



## NOTICE OF ANNUAL GENERAL MEETING 2017

25 October 2017

Dear Shareholder

### [Annual General Meeting 2017](#)

On behalf of the Directors of FlexiGroup Limited, I am pleased to invite you to attend FlexiGroup Limited's 2017 Annual General Meeting ("2017 AGM"). Enclosed is the Notice of Meeting setting out the business of the 2017 AGM.

FlexiGroup's 2017 AGM will be held on Monday, 27 November 2017 commencing at 4.00pm (AEDT) at the offices of PwC, 2 Riverside Quay, Southbank, Melbourne, VIC.

If you are attending the 2017 AGM, please bring your Proxy Form with you to facilitate a faster registration and entry. If you are unable to attend the 2017 AGM, I encourage you to complete and return the enclosed Proxy Form no later than 4.00pm (AEDT) on Saturday, 25 November 2017 in one of the ways specified in the Notice of Meeting and Proxy Form.

I also encourage you to read the Notice of Meeting (including the Explanatory Notes) and the Proxy Form and consider directing your proxy how to vote on each resolution by the marking the "for" box, the "against" box or the "abstain" box on the Proxy Form.

The Directors of FlexiGroup Limited recommend that shareholders vote in favour of all resolutions proposed to be passed at the 2017 AGM.

I look forward to welcoming you at the 2017 AGM.

Yours sincerely

A handwritten signature in black ink, appearing to read "A. J. Abercrombie".

Andrew Abercrombie  
Chairman

Notice is hereby given that the eleventh Annual General Meeting (Annual General Meeting or 2017 AGM) of FlexiGroup Limited (Company or FlexiGroup) will be held on Monday 27 November, 2017 at the offices of PwC, 2 Riverside Quay, Southbank, Melbourne, Victoria commencing at 4.00 pm AEDT.

## AGENDA

### Ordinary Business

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

To receive and consider the Financial Report, Directors' Report and Auditor's Report of the Company for the financial year ended 30 June 2017.

#### 2. Remuneration Report

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

"That the Remuneration Report (which forms part of the Directors' Report) for the financial year ended 30 June 2017 be adopted".

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

#### 3. Re-election of Andrew Abercrombie

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

"That Andrew Abercrombie, who retires in accordance with ASX Listing Rule 14.5 and Article 10.3(a) of the Company's constitution, and being eligible, be re-elected as a Director of the Company".

#### 4. Election of Christine Christian

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

"That Christine Christian, having been appointed as an additional director since the last Annual General Meeting be elected as a director of FlexiGroup."

#### 5. Election of Jodie Leonard

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

"That Jodie Leonard, having been appointed as an additional director since the last Annual General Meeting be elected as a director of FlexiGroup."

### Special Business

#### 6. Approval of participation in the FlexiGroup Long Term Incentive Plan and Termination Benefits

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

"That for the purposes of ASX Listing Rule 10.14, section 200B of the Corporations Act 2001 (Cth) and for all other purposes, the following be approved:

- Participation in the Long Term Incentive Plan ("LTIP") for up to a maximum of 556,862 Performance Rights by Mr Symon Brewis-Weston, the Managing Director and Chief Executive Officer of the Company;
- the acquisition by Mr Brewis-Weston accordingly of Performance Rights up to the stated maximum and, in consequence of the exercise of Performance Rights, of ordinary shares in the Company; and
- the provision of benefits to Mr Brewis-Weston under the LTIP including in connection with Mr Brewis-Weston ceasing to hold a managerial or executive office or position of employment in the Company,

in accordance with the terms of the LTIP and as described in the Explanatory Notes to this Notice of Annual General Meeting."

Further information about each item of business is set out in the Explanatory Notes accompanying and forming part of this Notice of Annual General Meeting.

## Voting Exclusion Statements

### Item 2

1. In accordance with sections 250R and 250BD of the Corporations Act 2001 (Cth) (Corporations Act), subject to paragraph 2, a vote must not be cast (in any capacity) on the resolution in Item 2 by or on behalf of a member of the Company's key management personnel (KMP) (including the Directors) details of whose remuneration are included in the Remuneration Report or their closely related parties (such as close family members or any controlled entities), regardless of the capacity in which the votes are cast except that a vote may be cast on the resolution in Item 2 by a KMP, or a closely related party of a KMP if the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on the resolution in Item 2 and the vote is not cast on behalf of a KMP or their closely related parties.
2. If you appoint the Chairman of the 2017 AGM as your proxy, and you do not direct your proxy how to vote on the resolution in Item 2 on the proxy form, you will be expressly authorising the Chairman of the 2017 AGM to exercise your proxy, even though Item 2 is connected directly or indirectly with the remuneration of the Company's KMP, which includes the Chairman.

