



ECLIPX GROUP LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Eclipx Group Limited ACN 131 557 901

NOTICE OF ANNUAL GENERAL MEETING



5 January 2018

Dear Shareholder,

On behalf of the Directors of Eclipx Group Limited (Eclipx), I am pleased to invite you to attend the 2018 Annual General Meeting (AGM) of Eclipx. Enclosed is the Notice of Meeting setting out the business of the AGM.

Eclipx's 2018 AGM will be held on Thursday 22 February 2018 commencing at 4:00pm (Sydney time) in the Marble Room, Radisson Blu Hotel, 27 O'Connell Street, Sydney NSW 2000.

If you are attending the AGM, please bring your Proxy Form with you to facilitate a faster registration. If you are unable to attend the AGM, I encourage you to complete and return the enclosed Proxy Form no later than 4:00pm (Sydney time) on Tuesday, 20 February 2018 in one of the ways specified in the Notice of Meeting and Proxy Form.

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

Subject to the abstentions noted in the Explanatory Memorandum, the Directors of Eclipx unanimously recommend that shareholders vote in favour of all resolutions.

Following the conclusion of the AGM, you are welcome to join the Board and Management for light refreshments.

Thank you for your continued support of Eclipx and I look forward to your attendance and the opportunity to meet with you.

Yours faithfully,

A handwritten signature in black ink, appearing to be "Kerry Roxburgh", written over a horizontal line.

Kerry Roxburgh
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (**AGM** or **Meeting**) of shareholders of Eclipx Group Limited (**Eclipx** or **Company**) will be held:

Date: Thursday, 22 February 2018

Time: 4:00pm (Sydney time)

Venue: Marble Room
Radisson Blu Plaza Hotel
27 O'Connell Street
Sydney NSW 2000

The Explanatory Memorandum accompanying this Notice of Meeting provides additional information on matters to be considered at the AGM. The Explanatory Memorandum, Entitlement to Attend and Vote section and proxy form are part of this Notice of Meeting.

A. CONSIDERATION OF REPORTS

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

All shareholders can view the Annual Report which contains the Financial Report for the year ended 30 September 2017 on the Company's website at www.eclipx.com

B. QUESTIONS AND COMMENTS

Following consideration of the Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the management of the Company.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- a. the conduct of the audit;
- b. the preparation and content of the Independent Auditor's Report;
- c. the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- d. the independence of the Auditor in relation to the conduct of the audit.

C. ITEMS FOR APPROVAL

RESOLUTION 1

RE-ELECTION OF DIRECTOR – MR KERRY ROXBURGH

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

"That Kerry Roxburgh, who retires in accordance with clause 47(b) of the Company's Constitution and being eligible for election, is re-elected as a Director of the Company."

RESOLUTION 2

RE-ELECTION OF DIRECTOR – GAIL PEMBERTON

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

“That Gail Pemberton, who retires in accordance with clause 47(b) of the Company’s Constitution and being eligible for election, is re-elected as a Director of the Company.”

RESOLUTION 3

ELECTION OF DIRECTOR – LINDA JENKINSON

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

“That Linda Jenkinson, in accordance with clause 47(d) of the Company’s Constitution and being eligible for election, is elected as a Director of the Company.”

RESOLUTION 4

REMUNERATION REPORT

To consider and if thought fit, pass the following as a non-binding ordinary resolution of the Company:

“That the Company’s Remuneration Report for the financial year ended 30 September 2017, as set out in the Directors’ Report, is adopted.”

The Remuneration Report is contained in the 2017 Annual Report (available at www.eclix.com). Please note that, in accordance with section 250R(3) of the Corporations Act 2001 (Cth) (the **Corporations Act**), the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement – Resolution 4

The Company will disregard any votes cast on Resolution 4:

- ▶ by or on behalf of a person who is a member of the key management personnel (**KMP**) named in the 2017 Remuneration Report and their closely related parties (regardless of the capacity in which the vote is cast); or
- ▶ as proxy by a person who is a member of the KMP on the date of the AGM and their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote:

- ▶ in accordance with the directions on the proxy form; or
- ▶ by the person chairing the meeting, in accordance with an express authorisation in the proxy form to exercise the proxy even though Resolution 4 is connected with the remuneration of the KMP.

“Key management personnel” and “closely related party” have the same meanings as set out in the Corporations Act.

RESOLUTION 5

APPROVAL OF ISSUE OF SECURITIES UNDER THE ECLIX GROUP LIMITED LONG-TERM INCENTIVE PLAN – EXCEPTION TO ASX LISTING RULE 7.1

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

“That, for the purposes of ASX Listing Rule 7.2, Exception 9(b) and for all other purposes, the issue of Rights and Options under the Eclix Group Limited Long-Term Incentive Plan (and the issue of the underlying securities that are the subject of those Rights and Options), as described in the Explanatory Memorandum which forms part of the Notice of Meeting, is approved.”

Voting Exclusion Statement – Resolution 5

The Company will disregard any votes cast on Resolution 5:

- ▶ cast in favour of the Resolution by or on behalf of any Director of the Company who is eligible to participate in any of Eclipx's employee incentive schemes or their associates (regardless of the capacity in which the vote is cast); and
- ▶ cast as proxy by a person who is a member of the KMP on the date of the AGM and their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote:

- ▶ in accordance with the directions on the proxy form; or
- ▶ by the person chairing the meeting, in accordance with an express authorisation in the proxy form to exercise the proxy even though Resolution 5 is connected with the remuneration of the KMP.

RESOLUTION 6

ISSUE OF RIGHTS AND OPTIONS UNDER THE ECLIPX GROUP LIMITED LONG-TERM INCENTIVE PLAN – MR DOC KLOTZ

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

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 158,000 Rights and 632,000 Options to Mr Doc Klotz under the Eclipx Group Limited Long-Term Incentive Plan on the terms described in the Explanatory Memorandum which forms part of the Notice of Meeting, is approved.”

RESOLUTION 7

ISSUE OF RIGHTS AND OPTIONS UNDER THE ECLIPX GROUP LIMITED LONG-TERM INCENTIVE PLAN – MR GARRY MCLENNAN

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

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 158,000 Rights and 632,000 Options to Mr Garry McLennan, under the Eclipx Group Limited Long-Term Incentive Plan on the terms described in the Explanatory Memorandum which forms part of the Notice of Meeting, is approved.”

Voting Exclusion Statement – Resolutions 6 and 7

The Company will disregard any votes cast on Resolutions 6 and 7:

- ▶ cast in favour of the relevant Resolution by or on behalf of any Director of the Company who is eligible to participate in the Eclipx Group Limited Long-Term Incentive Plan or their associates (regardless of the capacity in which the vote is cast); and
- ▶ cast as proxy by a person who is a member of the KMP on the date of the AGM and their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote:

- ▶ in accordance with the directions on the proxy form; or
- ▶ by the person chairing the meeting, in accordance with an express authorisation in the proxy form to exercise the proxy even though Resolutions 6 and 7 are connected with the remuneration of the KMP.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

RESOLUTION 8

RENEW THE COMPANY'S PROPORTIONAL TAKEOVER PROVISIONS

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

"That the existing proportional takeover provisions in the form set out in Articles 79 and 80 of the Company's Constitution are renewed for a period of three years commencing on the date of the AGM pursuant to section 648G of the Corporations Act."

