or
- d. the occurrence of any other circumstances determined by the Board as a circumstance that will cause an unvested Share Right to lapse.

Unless the Board determines otherwise, all vested and unvested Share Rights will immediately lapse if:

- a. the participant's employment is terminated for a reason which entitles the Company to terminate without notice;
- b. the Board determines that the participant has acted fraudulently, committed a gross misconduct in breach of their obligations to the Company or done any act which brings the Company into disrepute;
- c. the Eligible Employee has nominated a person to participate in the plan as a Controlled Entity, and that person ceases to remain a person within the meaning of a Controlled Entity;
- d. the participant has a judgement entered against them in any civil or criminal proceedings;
- e. it is necessary that the Share Right lapse having regard to any applicable law, the ASX Corporate Governance Principles and Recommendations or any other principle, recommendation or policy of ASX or ASIC relating to executive remuneration or policy relating to 'clawback', or disclosure of the 'clawback', of executive remuneration where financial statements are materially misstated or where the remuneration is erroneously earned; or
- f. the occurrence of any other circumstance determined by the Board as a circumstance that will cause a vested Share Right to lapse.

### *Trading restrictions*

Participants must not sell, transfer, encumber, hedge or otherwise deal with the Share Rights.

Shares allocated to participants following the exercise of Share Rights are subject to the Company's policies including the Securities Trading Policy when dealing with Shares.

### *Change of Control*

Where a Change of Control event occurs in relation to the Company, the Board may, in its absolute discretion, determine that all or part of the Participant's unvested Share Rights will become vested even though any applicable vesting date may not have been reached or any applicable performance conditions may not have been satisfied within any applicable performance period (and in making such a determination, the Board will have regard to the proportion of the performance period which has elapsed and the extent to which any applicable performance conditions have been satisfied).

### *Amendments*

The Board may, in its absolute discretion, amend the SAR Plan rules, or waive or modify the application of the SAR Plan rules in relation to a participant, provided that (except in specified circumstances) if such amendment would adversely affect the rights of participants in respect of any awards then held by them, the Board must obtain the consent of participants who hold not less than 75% of the total number of those held by all those participants before making the amendment.

The Directors unanimously recommend that shareholders vote in favour of Resolution 4.

### **Resolution 5 – Allocation of Share Appreciation Rights to a Director under the Enero Share Appreciation Rights Plan**

Matthew Melhuish was appointed Chief Executive Officer and Executive Director of the Company on 16 January 2012. Matthew Melhuish's remuneration is comprised of the following elements:

1. Fixed remuneration – base salary together with statutory superannuation contributions;

2. Short-term incentive (**STI**) – determined annually by the Board subject to achievement of targets for annual Net Revenue and Operating EBITDA. The STI is capped at 70% of Fixed Remuneration; and
3. Long-term incentive (**LTI**) – participation in the Company's Share Appreciation Rights Plan (**SAR Plan**).

### ***Why is shareholder approval being sought?***

Under Listing Rule 10.14, shareholder approval is required in order for a Director to be issued securities under an employee incentive scheme. If shareholder approval is obtained under Listing Rule 10.14, shareholder approval is not required under Listing Rule 7.1, and the issue of such Share Rights to Matthew Melhuish will not count towards the Company's capacity to issue equity securities under Listing Rule 7.1.

Accordingly, approval is sought for the issue to Matthew Melhuish of new Share Rights under the terms of the SAR Plan.

The Company has determined that the issue of Share Rights under the SAR Plan pursuant to Resolution 5 as part of Matthew Melhuish's remuneration package will constitute the giving of reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.

For the purposes of Listing Rule 10.15, an overview of the key terms of the proposed issue to Matthew Melhuish is detailed below. This grant is conditional on receiving shareholder approval.

### ***Key terms of the Share Rights grant to Matthew Melhuish***

#### *Details of the proposed issue*

The proposed issue of Share Rights to Matthew Melhuish is for 1,000,000 Share Rights to be issued under the SAR Plan in three tranches, as follows:

- 333,333 Share Rights with a vesting date of 20 business days after the release to ASX of the Company's preliminary financial report for the financial year ended 30 June 2018;
- 333,333 Share Rights with a vesting date of 20 business days after the release to ASX of the Company's preliminary financial report for the financial year ended 30 June 2019; and

- 333,334 Share Rights with a vesting date of 20 business days after the release to ASX of the Company's preliminary financial report for the financial year ended 30 June 2020.