### Item 6

For the purpose of ASX Listing Rule 14.11, the Company will disregard any votes cast on Item 6 by any director of FlexiGroup who is eligible to participate in the LTIP and an associate of any such person. However, the Company need not disregard a vote 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 person chairing 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.

For the purpose of section 250BD of the Corporations Act 2001 (Cth):

- i) a vote must not be cast on Item 6 by a KMP, or a closely related party of a KMP, acting as proxy, if their appointment does not specify the way the proxy is to vote on Item 6. However, this voting exclusion does not apply if the KMP is the Chairman of the 2017 AGM acting as proxy and their appointment expressly authorises the Chairman of the 2017 AGM to exercise the proxy even if that item is connected directly or indirectly with the remuneration of a member of the KMP; and

- ii) if you appoint the Chairman of the 2017 AGM as your proxy, and you do not direct your proxy how to vote on Item 6 on the proxy form, you will be expressly authorising the Chairman of the 2017 AGM to exercise your proxy even if Item 6 is connected directly or indirectly with the remuneration of a member of the KMP, which includes the Chairman of the 2017 AGM.

## Entitlement to Attend and Vote

The Board has determined that, for the purposes of determining voting entitlements at the Annual General Meeting, those persons who are registered as holding shares in the Company at 4.00 pm (AEDT) on Saturday 25 November 2017 will be entitled to vote.

## Proxies

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. A shareholder may appoint not more than two proxies. A proxy need not be a shareholder of the Company, and may be an individual or a body corporate.

If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the Annual General Meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Annual General Meeting.

If such evidence is not received before the Annual General Meeting, then the body corporate (through its representative) will not be permitted to act as a proxy.

A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. If you wish to appoint a proxy, please complete and submit the Proxy Form accompanying this Notice of Annual General Meeting, by following the instructions contained in the Proxy Form.

On a show of hands, every person present and entitled to vote shall have one vote. If you have appointed a proxy and the proxy appointed is also a shareholder, or proxy for another shareholder, any direction to the proxy on how to vote may not be effective on a show of hands. Your directions will be effective if a poll is held, subject to any applicable voting exclusions.

Shareholders can direct their proxy how to vote by following the instructions on the Proxy Form, and are encouraged to do so.

The Chairman of the Meeting intends to vote all available proxies able to be voted in favour of items 2, 3, 4, 5 and 6.

### Lodgement of Proxy Forms

Proxy Forms may be lodged with the Company's Share Registry:

- a) by hand at Link Market Services Limited,  
Level 12, 680 George Street, Sydney  
New South Wales 2000;
- b) by post to Link Market Services Limited  
in the enclosed reply paid envelope;
- c) by fax +61 2 9287 0309; or
- d) online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

To be effective, your Proxy Form and the Power of Attorney or other authority (if any) under which it is signed (or a copy of the Power of Attorney or other authority, certified as a true copy by Statutory Declaration), must be received no later than 48 hours prior to the Annual General Meeting (i.e. no later than 4.00PM (AEDT) on Saturday, 25 November, 2017) in one of the ways specified above.

Dated 25 October 2017

By order of the Board



Melissa Robinson  
Company Secretary

## EXPLANATORY NOTES

These Explanatory Notes have been prepared to help shareholders understand the business to be put to shareholders at the Annual General Meeting. These Explanatory Notes form part of the Notice of Annual General Meeting and should be read with the Notice of Annual General Meeting.

### Ordinary Business

#### Item 1. Financial Report, Directors' Report and Auditor's Report

As required by section 317 of the Corporations Act, the Financial Report, Directors' Report and Auditor's Report of the Company for the financial year ended 30 June 2017 will be laid before the Annual General Meeting. Shareholders will be provided with the opportunity to ask questions or raise comments about the reports or on the management of the Company. Also, a reasonable opportunity will be given to shareholders to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the Financial Report and the independence of the auditor in relation to the conduct of the audit.

As there is no requirement for a formal resolution on this item, a resolution will not be put to the 2017 AGM.

#### Item 2. Remuneration Report

Under the Corporations Act, the Company is required to include, in the Directors' Report, a detailed Remuneration Report setting out certain prescribed information relating to Directors' and executives' remuneration, and submit this for adoption by ordinary resolution of shareholders at the Annual General Meeting.