RESOLUTION 9

APPROVAL OF FINANCIAL ASSISTANCE IN CONNECTION WITH ACQUISITION OF GRAYS ECOMMERCE GROUP LTD AND CAR BUYERS AUSTRALIA PTY LTD

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

"For the purposes of section 260B(2) of the Corporations Act, approval is given for the financial assistance to be provided by the following subsidiaries of the Company in connection with each Acquisition as described in the Explanatory Memorandum accompanying the Notice of Meeting dated 5 January 2018:

- ▶ Grays eCommerce Group Ltd ACN 125 736 914;
- ▶ Grays (Aust) Holdings Pty Ltd ACN 114 615 780;
- ▶ Grays (NSW) Pty Limited ACN 003 688 284;
- ▶ Graysonline S.A. Pty Ltd ACN 119 696 070;
- ▶ Gray Eisdell Timms (WA) Pty Limited ACN 056 957 852;
- ▶ Grays (VIC) Pty Limited ACN 085 287 289;

- ▶ GLC Fine Wines & Liquor Pty Limited ACN 082 470 782;
- ▶ Gray Eisdell Timms (Qld) Pty Limited ACN 060 942 323;
- ▶ C M Pty Limited ACN 060 526 516;
- ▶ GEG No 1. Pty Ltd ACN 113 930 608;
- ▶ GEG International Pty Ltd ACN 096 509 134;
- ▶ GEG Capital Pty Ltd ACN 169 008 191;
- ▶ GraysFinance Pty Ltd ACN 622 573 737; and
- ▶ Car Buyers Australia Pty Ltd ACN 159 545 758.

BY ORDER OF THE BOARD



Matthew Sinnamon
Company Secretary

5 January 2018

ENTITLEMENT TO ATTEND AND VOTE

ENTITLEMENT TO ATTEND AND VOTE

In accordance with Reg 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that persons who are registered holders of shares of the Company as at 7:00pm (Sydney time) on Tuesday, 20 February 2018 will be entitled to attend and vote at the AGM as a shareholder.

If more than one joint holder of shares is present at the AGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

VOTING BY PROXY

If you are a shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the AGM.

A proxy need not be a shareholder of the Company.

A shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes.

To be effective, the proxy must be received at the Share Registry of the Company no later than 4:00pm (Sydney time) on Tuesday, 20 February 2018. Proxies must be received before that time by one of the following methods:

Online (preferred):

www.linkmarketservices.com.au

By post:

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

By facsimile:

02 9287 0309 (within Australia)
+61 2 9287 0309 (from outside Australia)

By delivery in person:

Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

POWER OF ATTORNEY

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 4:00pm (Sydney time) on Tuesday, 20 February 2018, being 48 hours before the AGM.

CORPORATE REPRESENTATIVES

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the AGM. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the AGM a properly executed letter or other document confirming its authority to act as the company's representative. A "Certificate of Appointment of Corporate Representative" form may be obtained from the Company's Share Registry or online at www.linkmarketservices.com.au.

IMPORTANT: If you appoint the Chairman of the Meeting as your proxy, or the Chairman becomes your proxy by default, and you do not direct your proxy how to vote on Resolutions 4, 5, 6 or 7, then by submitting the proxy form you will be expressly authorising the Chairman to exercise your proxy on the relevant resolution, even though the resolutions are connected, directly or indirectly, with the remuneration of the KMP.

VOTING AT THE MEETING

It is intended that voting on each of the proposed resolutions at this meeting will be conducted by a poll, rather than on a show of hands.

SHAREHOLDER QUESTIONS

Shareholders who are unable to attend the Meeting or who may prefer to register questions in advance to either the Board or the Auditor, are invited to do so. Please log onto www.linkmarketservices.com.au, select Voting then click 'Ask a Question'.

To allow time to collate questions and prepare answers, please submit any questions by 5:00pm (Sydney time) on Thursday, 15 February 2018. Questions will be collated and, during the AGM, the Chairman will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the AGM to address all topics raised. Please note that individual responses will not be sent to shareholders.

ENCLOSURES

Enclosed is a proxy form to be completed if you would like to be represented at the AGM by proxy. Shareholders are encouraged to use the online voting facility that can be accessed on Eclipx's Share Registry's website at www.linkmarketservices.com.au to ensure the timely and cost effective receipt of your proxy.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of the Company in relation to the business to be conducted at the Company's AGM to be held on Thursday, 22 February 2018.

The purpose of this Explanatory Memorandum is to provide shareholders with information that is reasonably required by shareholders to decide how to vote upon the resolutions.

Subject to the abstentions noted below, the Directors unanimously recommend shareholders vote in favour of all Resolutions. The Chairman of the Meeting intends to vote all available undirected proxies in favour of each resolution.

Resolutions 1 to 7 are ordinary resolutions, which require a simple majority of votes cast by shareholders present and entitled to vote on the resolution. Resolution 4, relating to the Remuneration Report, is advisory and does not bind the Directors or the Company. Resolutions 8 and 9 are special resolutions, which require at least 75% of votes cast by shareholders entitled to vote on the resolution to be cast in favour of the resolution.

RESOLUTION 1. RE-ELECTION OF DIRECTOR – MR KERRY ROXBURGH

The Board appointed Mr Kerry Roxburgh as an Independent Non-executive Director of the Company in March 2015. In accordance with clause 47(d) of the Constitution, Kerry retires from office at the conclusion of the AGM and is eligible for re-election as a Director of the Company.

Kerry is the Independent Non-executive Chairman of the Board and is a member of the Remuneration and Nomination Committee and Audit and Risk Committee.

Kerry Roxburgh has more than 50 years' experience in financial services and industry. He is currently Chairman of Tyro Payments Ltd and, after 10 years, he recently retired as Chairman of the Charter Hall Group. He is the lead independent Non-executive Director of Ramsay Health Care Ltd, and a Non-executive Director of the Medical Indemnity Protection Society, and of MIPS Insurance Ltd.

Kerry was previously CEO of E*TRADE Australia and was subsequently Non-executive Chairman until June 2007, when it was acquired by ANZ.

Prior to his time at E-TRADE, Kerry was an Executive Director of HSBC Bank Australia where, for 10 years, he held various positions including Head of Corporate Finance and Executive Chairman of HSBC James Capel Australia. Prior to HSBC, Kerry spent 20 years as a Chartered Accountant with HLB Mann Judd and previously at Arthur Andersen.

Kerry is a Practitioner Member of Stockbrokers Association of Australia.

The Directors, with Mr Roxburgh abstaining, unanimously recommend shareholders vote in favour of this Resolution.

RESOLUTION 2: RE-ELECTION OF DIRECTOR – GAIL PEMBERTON

The Board appointed Gail Pemberton as an Independent Non-executive Director of the Company in March 2015. In accordance with clause 47(d) of the Constitution, Gail retires from office at the conclusion of the AGM and is eligible for re-election as a Director of the Company.

Gail Pemberton has more than 35 years' experience in banking and wealth management and is a specialist in technology and operations. Prior to taking up a non-

executive director career, Gail was Chief Operating Officer, UK at BNP Paribas Securities Services and Managing Director, BNP Paribas Securities Services, Australia and New Zealand. She was previously Group CIO, and subsequently Financial Services Group COO at Macquarie Bank.

Gail was previously Chairman of Onthefhouse, OneVue and SIRCA and served on the Boards of QIC, UXC, Baycorp, Alleron Funds Management, Air Services Australia, the Sydney Opera House Trust and Harvey World Travel. She has also provided independent consulting services to the NSW Government Department of Premier and Cabinet on their Corporate and Shared Services reform program.

Gail's current Board roles include Chair of Melbourne IT and Non-executive Director of Paypal Australia.

The Directors, with Ms Pemberton abstaining, unanimously recommend shareholders vote in favour of this Resolution.

RESOLUTION 3. ELECTION OF DIRECTOR – LINDA JENKINSON

The Board appointed Linda Jenkinson as an Independent Non-executive Director on 4 January 2018. In accordance with clause 47(d) of the Constitution, Linda Jenkinson retires from office at the conclusion of the AGM and is eligible for election as a Director of the Company.