The issue represents the long-term incentive component of Matthew Melhuish's remuneration package.

**Price payable on issue or Exercise**

No payment will be required in relation to the issue and allotment of the Share Rights or on the exercise or vesting of the Share Rights.

The Company will not raise any funds from the issue of the Share Rights.

**Date of issue**

If shareholder approval is obtained, the issue of the Share Rights to Matthew Melhuish will be made shortly after the meeting and in any case no later than twelve months from the date of the meeting.

**Exercise and issue**

The exercise of each Share Right will entitle Matthew Melhuish to receive a fraction of a Share based on a conversion formula of:

$$\text{Share entitlement (E)} = \frac{A - B}{A}$$

Where:

A = the volume weighted average price of Shares as listed on the ASX (**Enero VWAP**) for the 20 trading days immediately before the vesting date.

B = the Enero VWAP for the 20 trading days immediately before the date of issue of the Share Right.

If A – B is less than or equal to zero, the Share Right will not vest and will immediately lapse on the applicable vesting date.

The total number of Shares received upon any conversion of Share Rights will be the number of Share Rights converted multiplied by E, with the result rounded up to the nearest whole number.

The maximum number of Shares which Matthew Melhuish may acquire as a result of the Share Rights the subject of the grant vesting is 1,000,000 Shares.

**Cessation of employment**

All unvested Share Rights will immediately lapse where Matthew Melhuish ceases employment in the event of resignation, termination for cause or other circumstances in which the Board determines that such treatment is warranted.

All Vested Share Rights held by Matthew Melhuish will immediately lapse where Matthew Melhuish ceases employment in the event of termination for cause or any other circumstances in which the Board determines that such treatment is warranted.

**Change of Control**

Where a Change of Control event occurs in relation to the Company, the Enero Board may, in its absolute discretion, determine that all or part of Mr Melhuish's unvested Share Rights will become vested even though any applicable vesting date may not have been reached or any applicable performance conditions may not have been satisfied within any applicable performance period (and in making such a determination, the Enero Board will have regard to the proportion of the performance period which has elapsed and the extent to which any applicable performance conditions have been satisfied).

**Other information required by Listing Rule 10.15**

Mr Melhuish is currently the only Director of the Company entitled to participate in the SAR Plan. Any additional person for whom shareholder approval is required under Listing Rule 10.14 who may become entitled to participate in the SAR Plan must not participate in the plan until approval is obtained in accordance with Listing Rule 10.14.

Matthew Melhuish was previously granted the following Share Rights:

- 333,333 Share Rights in August 2011 in his capacity as an Executive in the Group. Shareholder approval was not required for the previous issue of Share Rights to Matthew Melhuish as he was not a Director of the Company at that time. No Share Rights remain outstanding from this grant.
- 888,889 Share Rights in January 2012. Shareholder approval was obtained in respect of this grant. No Share Rights remain outstanding from this grant.
- 1,000,000 Share Rights in October 2013. Shareholder approval was obtained in respect of this grant. No Share Rights remain outstanding from this grant.
- 1,000,000 Share Rights in October 2015. Shareholder approval was obtained in respect of this grant. 666,667 Share Rights remain outstanding as at 30 June 2017.

There is no loan being provided to Matthew Melhuish in relation to his acquisition of Share Rights.

Each Director (other than Matthew Melhuish who abstains from making a recommendation because of his interest in the resolution) recommends that shareholders vote in favour of Resolution 5 to grant Share Rights to Matthew Melhuish.

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### GLOSSARY

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given in sections 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1)(a) included a reference to the Listing Rules and on the basis that the Company is the 'designated body' for the purposes of that section. A Related Party of a director or officer of the Company or a Child Entity of the Company is taken to be an associate of the Director or officer unless the contrary is established.