The Company's Remuneration Report for the financial period ended 30 June 2017 is set out in the Directors' Report which forms part of the Company's 2017 Annual Report, a copy of which was provided to shareholders with this Notice of Annual General Meeting.

The Remuneration Report discusses matters including the remuneration policy of the Company, the remuneration paid to Directors and executives who are members of the Company's KMP, and the relationship between the remuneration of those Directors and executives and performance.

The vote on this resolution is advisory only and does not bind the Directors or the Company.

### Board recommendation

The Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

#### Item 3. Re-election of Andrew Abercrombie

ASX Listing Rule 14.5 requires the Company to hold an election for at least one director of the Company each year.

In accordance with Rule 10.3(a) of the Company's Constitution, Andrew Abercrombie retires, and being eligible, offers himself for re-election.

The experience, qualifications and other information about Mr Abercrombie are set out below.

Mr Abercrombie joined the Board on the incorporation of the Company in November 2006.

Mr Abercrombie was a Director and the Chief Executive Officer of the original FlexiRent business from 1991. He was appointed a Director of FlexiGroup for the initial public offering of shares in November 2006. Prior to this, Andrew was a commercial and tax lawyer and was a founding partner in a legal firm operating in Sydney and Melbourne. Following several years in property investment and tax consulting, he co-founded the FlexiRent business in 1991 and was CEO until 2003. Andrew remained on the Board as a Director and was subsequently appointed as Chairman on 10 August 2015. Prior to offering himself for re-election, Mr Abercrombie acknowledged to the Company that he would have sufficient time to properly fulfil his duties to the Company.

### Board recommendation

The Directors (with Mr Abercrombie abstaining) recommend that shareholders vote in favour of the re-election of Mr Abercrombie as a Director.

#### Item 4. Election of Christine Christian

Under the provisions in the Company's Constitution relating to the appointment of additional Directors, Christine Christian will retire at the 2017 AGM and offer herself for election.

Ms Christian was appointed as a Director of the Company with effect from 1 December 2016. Ms Christian is presently Chair of Kirwood Capital and holds board roles with Members Equity Bank Limited, Powerlinx Inc. (NY),

Lonsec Fiscal Holdings Pty Ltd, State Library of Victoria (Deputy President) and the Victorian Managed Insurance Authority. Christine is a board member of the Cranlana Programme and Council Member of La Trobe University.

Prior to becoming a professional director, Ms Christian was CEO of Dun & Bradstreet Consumer Credit Services Pty Ltd from 1997 to 2013 and Chair of Dun & Bradstreet Consumer Credit Services Pty Ltd from 2004 to 2012.

Prior to submitting herself for election, Ms Christian acknowledged to the Company that she would have sufficient time to properly fulfil her duties to the Company.

### Board recommendation

The Directors (with Ms Christian abstaining) recommend that shareholders vote in favour of the election of Ms Christian as a Director.

#### Item 5. Election of Jodie Leonard

Under the provisions in the Company's Constitution relating to the appointment of additional Directors, Jodie Leonard will retire at the 2017 AGM and offer herself for election.

Ms Leonard was appointed as a Director of the Company with effect from 1 December 2016. Ms Leonard holds board positions with the Royal Automobile Club of Victoria (RACV) Limited, Beyond Bank Australia and Chairs the Beyond Bank Australia Foundation.

Ms Leonard has over 25 years' experience in strategic marketing and corporate strategy in ASX, NYSE and FTSE listed companies both in Australia and internationally. She has worked with blue chip organisations in the finance, media, sport, entertainment, travel, telecommunications, consumer goods and professional services industries.

Prior to submitting herself for election, Ms Leonard acknowledged to the Company that she would have sufficient time to properly fulfil her duties to the Company.

### Board recommendation

The Directors (with Ms Leonard abstaining) recommend that shareholders vote in favour of the election of Ms Leonard as a Director.

## Special Business

### Item 6. Approval of participation in the Long Term Incentive Plan and Termination Benefits

#### 6.1 Overview of the LTIP

The LTIP is part of the overall remuneration strategy of FlexiGroup, which is designed to encourage superior performance and commitment to FlexiGroup by the executives participating in the LTIP.

The LTIP operates by giving participants in the LTIP the opportunity to acquire shares in FlexiGroup ("Shares") if applicable performance conditions are met, and any other relevant conditions are satisfied. The performance conditions are set by the Board for each participant.