Linda Jenkinson has over 25 years' executive management and governance experience and is a specialist in technology enabled services, financial services, transportation and innovation.

Linda holds a Master of Business Administration from The Wharton School, University of Pennsylvania and a Bachelor of Business Studies from Massey University.

Linda has built more than \$700 million of technology enabled start-ups and non-profits, including John Paul Inc, a global concierge services provider to some of the world's largest brands, DMSC and WOW Investments. Linda was

the first New Zealand woman to take a company public on the NASDAQ and has received numerous awards for her entrepreneurial efforts in the United States and in New Zealand, receiving a Master Entrepreneur of the Year in 2012 by Ernst Young and being the first woman to win the Sir Geoffrey Peren Award for most Distinguished Alumni from Massey University. Prior to her entrepreneurial career, Linda was a Partner at A.T. Kearney in the Global Financial Services practice where she worked with some of the world's largest financial institutions.

Linda is currently a Director of Air New Zealand and the Guild Group, is Director and Secretary of Massey University US & NZ Foundation and is a business council member for the New Zealand Olympic Committee. Linda previously served on the Board of the American Red Cross – Bay Area. She is a New Zealand citizen who holds residency in the United States and co-locates between Wellington and San Francisco.

The Directors, with Ms Jenkinson abstaining, unanimously recommend shareholders vote in favour of this Resolution.

RESOLUTION 4. REMUNERATION REPORT

Shareholders can view the full Remuneration Report in the Annual Report which is available on Eclix's website at www.eclix.com.

Broadly, the Remuneration Report details the remuneration policy for the Company and:

- ▶ explains the structure of and rationale behind the Company's remuneration practices and the link between the remuneration of executives and the Company's performance;
- ▶ sets out remuneration details for each Director and for each executive with authority and responsibility for directing the affairs of the Company; and
- ▶ discusses the relationship between the policy and Company performance.

Following consideration of the Remuneration Report, the Chairman of the meeting will give shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. The vote on this resolution is advisory only and does not bind the Directors or the Company. However the Board will take the outcome of the vote into account in setting remuneration policy for future years.

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

RESOLUTION 5. APPROVAL OF ISSUE OF SECURITIES UNDER THE ECLIPX GROUP LIMITED LONG-TERM INCENTIVE PLAN – EXCEPTION TO ASX LISTING RULE 7.1

Background

The Eclix Group Limited Long-Term Incentive Plan has been in place since the Company listed in 2015.

ASX Listing Rule 7.1 prohibits an entity from issuing more than 15% of its securities in any 12 month period, without obtaining shareholder approval (unless an exception applies).

ASX Listing Rule 7.2, Exception 9(b), provides that an issue of securities under an employee incentive scheme will not count towards the 15% placement capacity if, within 3 years before the date of the issue, holders of ordinary securities have approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.1. Shareholder approval is being sought for this purpose.

A summary of the terms of the Plan is set out below.

FEATURE	KEY TERMS
Form of incentive	Participants may be granted Options or Plan Rights (together, Awards) under the Plan.
Eligibility	Eligibility to participate in the Plan and the number of Awards offered to each participant will be determined by the Board. Executive Directors may participate in the Plan, however Non-executive Directors will not receive Awards under the Plan.
Offers under the Plan	- Under the rules of the Plan, Awards may be offered to eligible participants from time to time. - Terms and conditions of offers, including any vesting conditions, will be set at the Board's discretion and will appear in individual offer documents.
Grant of Awards	- Participants may be granted Options which comprise a right to acquire shares for an exercise price (which may be nil), subject to satisfaction of any applicable conditions and compliance with the applicable exercise procedure (including payment of any applicable exercise price). - Participants may be granted Plan Rights which comprise an entitlement to acquire a share on the terms and conditions determined by the Board. - Plan Rights and Options may require the Participant to exercise the Awards in order to be allocated Shares, or the terms of Awards may allow for the Plan Rights and Options to be automatically exercised. - Options and Plan Rights may at the Board's discretion be settled in cash rather than shares.
Issue and Exercise Price	- Unless the Board determines otherwise, a participant is not required to pay for a grant of Awards. - The exercise price of an Option is the price (if any) determined by the Board.

**EXPLANATORY NOTES ON THE BUSINESS TO BE TRANSACTED AT THE
ECLIPX GROUP LIMITED 2018 ANNUAL GENERAL MEETING (CONTINUED)**

FEATURE	KEY TERMS
Expiry	Unless the Board specifies a later date, unvested Awards expire on the 5th anniversary of the date of grant of the Award.
Vesting conditions of Awards	- The Board in its discretion determines any applicable vesting conditions. - The vesting conditions that apply to the most recent Awards made under the Plan are described in the Explanatory Memorandum for Resolutions 6 and 7.
Restrictions on dealing in Awards	- A participant must not sell, transfer, encumber, hedge or otherwise deal with unvested Awards. - Following vesting, dealing in any shares received is subject to any restrictions that apply under the Company's securities trading policy.
Cessation of employment	- If a participant ceases employment for cause or due to their resignation, any unvested Awards will lapse (unless the Board determines otherwise). - In all other circumstances, unvested Awards will remain on foot and be subject to the original conditions unless the Board exercises discretion to treat them otherwise.
Change of control	- The Board may determine the change of control treatment that will apply to a particular offer. - The change of control treatment that applies to the most recent Awards made under the Plan are described in the Explanatory Memorandum for Resolutions 6 and 7.
Capital restructures	In the event of a capital restructure, subject to the ASX Listing Rules, the Board may adjust the number of Awards issued pursuant to an offer under the Plan as the Board deems appropriate.
Amendment	The Board may amend the Plan in its discretion.

On 17 February 2017 at the Company's 2017 AGM, shareholders approved grants of 1,760,000 Options and 286,000 Rights to the Company's Executive Directors, as described in the Explanatory Memorandum for Resolutions 6 and 7. In addition, 3,770,000 Options and 1,090,000 Rights were granted to other members of senior management in November 2017.

The Directors (with Mr Klotz and Mr McLennan abstaining) unanimously recommend that shareholders vote in favour of Resolution 5.

**RESOLUTIONS 6 AND 7. ISSUE OF OPTIONS AND RIGHTS
UNDER THE ECLIPX GROUP LIMITED LONG-TERM
INCENTIVE PLAN – MR DOC KLOTZ AND MR GARRY
MCLENNAN**

Background

Resolutions 6 and 7 deal with the proposed issue of Rights and Options to Mr Doc Klotz and Mr Garry McLennan under the Eclipx Group Limited Long-Term Incentive Plan (**Plan**).

The Company has agreed, subject to obtaining shareholder approval, to issue a total of 1,264,000 options (**Options**) and 316,000 rights (**Rights**) to Mr Klotz and Mr McLennan – which equates to:

- ▶ Mr Klotz receiving 158,000 Rights and 632,000 Options; and
- ▶ Mr McLennan receiving 158,000 Rights and 632,000 Options.

ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires the Company to obtain the approval of ordinary shareholders to issue securities under an employee incentive scheme to a Director of the Company. The Company is seeking approval for the grant of the Options and Rights to each of the Directors in the interests of good governance and to preserve the Company's flexibility to issue new shares, acquire shares on market or transfer shares from the employee share trust to satisfy vested Options and Rights.

Purpose of the Plan

- ▶ The Board considers that the grant of Options and Rights under the Plan is a very important tool in rewarding, retaining and incentivising employees of the Company and increasing goal alignment between shareholders and executives. The Plan has been designed to: assist in the motivation, retention and reward of executives; and
- ▶ align the interests of participants with the interests of shareholders of Eclix.

Other members of senior management, selected by the Board, have been granted Options and Rights under the Plan on similar terms to Mr Klotz and Mr McLennan.