**ASX** means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

**Board** means the Board of Directors of the Company.

**Change of Control** means any of the following:

- a. a person acquires voting power (within the meaning of section 610 of the Corporations Act) in more than 50% of the Shares in the Company as result of a takeover bid;
- b. a person acquires voting power (within the meaning of section 610 of the Corporations Act) in more than 50% of the Shares in the Company through a scheme of arrangement;
- c. a person becomes a legal or beneficial owner of more than 50% of the Shares in the Company;
- d. a person becomes entitled to acquire, or has an equitable interest in, more than 50% of the Shares in the Company; or
- e. there is a change in any ultimate holding company of the Company.

**Child Entity** means an entity which is controlled by the Company within the meaning of the Corporations Act or an entity which is a subsidiary of the Company.

**Closely Related Party**, in relation to a member of the KMP, means the member's spouse, child or dependent (or a child or dependent of the member's spouse), anyone else in the member's family who may be expected to influence or be influenced by the member in the member's dealings with the Company or Group, and any company the member controls.

**Company** or **Enero** means Enero Group Limited (ABN 97 091 524 515).

**Controlled Entity** means in relation to an Eligible Employee:

- a. the spouse or defacto partner of the Eligible Employee;
- b. a company of which the Eligible Employee is the holder of at least 50% of the issued voting shares in the Company;
- c. a trust (other than a superannuation fund) of which the Eligible Employee is a beneficiary; or
- d. such other person as the Board may in its discretion determine, which the Eligible Employee has nominated, and the Board has approved, as a person to received Share Rights under the SAR Plan.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Eligible Employee** means:

- a. an individual whom the Board determines to be in the full-time, part-time or casual employment of a body corporate in the Group (including an employee on parental leave, long service leave or other special leave as approved by the Board);
- b. an executive Director of a body corporate in the Group;
- c. an individual otherwise in the employment of a body corporate in the Group whom the Board determines to be an Eligible Employee for the purposes of the SAR Plan; or
- d. an individual who provides services to the Group whom the Board determines to be an Eligible Employee for the purposes of the SAR Plan.

**Director** means a Director of the Company.

**Group** means the Company and its controlled entities.

**KMP** means those persons having authority and responsibility for planning, directing and controlling the activities of the Company or the Group, whether directly or indirectly, including all Directors (whether executive or otherwise) of the Company. The KMP during the financial year ended 30 June 2017 are listed in the Remuneration Report and include Directors (both executive and non-executive) of the Company and certain senior executives.

**Listing Rules** means the listing rules of the ASX.

**Related Party** means in relation to a person:

- a. his or her spouse, de facto spouse, parent, child, or a spouse or de facto spouse of that person;
- b. an entity controlled by one or more of the persons referred to in paragraph (a);
- c. an entity that he or she controls;
- d. a person who acts in concert with anyone referred to above;
- e. a person who was a related party in the previous six months, or who would be a related party in the future, under the tests in section 228 of the Corporations Act (applied with any necessary adaptation).

**SAR Plan** means the Enero Group Share Appreciation Plan.

**Share** means an ordinary share in the capital of the Company.

**Share Right** means a right (including an option) granted to a participant to acquire a Share or Shares (or part of a Share) under the SAR Plan by way of either issue or transfer.





# ENERO

**Enero Group Limited**

ABN 97 091 524 515

## LODGE YOUR VOTE

**ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**BY MAIL**  
Enero Group Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

**BY FAX**  
+61 2 9287 0309

**BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000

**ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474



**X999999999999**

## PROXY FORM

I/We being a member(s) of Enero Group Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

**the Chairman of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

**STEP 1**

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am on Thursday, 19 October 2017 at Level 2, 100 Harris Street, Pyrmont NSW 2009 (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolution 1:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

**Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.**

**Please read the voting instructions overleaf before marking any boxes with an .**

#### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Non-binding resolution to adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Allocation of Share Appreciation Rights to a Director under the Enero Share Appreciation Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director - Anouk Darling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3 Re-election of Director - John Porter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Approval of the Enero Share Appreciation Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



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

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

**STEP 3**

**EGG PRX1701C**



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Tuesday, 17 October 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MAIL

Enero Group Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138  
or  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**