The Board believes that linking remuneration to achievement is a key driver of FlexiGroup's success and that the LTIP:

- provides a meaningful incentive for the creation of, and focus on, shareholder wealth;
- aligns the interests of executives and other employees with shareholders; and
- encourages employee retention.

#### 6.2 Overview of ASX Listing Rule and Corporations Act requirements

ASX Listing Rule 10.14 provides that a listed company may only permit a director of a company to acquire securities under an employee incentive scheme where that director's participation has been approved by an ordinary resolution of shareholders.

Part 2D.2.2 of the Corporations Act provides that a company, its associates and any prescribed superannuation fund in connection with the company are prohibited from giving a person who holds a "managerial or executive office" a benefit in connection with their ceasing to hold an office or position of employment with the company unless shareholders approve the giving of the "benefit" or an exemption applies. "Benefit" is defined broadly in the Corporations Act to include most forms of valuable consideration. Retirement benefits under the Corporations Act include a range of payments or benefits given in connection with a person ceasing to hold an office or position of employment (and whether or not contractually obliged to be given) including termination payments or other benefits such as an accelerated or automatic vesting of share-based payments at or due to a person ceasing to hold an office or position of employment.

### 6.3 Reasons why shareholder approval is being sought

The approval of shareholders is sought to permit Mr Brewis-Weston to participate in the LTIP for up to 556,862 Performance Rights, being the maximum acquisition amount specified in the resolution contained in item 6. See sections 6.5-6.13 (inclusive) of this Notice of Meeting for details of this proposed grant under the LTIP.

Shareholder approval is also sought for the grant of certain benefits under FlexiGroup's remuneration framework which will be considered to be termination benefits for the purposes of the Corporations Act. In particular, the shareholder approval will cover the automatic or accelerated vesting (including by the Company exercising any discretion) of Performance Rights issued to Mr Brewis-Weston under the LTIP which Mr Brewis-Weston may potentially receive upon Mr Brewis-Weston ceasing to hold a managerial or executive office or position of employment in the Company under his employment contract and arrangements with the Company, and the policies and incentive plans of FlexiGroup.

### 6.4 Recommendation

The purpose of this resolution and the proposed grant of Performance Rights to Mr Brewis-Weston is to ensure that FlexiGroup can:

- ensure that Mr Brewis-Weston is remunerated fairly and responsibly;
- align Mr Brewis-Weston's interests with that of FlexiGroup's shareholders;
- provide long term incentives for participation in FlexiGroup's future growth; and
- secure and retain the services of Mr Brewis-Weston.

The Board notes that it is a competitive market for executives and that it is important to ensure that FlexiGroup's remuneration arrangements are competitive with the remuneration arrangements offered by its Australian and international competitors.

The Board believes that the terms of the overall proposed remuneration, including the terms of the participation in the LTIP, are reasonable in FlexiGroup's circumstances.

The Directors recommend that shareholders vote in favour of the resolution in Item 6 on the basis that the overall proposed remuneration for Mr Brewis-Weston, which includes Mr Brewis-Weston's participation in the LTIP, the grant of Performance Rights to Mr Brewis-Weston under the LTIP and the provision of benefits to Mr Brewis-Weston on the terms described in these Explanatory Notes:

- is reasonable having regard to the circumstances of the Company;
- is in the best interests of the Company as a whole;
- is consistent with the Company's remuneration policy, in particular the Company's policy of linking remuneration to achievement, and the objective of attracting and retaining highly skilled executives and Directors; and
- will therefore have a positive impact on the Company's prospects.

### 6.5 Approval Limits

The maximum number of Performance Rights and Shares for which approval is sought assumes that all of the Performance Rights offered to Mr Brewis-Weston are granted and subsequently exercised.

The Board has agreed to grant, subject to shareholder approval being obtained, 556,862 Performance Rights in one tranche to Mr Brewis-Weston, on the terms of the LTIP and the terms and conditions described below and has agreed to the acquisition of Shares by Mr Brewis-Weston on exercise of those Performance Rights ("Grant").

There will be 556,862 Performance Rights granted in 1 tranche which relates to the Company's performance during the period commencing on 1 July 2017 and ending on 30 June 2021 ("Tranche 5 Performance Rights").

The rules governing the Performance Rights ("LTIP Rules") were lodged with the ASX on 11 December 2006 and may be accessed through the ASX announcements platform. A summary of the LTIP Rules is set out in the Schedule to this Notice of Meeting.