Considerations in determining the number of proposed Options and Rights

In determining the number and exercise price of the Options and Rights to be issued to Mr Klotz and Mr McLennan, the Board considered the experience of Mr Klotz and Mr McLennan, the desired value of the long-term incentive component as a proportion of total potential remuneration for Mr Klotz and Mr McLennan, the indicative fair value of Options and Rights, the preferred mix of Options and Rights, the current market price of the Eclix shares, and current market practice.

The indicative fair value to arrive at the number of Rights and Options to be issued was \$3.035 per Right and \$0.665 per Option (as valued by an independent external consultant).

The Directors, with Mr Klotz and Mr McLennan abstaining, recommend that shareholders vote in favour of Resolutions 6 and 7 for the reasons set out below:

- a. The Directors consider that it is important for the Company to be able to attract and retain experienced Executive Directors and that the proposed grants of Options and Rights to Mr Klotz and Mr McLennan are appropriate taking into account their level of experience and contribution to the Company.
- b. The Directors consider that the grant to each Director is appropriate to:
 - i. motivate the relevant Directors to pursue long term growth and success of the Company (within an appropriate control framework);
 - ii. align the interests of key leadership with the long-term interests of the Company's shareholders; and
 - iii. ensure a clear correlation between performance and remuneration, in accordance with the Company's remuneration policy.

- c. The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd ed.) note that equity-based remuneration can be an effective form of remuneration for executives.

Details about the proposed grant of Options and Rights to Mr Klotz and Mr McLennan

The Rights and Options will vest on the Vesting Date to the extent that the Board determines that the Vesting Conditions are satisfied.

The Options and Rights are granted for nil financial consideration. The exercise price for the Options is \$4.18 per Option (being the opening price of the Company's shares on 8 November 2017). The exercise price for the Rights is nil.

Vesting Conditions

The Vesting Conditions are based on two separate performance hurdles measured over the Performance Period as described below. The Vesting Conditions are the same for both Mr Klotz and Mr McLennan.

1) **Relative Total Shareholder Return (TSR Hurdle)**
50% of the Rights and Options, respectively, will be subject to the Company's TSR performance against a selected group of comparator companies.

The relevant performance period is 1 October 2017 to 30 September 2020 (**Performance Period**).

The comparator group for the TSR Hurdle will be the constituents of the ASX 200 excluding GICS Industry "Metals & Mining" companies (**Comparator Group**). The constituents of the Comparator Group are defined as at the first day of the Performance Period.

Broadly, TSR calculates the return shareholders would earn if they held a notional number of shares over a period of time and measures growth in the Company's share price together with the value of dividends during the period, assuming that all those dividends are reinvested into new shares.

The percentage of Rights and Options subject to the TSR hurdle that vest, if any, will be determined by Eclipx's ranking against the Comparator Group (where Eclipx and all companies in the Comparator Group are ranked based on each company's TSR performance over the Performance Period) as follows:

ECLIPX TSR RANK	RIGHTS AND OPTIONS SUBJECT TO TSR HURDLE THAT VEST (%)
At or above the 75th percentile	100%
Between 51st percentile and 75th percentile	Straight line pro-rata vesting between 50% and 100%
At the 51st percentile (threshold performance)	50%
Below the 51st percentile	0%

The Board retains the discretion to adjust the TSR Hurdle, including the constituents of the comparator group, in exceptional circumstances to ensure that participants are neither advantaged nor disadvantaged by matters outside management's control that materially affect TSR performance.

To the extent that the Rights and Options that are subject to the TSR Hurdle do not vest in full after the initial Performance Period, the TSR Hurdle will be re-tested 12 months after the end of the initial Performance Period. The re-test will involve the TSR hurdle being measured over an extended Performance Period, the four-year period from 1 October 2017 to 30 September 2021 (**Extended Performance Period**).

Following testing of the TSR Hurdle over the Extended Performance Period, if the number of Rights and Options that vest exceeds the number of Rights and Options that have already vested following the initial Performance Period, those additional Rights and Options will vest.

Any Rights and Options that have already vested following the initial Performance Period will not be affected. Re-testing is only applicable to the TSR Hurdle, there is no re-testing of the EPS Hurdle.

Any Rights and Options that do not vest following the Extended Performance Period will lapse immediately.

2) Absolute Earning per Share (EPS Hurdle)

50% of the Rights and Options, respectively, will be subject to the absolute EPS Hurdle, based on the Company's growth in basic cash EPS over the Performance Period.

Broadly the cash EPS measures the earnings generated by the Company attributable to each share on issue adjusted for certain accounting items.

The percentage of Rights and Options subject to the EPS Hurdle that will vest, if any, will be determined based on the Company's compound annual growth in cash EPS over the Performance Period by reference to the "base year" cash EPS (Financial Year 2017 will be the base year for the proposed grant of Rights and Options). Accordingly, to determine growth in cash EPS, the cash EPS achieved in Financial Year 2020 will be compared to cash EPS achieved in Financial Year 2017, and the level of compound annual growth (stated as a percentage) will determine the proportion of the EPS hurdled Rights and Options that vest.

The Rights and Options will vest as follows:

GROWTH IN THE COMPANY'S CASH EPS FROM FY17 TO FY20	RIGHTS AND OPTIONS SUBJECT TO EPS HURDLE THAT VEST (%)
Below 7% compound annual growth	Nil
At 7% compound annual growth	50%
Between 7% and 10% compound annual growth	Straight line pro-rata vesting between 50% and 100%
At or above 10% compound annual growth	100%

The Board retains the discretion to adjust the EPS Hurdle, including the cash EPS performance measured to determine whether the EPS Hurdle is achieved, in exceptional circumstances to ensure that participants are neither advantaged nor disadvantaged by matters outside management's control that materially affect EPS (for example, by excluding one-off non-recurrent items or the impact of significant acquisitions or disposals).

As stated above, Rights and Options subject to the EPS Hurdle are not eligible for re-testing. Any Rights and Options subject to the EPS Hurdle that do not vest following the Performance Period will lapse immediately.

Allocation of shares following vesting

Under the Plan, the Board can allow for “net settlement” of Options once they have vested. Where Options are exercised on a net settlement basis, the executive is allocated the total number of shares that would have been allocated upon exercise less the number of shares equal to the value of the aggregate exercise price payable (and the exercise price is not required to be paid in cash). The Board has received advice confirming that the economic consequences for Eclix of net settling Options are not materially different to where Options are exercised in full.

In respect of Mr Klotz, to the extent the Vesting Conditions are satisfied, Mr Klotz’s Options will be net settled and his Rights and Options will be exercised upon vesting. As a result, following vesting, the process for exercising Mr Klotz’s Rights and Options is different to that for Mr McLennan’s Rights and Options, as described below. However, the number of instruments that may vest following testing of the performance hurdles, and the economic value of the underlying shares at vesting, less any exercise price, will be the same for Mr Klotz and Mr McLennan.

In respect of Mr Klotz’s Rights and Options:

- ▶ Mr Klotz’s Rights and Options will be automatically exercised upon vesting.

- ▶ Upon the automatic exercise of Mr Klotz’s Options, Mr Klotz will be allocated the relevant number of shares on a “net settlement” basis, calculated as the total number of shares that would have been allocated upon exercise less the number of shares equal to the value of the aggregate exercise price payable.
- ▶ Mr Klotz’s Rights and Options may be satisfied in either shares or the cash equivalent value as determined appropriate by the Board.

In respect of Mr McLennan’s Rights and Options:

- ▶ Mr McLennan may exercise his vested Rights and Options (and in respect of the Options, pay the exercise price), and he will be allocated the relevant number of shares on a one-for-one basis.
- ▶ The Board may allow Mr McLennan to exercise his Options on a “net settlement” basis, in which case on exercise of his Options Mr McLennan will be allocated the relevant number of shares calculated as the total number of shares that would have been allocated upon exercise less the number of shares equal to the value of the aggregate exercise price payable.
- ▶ Mr McLennan’s Rights and Options may be satisfied in either shares or the cash equivalent value as determined appropriate by the Board (normally at the time the Rights and Options are exercised).