The Grant provides a conditional entitlement to 556,862 Shares. The Performance Rights comprising the Grant will become exercisable on the satisfaction of the applicable vesting conditions and/or tenure condition described below.

### 6.6 Consideration for the Grant

Under the Grant, Performance Rights will be granted at no cost to Mr Brewis-Weston.

### 6.7 Exercise Price

The Board has determined that an exercise price of \$Nil is payable by Mr Brewis-Weston on the exercise of each vested Performance Right allocated under the Grant.

### 6.8 Vesting Conditions

The performance period applicable to each of the performance-based vesting conditions is as follows:

Tranche	Performance Period
Tranche 5	1 July 2017 - 30 June 2021

The testing date (“**Testing Date**”) for the Performance Period is the results announcement date for the last financial year in the Performance Period.

The Performance Rights will be performance tested against the following performance-based vesting conditions:

	Percentage of Performance Rights that vesting condition is applicable to	vesting condition
<b>Vesting Condition 1</b>	50% of the Performance Rights	Cash EPS growth targets for the relevant Performance Period are met
<b>Vesting Condition 2</b>	50% of the Performance Rights	Relative TSR for the relevant Performance Period compared to the S&P/ASX 200 Index (excluding Materials and Energy companies)

#### Cash EPS Growth vesting condition

The first performance-based vesting condition is based on growth on an adjusted “cash net profit after tax” earnings per Shares measure (“**Cash EPS**”) which is used by the Company to track earnings per Share on an underlying performance basis.

The Cash EPS Growth vesting condition is calculated by the Company for a financial year as:

- the reported statutory net profit after tax for the relevant financial year, after adding back the amount of intangibles amortisation recorded in the annual accounts and after adjusting for any material one-off income or expense items the Board believes appropriate to reflect underlying recurring earnings;
- divided by the weighted average number of ordinary Shares on issue during the relevant financial year.

This vesting condition is measured by comparing the Cash EPS of the financial year immediately preceding the conclusion of the relevant Performance Period against the Cash EPS of the financial year immediately preceding the commencement of the relevant Performance Period (“**Cash EPS Growth**”).

The Cash EPS Growth vesting condition will be satisfied for a Performance Period as follows:

Performance Rights vesting condition	Performance Rights available to vest
Cash EPS growth* less than 4% on FY17	Nil
Cash EPS growth equal to 4% on FY17	30%
Cash EPS growth equal to or greater than 4% but less than 10% on FY17	Pro rata straight line between 30% and 100%
Cash EPS growth equal to or greater than 10% on FY17	100%

The Board has the discretion to vary the target percentages referred to in the Cash EPS Growth vesting condition by 1.5% provided that the target percentages referred to in the Cash EPS Growth vesting condition cannot be varied to a percentage lower than 4%.

\*Cash EPS Growth relates to compound annual growth rate



**Relative TSR vesting condition**

The second performance-based vesting condition relates to the Company's Total Shareholder Return ("TSR") for the Performance Period when compared to the peer group of companies in the S&P/ASX 200 Index (excluding Materials and Energy companies)

For the Performance Period, the TSR for the Company will be determined by calculating the amount by which the sum of:

- the 90 day volume weighted average price ("VWAP") for Shares in the period up to and including the 30 June at the end of the relevant Performance Period; and
- the dividends paid on a Share during the relevant Performance Period,

exceeds the 90 day VWAP for the Shares in the period up to and including 1 July at the beginning of the relevant Performance Period, expressed as a percentage.

The relative TSR performance condition will be satisfied in accordance with the following table:

Relative TSR target	Percentage of available Performance Rights satisfying condition
Less than 51st percentile of companies in S&P/ASX 200 Index (excluding Materials and Energy companies)	Nil
51st percentile of companies in S&P/ASX 200 Index (excluding Materials and Energy companies)	50%
Greater than 51st percentile but less than the 75th percentile of companies in S&P/ASX 200 Index (excluding Materials and Energy companies)	Pro rata between 51% and 100%
Greater than or equal to 75th percentile of companies in S&P/ASX 200 Index (excluding Materials and Energy companies)	100%

The Board will confirm in writing to Mr Brewis-Weston as soon as reasonably practicable when any of the above performance-based vesting conditions have been met.

**Vesting Date**

As well as the two performance based vesting conditions, the Performance Rights are also subject to a tenure condition. For any Performance Right to vest and become exercisable, Mr Brewis-Weston must remain employed by FlexiGroup at the relevant Vesting Date. The Vesting Date is 1 September 2021.

Should Mr Brewis-Weston cease to be employed by the Company on or prior to a tranche of Performance Rights vesting, all of the unvested Performance Rights will lapse

immediately in accordance with the LTIP Rules, unless the Board makes a determination that those Performance Rights have vested.

The Board may, in its discretion, decide to accelerate the vesting of all or part of the Performance Rights held by Mr Brewis-Weston in specified circumstances including Mr Brewis-Weston's death or cessation of employment for other reasons (including total and permanent disablement, retirement in certain circumstances, or the genuine redundancy of Mr Brewis-Weston).

The accelerated vesting of Performance Rights under the LTIP in connection with the cessation of employment will constitute a termination benefit under the Corporations Act. The value of any such benefit cannot be ascertained as at the date of this Notice of Meeting. The value of the benefit will depend on:

- the number of Performance Rights granted and held by Mr Brewis-Weston in accordance with the LTIP;
- the number of Performance Rights held by Mr Brewis-Weston which the Board determines should vest; and
- the market price of Shares at the time such Performance Rights are exercised and Shares are acquired.

Key matters, events or circumstances which will, or are likely to, affect the calculation of the value of any accelerated vesting of Performance Rights include:

- the financial performance of the Company;
- the personal performance of Mr Brewis-Weston;
- the number of years of Mr Brewis-Weston's service with the Company;
- the circumstances in which Mr Brewis-Weston leaves the Company;
- the proportion of the Performance Period served by Mr Brewis-Weston as at the date his employment ceases; and
- performance against the vesting conditions as at the date Mr Brewis-Weston's employment ceases.

**6.10 Exercise**

Following the vesting date or the accelerated vesting of a Performance Right, vested Performance Rights will be automatically exercised and Mr Brewis-Weston will then be allocated or issued Shares on a one-for-one basis.

### 6.11 Expiry Date

The expiry date for the Tranche 5 Performance Rights is 15 March 2022.

Vested Performance Rights that are not exercised before the relevant expiry date will lapse in accordance with the LTIP Rules.

### 6.12 Disposal restriction

Mr Brewis-Weston may not dispose of, deal in, or grant a security interest over any interest in, a Performance Right without the prior written consent of the Board, which may be given subject to such conditions as the Board sees fit in relation to the proposed dealing.

Mr Brewis-Weston may not dispose of, deal in, or grant a security interest over any interest in, a Share allocated to Mr Brewis-Weston on exercise of a vested Performance Right for any relevant period determined by the Board.

The Board has imposed a disposal restriction on the Shares the subject of this approval which will be granted on the exercise of any vested Performance Rights.

The disposal restriction will be enforced by allocating Shares that are allocated on the exercise of the vested Performance Rights to the trustee of the FlexiGroup Employee Share Plan Trust (“Trustee”). The Trustee will hold those Shares on behalf of Mr Brewis-Weston until the disposal restriction is lifted. The disposal restrictions on those Shares will be lifted at the relevant Restriction Period End Date as set out below:

Tranches of Shares allocated on exercise of vested Performance Rights	% of Shares allocated on vesting and exercise of Performance Rights	Restriction Period End Date
Tranche 5	100%	15 October 2022

The Board may also implement any such other arrangements (including a holding lock) as it determines are necessary to enforce this restriction. The Board has the discretion to amend or waive any disposal restrictions on the Shares the subject of this approval which will be granted on the exercise of any vested Performance Rights at any time until the disposal restriction ends, if the Board believes it is appropriate to do so to reflect the Company’s or Mr Brewis-Weston’s circumstances.

Once any Board imposed restriction is removed, and subject to the Company’s Trading Policy, Shares acquired on exercise of vested Performance Rights may be dealt with freely.

### 6.13 Additional information

The Performance Rights will be issued to Mr Brewis-Weston within 3 years after shareholder approval has been obtained at the 2017 AGM.

No loan will be made by FlexiGroup in relation to the acquisition of the Performance Rights by Mr Brewis-Weston under the LTIP.

Mr Brewis-Weston, being the only Executive Director of the Company as at the date of this Notice of Meeting, is the only Director who is currently eligible to participate in the LTIP. Mr Brewis-Weston was the only person who received securities under the LTIP since the last shareholder approval, which was granted at the 2016 FlexiGroup Annual General Meeting on 22 November 2016. As a result of and pursuant to that shareholder approval, Mr Brewis-Weston received 72,000 Sign-On Incentive Rights (a type of Performance Right) for \$Nil. Details of any securities issued under the LTIP and a statement that approval for the issue of securities was obtained under ASX Listing Rule 10.14 will be published in each Annual Report of the Company for the period in which the relevant securities were granted.