**EXPLANATORY NOTES ON THE BUSINESS TO BE TRANSACTED AT THE
ECLIPX GROUP LIMITED 2018 ANNUAL GENERAL MEETING (CONTINUED)**

Director Interests

As at the date of this Notice, the Director's interests in the securities of the Company are as set out below:

RELATED PARTY	SHARES	UNLISTED OPTIONS	RIGHTS	VESTED LOAN SHARES	UNVESTED LOAN SHARES
Mr Doc Klotz	302,407	1,680,000	328,000	3,538,954	1,600,000
Mr Garry McLennan ¹	332,314	1,680,000	328,000	3,539,118	1,600,000

¹ 43,478 shares were purchased by a close family member of the Executive.

Director Remuneration

Set out below is the remuneration received and receivable by Mr Klotz and Mr McLennan in respect of Financial Year 2017:

	SHORT TERM BENEFITS				LONG TERM BENEFITS			
	Salary and fees \$	Non- monetary \$ ¹	Movement in annual leave provision \$ ²	Cash bonus payable in respect of current year \$	Non- monetary \$ ³	Super- annuation \$	Share based payments equity settled \$	Total \$
Doc Klotz	830,261	142,940	51,798	850,000	7,134	19,735	796,468	2,698,336
Garry McLennan	680,261	5,856	26,753	700,000	5,845	19,735	796,468	2,234,918

¹ Amount represents car parking, medical insurance, flights home and fringe benefits tax.

² Amount represents annual leave provisions. Negative movement indicates leave taken during the year exceeded leave accrued during the current year. This is to be read in conjunction with Salary and Fees column.

³ Amount represents long service leave provisions.

Technical Information (for the purposes of the ASX Listing Rules)

Pursuant to the requirements of ASX Listing Rule 10.15, the following information is provided with regard to Resolutions 6 and 7:

- ▶ Mr Doc Klotz and Mr Garry McLennan are the only Directors eligible to participate in the Plan. Non-executive Directors are not eligible to participate.
- ▶ For the purposes of ASX Listing Rule 10.15.4, pursuant to ASX Listing Rule 10.14, the following information is provided:
 - » Mr Klotz received 143,000 Rights and 880,000 Options under the Plan which were approved by shareholders at the 2017 AGM held on 17 February 2017. The exercise price for the Options was \$3.60 per option and the exercise price for the Rights was nil; and
 - » Mr McLennan received 143,000 Rights and 880,000 Options under the Plan which were approved by shareholders at the 2017 AGM held on 17 February 2017. The exercise price for the Options was \$3.60 per option and the exercise price for the Rights was nil.
- ▶ There is no loan attaching to the offer under the Plan.
- ▶ The Company expects to grant the Rights and Options shortly after the AGM but in any event, no later than 12 months after the AGM.
- ▶ If approval is given for the issue of securities under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1, in accordance with Exception 14 in Listing Rule 7.2. Exception 9 may also apply. Therefore, the issue of Options and Rights to each of the Directors will not be included for the purposes of Listing Rule 7.1. The issue of shares on the vesting and exercise of the Options and Rights will similarly be excluded from Listing Rule 7.1.

Additional Terms of the Options and Rights

- ▶ The Rights and Options granted under the Plan are both awards in the form of “Options” as described in the Plan. Accordingly, both Rights and Options must be exercised following vesting to receive shares (or the cash equivalent value) and have the same terms, except that an exercise price is payable on exercise of the Options only. The Rights and Options granted to Mr Klotz will be automatically exercised on vesting, with the Options exercised on a “net settlement” basis as described earlier in this Explanatory Memorandum.
- ▶ The Rights and Options granted to Mr McLennan must be exercised by 5.00pm on the five year anniversary of the grant date (**Expiry Date**), otherwise they will lapse.
- ▶ Options and Rights do not carry any dividend or voting rights prior to vesting.
- ▶ A participant must not sell, transfer, encumber, hedge or otherwise deal with unvested Options and Rights.
- ▶ The Plan contains provisions which give the Board the ability to impose claw-back, including the lapse of unvested Options and Rights, to ensure that no unfair benefit is obtained by a participant (e.g. in the event of fraud or dishonesty).

- ▶ The Company's obligation to allocate shares on exercise of the Rights and Options may be satisfied by issuing new shares, acquiring shares on market or transferring shares from the employee share trust.
- ▶ Upon a 30% change of control (as defined in the Plan), all unvested Rights and Options will vest in full, unless, prior to the 30% change of control occurring, the Board determines otherwise in appropriate circumstances.
- ▶ Upon a 50% change of control (as defined in the Plan), the 30% change of control treatment outlined above will not apply and unvested Rights and Options will vest in full.
- ▶ If there is any re-organisation (including consolidation, subdivision, reduction or return of issued capital of the Company), the number of Options and Rights and/or the exercise price will be adjusted by the Company in accordance with the Listing Rules or (if no such rules exist) in a manner which the Board considers appropriate.
- ▶ In the event of cessation of employment, Options and Rights will be treated as follows:

a. Unvested Options and Rights:

- » Generally, if the Director ceases employment due to resignation, termination for cause or gross misconduct all of the unvested Rights and Options will lapse at cessation of employment (subject to the Board's discretion to apply a different treatment in accordance with the Plan Rules).
- » If the Director ceases employment for any other reason before the Options and Rights vest, unvested Options and Rights remain "on foot" and will be tested following the end of the original Performance Period, vesting to the extent

that the relevant vesting conditions have been satisfied. Any Rights and Options that vest must be exercised within 90 days of vesting, otherwise they will lapse.

The Board also has a broader discretion to apply any other treatment that it deems appropriate in the circumstances.

b. Vested Options and Rights:

- » If the Director ceases employment due to termination for cause, all of the vested Rights and Options will lapse at cessation, subject to the Board's discretion to apply a different treatment.
- » If the Director ceases employment for any other reason, any vested Rights and Options not exercised within 90 days of cessation of employment will lapse.
- ▶ Any Shares issued pursuant to the vesting of Rights and the vesting and exercise of Options will, subject to the Constitution of the Company, rank in all respects (other than in respect of dividends, rights issues or bonus issues declared prior to allotment) *pari passu* with the existing Shares at the date of issue and allotment.
- ▶ The Options and Rights will not be quoted on the ASX. The Company intends to apply to the ASX for quotation of any Shares issued on conversion of the Options and Rights.

The Directors (with Mr Klotz abstaining) unanimously recommend that shareholders vote in favour of Resolution 6.

The Directors (with Mr McLennan abstaining) unanimously recommend that shareholders vote in favour of Resolution 7.

RESOLUTION 8. RENEW THE COMPANY'S PROPORTIONAL TAKEOVER PROVISIONS

Background

The Company's Constitution currently contains provisions dealing with proportional takeover bids for Company shares. The provisions, which are contained in Articles 79 and 80 of the Constitution, are designed to assist shareholders to receive proper value for their shares if a proportional takeover bid is made for the Company.

Under the Corporations Act, these provisions must be renewed every three years or they will cease to have effect. If renewed, the proposed proportional takeover provisions will be in exactly the same terms as the existing provisions and will have effect for a three year period commencing on 22 February 2018.

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

Why do we need the proportional takeover approval provisions?

In a proportional takeover bid, the bidder offers to buy a proportion only of each shareholder's shares in the target company.

This means that control of the company may pass without shareholders having the chance to sell all their shares to the bidder. The bidder may take control of the company without paying an adequate amount for gaining control.

To deal with this possibility, a company may provide in its constitution that if a proportional takeover bid is made for shares in the company, shareholders must vote on whether to accept or reject the offer and that decision will be binding on all the shareholders.

The benefit of the provision is that shareholders are able to decide collectively whether the proportional offer is acceptable in principle and it may ensure that any partial offer is appropriately priced.

Effect of the provisions to be included

If a proportional takeover bid is made, the Directors must ensure that shareholders vote on a resolution to approve the bid more than 14 days before the bid period closes.

The vote is decided on a simple majority.

Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote, but the bidder and its associates are not allowed to vote.

If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn.

If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Company's constitution.

If the resolution is not voted on, the bid will be taken to have been approved.

The proportional takeover approval provisions do not apply to full takeover bids and only apply for 3 years after the date of the AGM. The provisions may be renewed, but only by a special resolution.

No knowledge of present acquisitions proposals

At the date of this notice, no Director is aware of a proposal by a person to acquire, or to increase, a substantial interest in the company.

Potential advantages and disadvantages for the Directors and shareholders of the Company

The renewal of the proportional takeover provisions will enable the Directors to formally ascertain the views of shareholders in respect of a proportional takeover bid. Without such provisions, the Directors are dependent upon their perception of the interests and views of shareholders. Other than this advantage, the Directors consider that the proportional takeover approval provisions have no potential advantages or disadvantages for them as they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

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

- ▶ shareholders have the right to determine by majority vote whether a proportional takeover bid should proceed;
- ▶ the provisions may assist shareholders to avoid being locked in as a minority;
- ▶ increase in shareholders' bargaining power which may assist in ensuring that any proportional takeover bid is adequately priced; and
- ▶ knowing the view of the majority of shareholders assists each individual shareholder in assessing the likely outcome of the proportional takeover bid and whether to accept or reject an offer under the bid.

The potential disadvantages of the proportional takeover provisions for shareholders include:

- ▶ the likelihood of a proportional takeover bid being successful may be reduced and the provisions may discourage the making of a proportional takeover bids in respect of the Company;
- ▶ the provisions may reduce the opportunities which shareholders may have to sell all or some of their shares at a premium to persons seeking control of the Company and may reduce any takeover speculation element in the Company's share price; and
- ▶ the provisions may be considered an additional restriction on the ability of individual shareholders to deal freely in their shares.

Review of advantages and disadvantages of the proportional takeover approval provisions

While the proportional takeover approval provisions have been in effect, there have been no full or proportional takeover bids for the Company. Therefore, there has been no example against which to review the advantages or disadvantages of the provisions for the Directors and the shareholders, respectively, during this period.

The Directors consider that the potential advantages for shareholders of the proportional takeover approval provisions outweigh the potential disadvantages. In particular, shareholders as a whole are able to decide whether or not a proportional takeover bid is successful.

The Directors unanimously recommend that shareholders vote in favour of Resolution 8.

RESOLUTION 9. APPROVAL OF FINANCIAL ASSISTANCE
IN CONNECTION WITH ACQUISITION OF GRAYS
ECOMMERCE GROUP LTD AND CAR BUYERS AUSTRALIA
PTY LTD

Please refer to the enclosed Explanatory Memorandum
which has been prepared for the purposes of section
260B(4) of the Corporations Act.

*The Directors unanimously recommend that shareholders
vote in favour of Resolution 9.*

EXPLANATORY MEMORANDUM - FINANCIAL ASSISTANCE

1. EXPLANATORY MEMORANDUM – FINANCIAL ASSISTANCE

1.1 The Acquisition

Eclipx has purchased the entire issued share capital of:

- i. Grays eCommerce Group Pty Ltd ACN 125 736 914 (the **Grays Target**), with the acquisition completing on 11 August 2017 (**Grays Acquisition**); and
- ii. Car Buyers Australia Pty Ltd ACN 159 545 758 (the **Car Buyers Target**) with the acquisition completing on 19 December 2017 (**Car Buyers Acquisition**), (each, an **Acquisition**).

On completion of each Acquisition, Eclipx became the listed Australian holding company of:

- i. the Grays Target and certain of its subsidiaries as specified in the relevant definition in the Glossary (**Grays Group**); and
- ii. the Car Buyers Target, (together, the **Target Guarantors**).

1.2 The financing

Eclipx has entered into various facilities for the provision of financial accommodation for working capital and general corporate requirements up to an aggregate principal amount of A\$335,000,000 (the **Facilities**).

The Facilities are secured by security over all assets of the Eclipx Group (as defined in the Glossary), and that security may also secure hedging and other indebtedness from time to time.

Eclipx has also provided funds of A\$805,000 to be applied to amounts payable by the Car Buyers Target to third parties and related parties including pursuant to loan arrangements by way of loan to the Car Buyers Target (Relevant Payments).

1.3 The financing

Grays Group

It is a condition of the Finance Documents (as defined in section 3.3) that each member of the Grays Group accede to the Finance Documents as a guarantor and security provider.

By providing the guarantee and security, each member of the Grays Group will or may be financially assisting Eclipx to acquire shares in the Grays Target. The Grays Group have or may in the future provide other financial assistance in connection with the Grays Acquisition.

Car Buyers

As part of the Car Buyers Acquisition, Eclipx (through a wholly owned subsidiary) has paid or agreed to pay consideration of A\$7,460,000 comprising A\$7,000,000 in cash upfront, plus deferred consideration of \$460,000, less any adjustments.

By Eclipx making the Relevant Payments, the Car Buyers Target will or may be financially assisting Eclipx to acquire shares in the Car Buyers Target.

In addition, it is a condition of the Finance Documents that the Car Buyers Target accede to the Finance Documents as a guarantor and security provider.

By providing the guarantee and security, the Car Buyers Target will or may be financially assisting Eclipx to acquire shares in the Car Buyers Target. The Car Buyers Target have or may in the future provide other financial assistance in connection with the Car Buyers Acquisition.

1.4 The required shareholder approval

Under the Corporations Act, financial assistance by a company for an acquisition of shares in that company or its holding company is only permitted in certain circumstances, including where it is approved by shareholders of the company and the ultimate listed holding company of the company under section 260B of the Corporations Act.

The purpose of this Explanatory Memorandum is to explain the proposed Financial Assistance Resolution which must be passed to enable the Target Guarantors to financially assist Eclix in connection with the Acquisition.

2. BACKGROUND TO THE REQUIREMENT FOR FINANCIAL ASSISTANCE RESOLUTION

2.1 Restrictions on companies giving financial assistance

Pursuant to section 260A(1) of the Corporations Act a company may financially assist a person to acquire shares (or units of shares) in the company or a holding company of the company only if:

- a. giving the assistance does not materially prejudice:
 - i. the interests of the company or its shareholders; or
 - ii. the company's ability to pay its creditors; or
- b. the assistance is approved by shareholders under section 260B of the Corporations Act; or
- c. the assistance is exempted under section 260C of the Corporations Act.

The requirements for shareholder approval under section 260B of the Corporations Act are described in section 2.2.

2.2 Shareholder approval of financial assistance

For a company to financially assist a person to acquire shares (or units of shares) in itself or a company of which it is a subsidiary, section 260B of the Corporations Act states that the financial assistance must be approved by its shareholders by:

- a. a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by the person acquiring the shares (or units of shares) or by their associates; or
- b. a resolution agreed to, at a general meeting, by all ordinary shareholders.

It is proposed that the Target Guarantors pass a resolution at a general meeting by all ordinary shareholders for the purposes of approving the financial assistance under section 260B(1) of the Corporations Act. This will occur at about the same time as the general meeting of the Company.