Any additional persons who become entitled to participate in the LTIP after the resolution under item 6 is approved, being persons in relation to whom shareholder approval is required under ASX Listing Rule 10.14 and who are not named in the Notice of Annual General Meeting to which these Explanatory Notes relate, will not be entitled to acquire securities under the LTIP until approval is obtained under ASX Listing Rule 10.14.

### Schedule 1 - Summary of the LTIP Rules

The LTIP is part of the Company’s remuneration strategy and is designed to align the interests of the Company’s management and shareholders and assist the Company in the attraction, motivation and retention of executives. In particular, the LTIP is designed to provide relevant executives with an incentive for future performance thereby encouraging those executives to remain with the Company and contribute to the future performance of the Company.

Under the LTIP, eligible persons participating in the LTIP may be granted Options and/or Performance Rights on terms and conditions determined by the Board from time to time. An Option and a Performance Right are both rights to acquire a Share, subject to the satisfaction of applicable vesting and/or exercise conditions.

A grant of Options or Performance Rights is subject to both the LTIP Rules and the terms of the specific grant as determined by the Board. The Board is responsible for administering the LTIP in accordance with the LTIP Rules and the terms and conditions of specific grants of Options and/or Performance Rights to participants in the LTIP.

**Eligibility and Participation**

The Board may determine which persons will be eligible to participate in the LTIP from time to time. Eligible persons may be invited to apply to participate in the LTIP. The Board may in its discretion accept such applications.

**Options and Performance Rights**

A person participating in the LTIP (**Executive**) may be granted Options and/or Performance Rights on terms and conditions, including tenure conditions and performance hurdles, determined by the Board. The Board will determine the exercise price payable on exercise of a vested Option and may determine the exercise price (if any) payable on exercise of a vested Performance Right. The LTIP Rules provide that a Performance Right has a nil exercise price unless determined otherwise by the Board. The Board may also determine the exercise period of an Option or a Performance Right.

**Consideration for Grant**

The Board may determine the amount (if any) payable for the grant of an Option or a Performance Right from time to time.

**Vesting**

Following the satisfaction of the performance hurdles applying to an Option or a Performance Right, the Option or the Performance Right vests on, and becomes exercisable on or after, a date predetermined by the Board (**Vesting Date**), provided that the Executive remains employed by the Company as at that date.

**Automatic and Accelerated Vesting**

Unless the Board determines otherwise, early vesting (prior to the relevant Vesting Date) of an Option or a Performance Right will automatically occur if there is a change of control, reconstruction or amalgamation, winding up or delisting of the Company for the purposes of the LTIP Rules.

The Board may, in its discretion, decide to accelerate the vesting of all or part of the Options or Performance Rights held by an Executive in specified circumstances including the death, total and permanent disablement, or cessation of employment for other reasons (e.g. retirement, redundancy or the Executive's employer ceasing to be an entity in FlexiGroup or its business being transferred to a non-FlexiGroup entity) of that Executive.

**Lapse**

An unvested Option or Performance Right will lapse on the earliest of:

- a) the expiry of the exercise period applicable to that Option or Performance Right;
- b) the Board determining that the performance

hurdles in respect of the Option or Performance Right are not satisfied and not capable of being satisfied on the relevant testing date or retesting date (as the case may be) and that the Option or Performance Right has lapsed;

- c) 30 days after the Executive's death or total and permanent disablement, if death or total and permanent disablement occurs;
- d) 30 days after the Executive ceases to be employed by the Company (including where the Executive's employer ceases to be an entity in FlexiGroup or its business has been transferred to a non-FlexiGroup entity) unless the Board makes a determination that the Option or Performance Right has vested; or
- e) the Board determining that the Executive has committed (or it is evident that the Executive intends to commit) any act of dishonesty, fraud, wilful misconduct or breach of duty, serious and wilful negligence or incompetence in the performance of the Executive's duties, or is convicted of a criminal offence (other than minor/trivial offences) or is guilty of wilful or recklessly indifferent conduct which may injure the reputation or business of a FlexiGroup entity, and that the Option or Performance Right has lapsed.

Upon the occurrence of any of the events set out in (c), (d) (excluding termination of employment with cause) or (e) above, any vested Option or Performance Right held by the Executive may be exercised during a specified period unless that Option or Performance Right lapses on the expiry date applicable to it prior to the end of that specified period. In the event of an Executive's termination of employment with cause, all the Executive's vested Options and Performance Rights that have not been exercised will lapse on the date of termination (excluding any notice period), unless otherwise determined by the Board.