2.3 Listed holding company approval of financial assistance

Where the company providing the financial assistance will be a subsidiary of a listed domestic corporation immediately after the acquisition, then section 260B(2) of the Corporations Act requires that the financial assistance must also be approved by a special resolution passed at a general meeting of that listed domestic corporation.

As, following each Acquisition, Eclix became the listed Australian holding company of the Target Guarantors, the financial assistance must also be approved by special resolution passed at a general meeting of Eclix shareholders.

EXPLANATORY MEMORANDUM - FINANCIAL ASSISTANCE

The purpose of this Explanatory Memorandum is to explain in further detail the proposed Financial Assistance Resolution set out in the Notice which must be passed under section 260B(2) of the Corporations Act to enable the Target Guarantors to financially assist Eclix in connection with each Acquisition.

3. ECLIX GROUP FUNDING ARRANGEMENTS

3.1 Facility

Eclix Group has entered into various revolving capital and working capital facilities for the provision of financial accommodation up to an aggregate principal amount of A\$335,000,000.

The Facilities are comprised of the following:

a. ANZ

- i. Revolving facility: Limit: \$40,000,000 Term: 3 years from 28 September 2016
- ii. Working capital facility: Limit: \$10,000,000 Term: 3 years from 28 September 2016

b. AustralianSuper

- i. Term facility Limit: \$30,000,000 Term: 5 years from 28 September 2016

c. CBA

- i. Term facility: Limit: : \$20,000,000 Term: 5 years from 28 September 2016
- ii. Revolving facility: Limit: \$30,000,000 Term: 3 years from 28 September 2016

d. United Super

- i. Term facility: Limit: \$60,000,000 Term: 5 years from 28 September 2016

e. IFM

- i. Term facility Limit: \$30,000,000 Term: 5 years from 28 September 2016

f. Macquarie

- i. Term facility Limit: \$35,000,000 Term: 5 years from 28 September 2016
- ii. Working capital facility Limit: \$15,000,000 Term: 3 years from 28 September 2016
- iii. Revolving facility Limit: \$15,000,000 Term: 3 years from 22 December 2017

g. Westpac

- i. Revolving facility: Limit: \$45,000,000 Term: 3 years from 28 September 2016
- ii. Working capital facility: Limit: \$5,000,000 Term: 3 years from 28 September 2016

Purpose

The Facilities have been or may be drawn for the following purposes:

- a. towards supporting the Eclix Group's general corporate requirements,
- b. towards supporting the Eclix Group's working capital and general corporate requirements, (including but not limited to funding of acquisitions).

Borrower

The Facilities are provided to the Company as Borrower. It is intended that each member of the Target Guarantors will become a guarantor and security provider.

3.2 Other indebtedness

Eclix Group has entered into or may enter into hedging arrangements which are governed by the same terms and secured by the same security as the Facilities. It is proposed that the Target Guarantors may also enter into certain secured hedging arrangements.

It is also possible that other facility agreements or documents may be designated as ‘Finance Documents’ in the future and hence governed by the same terms and secured by the same security as the Facilities.

3.3 Key Finance

The Finance Documents include, but are not limited to:

- a. the document entitled “Common Terms Deed” between, among others:
 - i. The Company;
 - ii. IFM Investors (Nominees) Limited ABN 56 003 969 891 in its capacity as trustee of IFM Specialised Credit Fund Investing Trust No. 1 (**IFM**);
 - iii. AustralianSuper Pty Ltd ABN 94 006 457 987 as trustee for AustralianSuper (as custodied by JPMorgan Chase Bank N.A. (Sydney Branch) acting through its nominee J.P. Morgan Nominees Australia Limited) (**AustralianSuper**);
 - iv. United Super Pty Ltd ABN 46 006 261 623 as trustee for the Construction & Building Unions Superannuation Fund (as custodied by JPMorgan Chase Bank N.A. (Sydney Branch) acting through its nominee J.P. Morgan Nominees Australia Limited) (**United Super**);
 - v. Westpac Banking Corporation ABN 33 007 457 141 (**Westpac**);
 - vi. Australia and New Zealand Banking Group Limited ABN 11 005 357 522 (**ANZ**);
 - vii. Commonwealth Bank of Australia ABN 48 123 123 124 (**CBA**);
 - viii. Macquarie Bank Limited ABN 46 008 583 542 (**Macquarie Bank**); and
 - ix. P.T Limited ABN 67 004 454 66 (**Security Trustee**),
- dated 16 March 2015 as amended and/or restated from time to time (including pursuant to the document entitled “First Amendment and Restatement Deed” dated 28 September 2016) (**Common Terms Deed**);
- b. the document entitled “Facility Agreement” between the Company and AustralianSuper dated 16 March 2015 as amended and/or restated from time to time including on 28 September 2016;
 - c. the document entitled “Facility Agreement” between the Company and United Super Pty Ltd dated 16 March 2015 as amended and/or restated from time to time including on 28 September 2016;
 - d. the document entitled “Facility Agreement” between the Company and IFM dated 16 March 2015 as amended and/or restated from time to time including on 28 September 2016;
 - e. the document entitled “Facility Agreement” between the Company and Westpac dated 16 March 2015 as amended and/or restated from time to time including on 28 September 2016;
 - f. the document entitled “Facility Agreement” between the Company and ANZ dated on or about 28 September 2016 as amended and/or restated from time to time;

EXPLANATORY MEMORANDUM - FINANCIAL ASSISTANCE

- g. the document entitled “Facility Agreement” between the Company and CBA dated on or about 28 September 2016 as amended and/or restated from time to time; and
- h. the document entitled “Facility Agreement” between the Company and Macquarie Bank Limited dated on or about 28 September 2016 as amended and/or restated from time to time;
- i. the document entitled “Security Trust Deed” between, among others, Fleet Partners Pty Ltd and the Security Trustee dated 28 September 2016; and
- j. the document entitled “General Security Deed” between, the Company, Fleet Partners Pty Ltd and the Security Trustee dated 28 September 2016.

3.4 Key obligations under the Finance Documents

Undertakings, representations and events of default

The Finance Documents include events of default, undertakings, representations and warranties from the borrower and guarantors consistent with financings of this nature or as required by the lenders due to the particular circumstances of this transaction.

The undertakings include, but are not limited to:

- a. a negative pledge;
- b. undertakings not to acquire or dispose of assets;
- c. undertakings not to incur financial obligations;
- d. undertakings not to reduce its capital or make its capital capable of being called up; and

- e. undertakings not to provide financial accommodation to, or to permit financial accommodation to remain owing to it from, a related entity or any other person, in each case subject to agreed exceptions.

Guarantees

The Finance Documents include guarantees and indemnities by the Eclix Group in respect of amounts owing under or in connection with the Facilities, as well as any other indebtedness incurred under the ‘Finance Documents’ designated under and in accordance with the Common Terms Deed from time to time.

Security

The Eclix Group had previously provided all asset security to the Security Trustee and that security (with amendments) secures the amounts owing under the Facilities, as well as any other indebtedness incurred under the “Finance Documents” designated under and in accordance with the Common Terms Deed from time to time.

4. FINANCIAL ASSISTANCE

4.1 Accession to the Finance Documents

It is a condition of the Finance Documents, and in particular clause 11.10 of the Common Terms Deed, that each member of the Target Guarantors accede to the Finance Documents as a guarantor and security provider.

It is proposed that, pursuant to the terms of the Finance Documents and, in order to comply with the above requirement, the Target Guarantors will accede as guarantors to the Facilities pursuant to an obligor accession deed (**Accession Deed**).

Upon execution of each Accession Deed by the Target Guarantors, the Target Guarantors would (among other things) become bound by the guarantees, indemnities and undertakings and give the representations and warranties referred to in section 3 above.

In addition, it is proposed that the Target Guarantors will grant security over all their assets and undertakings to the Security Trustee as security for the obligations of all borrowers and guarantors under the Finance Documents (the **Security**).

The Security may take the form of a general security agreement over all assets of the relevant member of the Target Guarantors and/or such other form as may be agreed with the relevant financiers.

4.2 Other Support

In addition, the Target Guarantors may, or may be required to:

- a. as guarantors, subordinate intercompany claims against other guarantors;
- b. make available directly or indirectly their cash flows (whether through dividends, capital distributions, intercompany loans or otherwise) or other resources in order to enable Eclix and the Target and the other guarantors to comply with their payment and other obligations in respect of the Finance Documents;
- c. consent or agree to amendments to the Finance Documents, including amendments that make their obligations more onerous;
- d. provide additional support which may include incurring additional obligations and/or providing additional guarantees, mortgages and/or charges on the same or different terms to the Security; and

- e. provide other financial assistance in connection with each Acquisition including, without limitation, in connection with any refinancing.

5. FINANCIAL ASSISTANCE RESOLUTION

5.1 Financial assistance approvals

The entry by each member of the Target Guarantors into, and the performance each member of the Target Guarantors of its rights and obligations under the Accession Deed and the Security and the participation by each member of the Target Guarantors in the funding arrangements and other transactions, all as described above, constitutes the giving of financial assistance in connection with each Acquisition, within the meaning of Part 2J.3 of the Corporations Act.

Additionally, the Upfront Payment received by the Car Buyers Target may also constitute the giving of financial assistance in connection with the Car Buyers Acquisition, within the meaning of Part 2J.3 of the Corporations Act.

Pursuant to section 260B of the Act:

- a. approval under section 260B(1) of the Corporations Act is being sought from the shareholders of the Target Guarantors; and
- b. because, immediately following each Acquisition, Eclix was the listed Australian holding company of the Target Guarantors, approval under section 260B(2) of the Corporations Act is also being sought from the shareholders of Eclix as the ultimate listed Australian holding company, as contemplated in the Financial Assistance Resolution.

EXPLANATORY MEMORANDUM - FINANCIAL ASSISTANCE

5.2 Reasons for giving financial assistance

The reason for the giving of the financial assistance described above is to enable the Eclipx Group to comply with certain of its obligations under the Finance Documents.

If such obligations are not complied with an “Event of Default” will occur under the Finance Documents and the funding under the Finance Documents may be required to be repaid.

This may negatively impact Eclipx and its subsidiaries (including the Target Guarantors) indirectly through the financial impact on the broader group of the Eclipx Group being required to refinance the repayment, termination or return.

In relation to the Car Buyers Acquisition, the reason for the giving of the financial assistance was to enable Eclipx to acquire the Car Buyers Target.

5.3 Effect of financial assistance

The substantial effect of the financial assistance on the Company is that members of the Target Guarantors will have guaranteed all amounts payable under the Finance Documents and granted security for such obligations over its assets and undertaking. The operations of the Target Guarantors will also be restricted by the representations, undertakings and subordination given by it under the Finance Documents.

5.4 Advantages and disadvantages of the proposed resolution

As discussed in section 5.2, the advantage to the Company of the proposed resolution is that each member of the Target Guarantors will be able to accede to the Finance Documents and so avoid an event of default occurring under the Finance Documents.

In addition, the advantages of the proposed resolution include the provision of financial accommodation for:

- a. supporting the working capital and general corporate requirement of the Eclipx Group and the Target Guarantors; and
- b. contributing to the success of Eclipx and its subsidiaries as a whole, noting that it is Eclipx who has currently raised the majority of the Eclipx Group’s debt and equity funding enabling the Target Guarantors to be largely debt free apart from the Facilities.

The Directors of the Company believe that transactions contemplated by this Explanatory Memorandum are in the interests of the Company and its subsidiaries.

The disadvantages of the proposed resolution for the Target Guarantors include the following:

- a. they will become liable for the amounts due under the Finance Documents, including where those amounts relate to obligations the Eclipx Group or other persons for which they are not currently liable;
- b. their assets will be subject to security and their operations will be restricted by the representations and undertakings given by them under the Finance Documents;
- c. they or the Eclipx Group may default under the Finance Documents and upon such default:
 - i. the financiers may make a demand for immediate repayment, termination or return of the funding under the Finance Documents; and
 - ii. the Security Trustee may enforce the guarantee and/or security granted by it to recover the amounts due.

This may result in the external administration and/or winding up of the relevant member of the Target Guarantors.

Further, a sale of the member of the Target Guarantors' assets by the Security Trustee upon an enforcement of the Security may result in a return to such member of the Target Guarantors (and ultimately its unsecured creditors and shareholders) significantly lower than could have been achieved by the member of the Target Guarantors had those assets been sold in the ordinary course of business or had the member of the Target Guarantors continued trading.

The Directors of the Company do not currently believe that either the Eclipx Group or the Target Guarantors are likely to default in their obligations under the Finance Documents.

5.5 Passing the Financial Assistance Resolution

The Financial Assistance Resolution is set out in the Notice that accompanies this Explanatory Memorandum.

The Financial Assistance Resolution will be passed if it is passed as a special resolution of the Company (75% of Shareholders at the Meeting vote in favour of the Financial Assistance Resolution).

Shareholders may vote either for or against the Financial Assistance Resolution.

6. RECOMMENDATION

The Directors of the Company unanimously recommend that the Shareholders vote in favour of the Financial Assistance Resolution to approve the giving of financial assistance.

7. PRIOR NOTICE TO AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION

As required by section 260B(5) of the Corporations Act, copies of the Notice and this Explanatory Memorandum as sent to the shareholders were lodged with the Australian Securities & Investments Commission prior to their dispatch to the shareholders.

8. DISCLOSURE

The Directors consider that this Explanatory Memorandum contains all information known to the Company that would be material to the shareholders in deciding how to vote on the proposed resolution other than information which it would be unreasonable to require the Company to include because it has been previously disclosed to the shareholders of the Company.

GLOSSARY

In this Explanatory Memorandum relating to financial assistance, unless defined otherwise:

TERM	MEANING
Borrower	has the meaning given in section 3.1.
Car Buyers Acquisition	is defined in section 1.1.
Car Buyers Target	is defined in section 1.1.
Corporations Act	the Corporations Act 2001 (Cth).
Eclipx Group	means the Company and its Subsidiaries.
Explanatory Memorandum	this document.
Finance Documents	has the meaning given in section 3.3.
Financial Assistance Resolution	is defined at the commencement of this Explanatory Memorandum.
Financing	the funding arrangements provided under the Finance Documents.
Grays Acquisition	is defined in section 1.1.
Grays Group	Grays eCommerce Group Ltd ACN 125 736 914. Grays (Aust) Holdings Pty Ltd ACN 114 615 780; Grays (NSW) Pty Limited ACN 003 688 284; Graysonline S.A. Pty Ltd ACN 119 696 070; Gray Eisdell Timms (WA) Pty Limited ACN 056 957 852; Grays (VIC) Pty Limited ACN 085 287 289; GLC Fine Wines & Liquor Pty Limited ACN 082 470 782; Gray Eisdell Timms (Qld) Pty Limited ACN 060 942 323; C M Pty Limited ACN 060 526 516; GEG No 1. Pty Ltd ACN 113 930 608; GEG International Pty Ltd ACN 096 509 134; and GEG Capital Pty Ltd ACN 169 008.
Grays Target	is defined in section 1.1.
Security Trustee	is defined in section 3.3.
Security Trust Deed	is defined in section 3.3.
Shareholder	each person who is registered in the register of members as the holder of fully paid ordinary shares in the capital of the Company, from time to time.
Target Guarantors	the Grays Group; and <i>Car Buyers Australia Pty Ltd</i> ACN 159 545 758.

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