Subject to the Listing Rules, the Board may, in its discretion, extend a period during which an Executive may exercise an Option or Performance Right, provided that the Board does not extend the Exercise Period beyond the expiry date. If the Board exercises its discretion to extend the period during which an Executive may exercise an Option or Performance Right, the Board will give written notice of such extension to the Executive as soon as reasonably practicable.

**Exercise**

Following the Vesting Date or the automatic or accelerated vesting of an Option or Performance Right, the vested Option or Performance Right may be exercised by the Executive subject to any exercise conditions and the

payment of the exercise price (if any), and the Executive will then be allocated or issued Shares according to the number of Shares comprised in each vested Option or Performance Right exercised by the Executive.

#### **Delivery of Shares on Exercise of Vested Options or Performance Rights**

The Board has the discretion to have Shares issued or transferred to an Executive or to the Trustee (on behalf of an Executive) on the exercise of vested Options or Performance Rights. Any Shares issued under the LTIP will rank equally with those Shares traded on ASX at the time of issue except for any rights attaching to those Shares by reference to a record date prior to the date of issue.

#### **Adjustment**

In the event of any capital reorganisation by the Company (including any bonus issues and rights issues), an Executive's Options or Performance Rights, and the Shares allocated to the Executive on exercise of the Executive's Options or Performance Rights, will be adjusted as set out in the LTIP Rules and otherwise in accordance with the Listing Rules. In general, it is intended that the Executive will not receive any advantage or disadvantage from such adjustment.

#### **Restrictions on Disposal of Shares**

An Executive (or any person holding a Share on behalf of an Executive) may not dispose of, deal in, or grant a security interest over any interest in, a Share allocated to the Executive on exercise of a vested Option or Performance Right for any relevant period determined by the Board. This disposal restriction may be imposed by the Board at the time of grant or at any time after the date of grant prior to the exercise of the Option or Performance Right (subject to the Executive's agreement). The Board may implement such arrangements (including a holding lock) as it determines are necessary to enforce this restriction.

The Board may amend or waive any disposal restriction imposed if in the Board's opinion it is appropriate to do so taking into account the Participant's (or any other person holding Shares on behalf of the Participant, including the Trustee) circumstances or the Group's circumstances.

Once the restriction is removed, and subject to the Company's Trading Policy, Shares acquired on exercise of vested Options or Performance Rights may be dealt with freely.

#### **Restrictions on Transfer of Options or Performance Rights**

An Executive may not dispose of, deal in, or grant a security interest over any interest in, an Option or Performance Right without the prior written consent of the Board, which may be given subject to such conditions as the Board sees fit in relation to the proposed dealing. The transfer or transmission of an Option or Performance Right is permitted where it is effected by force of law, on death or legal incapacity of an Executive to the Executive's legal representative.

#### **Transfer of Vested Options to a Broker**

The Company may, by written notice, invite an Executive to offer to transfer the Executive's vested Options to a broker in accordance with terms and conditions determined by the Company and the LTIP Rules. The broker may refuse the offer if it considers, acting reasonably, that the market value or price of any Shares that will be delivered on exercise of a vested Option is less (or reasonably likely to be less) than the relevant vested Option's exercise price. If a broker acquires a vested Option, it must exercise the vested Option and then deal with the Shares delivered to it in accordance with the terms and conditions contained in the Company's written notice.

#### **Administration of the LTIP**

Any power or discretion of the Board conferred under the LTIP Rules will be administered in the interests and for the benefit of the Company. Any power or discretion of the Board conferred under the LTIP Rules may be delegated by the Board to a committee consisting of the Company's officers and/or employees, a related body corporate and/or a third party for such periods, and on such conditions, as the Board sees fit.

The Board may at any time, by written instrument, amend all or any of the provisions of the LTIP Rules including with retrospective effect. Any amendment to the LTIP Rules must not materially reduce the rights of any participant as those rights existed before the date of the amendment (with limited exceptions).

The Board may suspend or terminate the LTIP at any time. The suspension or cancellation of the LTIP must not prejudice the existing rights (if any) of Executives. The Board may also amend the LTIP Rules, provided that subject to specified exceptions, there is no reduction of the rights of Executives in respect of Shares allocated or Options or Performance Rights granted under the LTIP prior to the date of such amendment.