

2019 Notice of Annual General Meeting

Date & Time of AGM: THURSDAY, 9 MAY 2019 at 11 AM (Sydney time)

**Venue: Wesley Conference Centre,
Lyceum Room
220 Pitt Street,
Sydney, NSW
AUSTRALIA**

SMARTGROUP CORPORATION LTD ACN 126 266 831

NOTICE OF ANNUAL GENERAL MEETING (INCLUDING EXPLANATORY NOTES AND PROXY FORM)

Notice is given that the 2019 Annual General Meeting of shareholders of Smartgroup Corporation Ltd ACN 126 266 831 (**Company**) will be held at Wesley Conference Centre, Lyceum Room, 220 Pitt Street, Sydney, NSW on Thursday 9 May 2019 at 11:00am (Sydney time) for the purpose of transacting the business set out in this notice (**Notice of Meeting**).

The Explanatory Notes and Proxy Form accompanying this Notice of Meeting are incorporated in, and comprise part of, this Notice of Meeting.

Items of business

Item 1. Financial statements and reports

To receive the 2018 Annual Report, the Directors' Report and the Auditor's Report of the Company for the year ended 31 December 2018.

Item 2. Resolution 1: Remuneration Report

To consider and, if thought fit, to pass the following Resolution as an advisory and non-binding ordinary resolution:

"That the remuneration report of the Company for the year ended 31 December 2018 be adopted and approved."

Item 3. Resolution 2: Re-election of Director – Dr Ian Watt AC

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

"That Dr Ian Watt, who retires in accordance with the Company's constitution and being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Item 4. Resolution 3: Re-election of Director – Mr Gavin Bell

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

"That Mr Gavin Bell, who retires in accordance with the Company's constitution and being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Item 5. Resolution 4: Election of Director – Ms Carolyn Colley

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

"That Ms Carolyn Colley, who was appointed a Director on 15 March 2019 to fill a casual vacancy during the year, retires in accordance with the Company's constitution and being eligible, offers herself for election, be elected as a Director of the Company."

Item 6. Resolution 5: Approval to issue Shares to Mr Deven Billimoria

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

"That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 383,648 Shares to Mr Deven Billimoria, the Company's Managing Director and Chief Executive Officer, under the Company's Loan Funded Share Plan and otherwise on the terms and conditions outlined in the Explanatory Notes."

Note: If this Resolution is passed as an ordinary resolution, Shareholder approval is not required under Listing Rule 7.1.

Item 7. Resolution 6: Approval of increase of the maximum aggregate amount payable to non-executive Directors as remuneration

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

"That for the purposes of the Constitution, ASX Listing Rule 10.17 and for all other purposes, approval be given to increase the maximum aggregate amount available for payment by way of remuneration to non-executive Directors by \$150,000, from \$1,150,000 to \$1,300,000 per annum."

By order of the Board
1 April 2019



Amanda Morgan
General Counsel and Company Secretary

Information for Shareholders

Voting entitlements

The Company has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Company's Shares quoted on ASX Limited at 7:00pm (Sydney time) on 7 May 2019 (**Effective Time**), will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. Accordingly those persons are entitled to attend and vote at the Meeting.

Proxies and Representatives

All Shareholders as at the Effective Time who are entitled to attend and vote at the AGM may appoint a proxy for that purpose.

A proxy need not be a Shareholder.

The Proxy Form sent to you with this Notice should be used for this Meeting.

If you are entitled to cast two or more votes at this Meeting, you may appoint two proxies and you may specify the proportion or number of votes that each proxy is entitled to exercise. If you do not specify the proportion or number of votes each proxy may exercise, then each proxy will be entitled to exercise half of the votes. An additional Proxy Form will be supplied by the Company on request.

In the case of an individual, a proxy must be under the hand of the individual or his or her attorney who has been authorised in writing. In the case of a corporation, a proxy must be executed by the corporation under common seal or under the hand of its authorised officer or officers or attorney.

Any Shareholder may, by power of attorney, appoint an attorney to act on that Shareholder's behalf. The power of attorney, or certified copy, must be received by the Company (in the manner described below).

Any corporation which is a Shareholder may appoint a representative to act on its behalf. Appointments of representatives must be received by the Company (in the manner described below).

The Chair will vote undirected and available proxies in favour of each of the Resolutions.

Proxy Forms, corporate representatives and powers of attorney granted by Shareholders must be received by the Company by no later than **11 am (Sydney time) on 7 May 2019** at the Company's share registry:

- by delivering in person - Link Market Services Limited:
 - 1A Homebush Bay Drive, Rhodes NSW **OR**
 - Level 12, 680 George Street, Sydney NSW;
- by post - using the Reply Paid envelope addressed Smartgroup Corporation Ltd, C/- Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235;
- by facsimile - to Link Market Services on (02) 9287 0309; or
- online – www.linkmarketservices.com.au.

Voting Exclusion Statements

Resolution 1 - Remuneration Report

The Company will disregard all votes cast on Resolution 1 by, or on behalf of:

- a member of the KMP, details of whose remuneration are included in the Remuneration Report for the year ended 31 December 2018; or
- a Closely Related Party of a KMP,

whether the votes are cast as a Shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote cast on Resolution 1 by a KMP or a Closely Related Party of a KMP if it is cast as a proxy and it is not cast on behalf of a KMP or a Closely Related Party of a KMP and either:

- the proxy is appointed by writing that specifies how the proxy is to vote on the resolution proposed in Resolution 1; or
- if the proxy is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on Resolution 1 but it expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a KMP for the Company or if the Company is part of a consolidated entity, for the entity.

Resolution 5 - Approval to issue Shares to Mr Deven Billimoria

The Company will disregard all votes cast in favour of Resolution 5 by or on behalf of Mr Deven Billimoria or his associates.

However, the Company need not disregard a vote if:

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

In addition, the Company will disregard all votes cast in favour of Resolution 5 by a member of the KMP or a Closely Related Party of a KMP, who has been appointed as a proxy, unless:

- the proxy is appointed by writing that specifies how the proxy is to vote on the resolution proposed in Resolution 5; or
- if the proxy is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on Resolution 5 but it expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a KMP for the Company or if the Company is part of a consolidated entity, for the entity.

Resolution 6 – Approval of increase of the maximum aggregate amount payable to non-executive Directors as remuneration

The Company will disregard all votes cast in favour of Resolution 6 by each Director or any of their associates.

However, the Company need not disregard a vote if:

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

In addition, the Company will disregard all votes cast in favour of Resolution 6 by a member of the KMP or a Closely Related Party of a KMP, who has been appointed as a proxy, unless:

- the proxy is appointed by writing that specifies how the proxy is to vote on the resolution proposed in Resolution 6; or
- if the proxy is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on Resolution 6 but it expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a KMP for the Company or if the Company is part of a consolidated entity, for the entity.

SMARTGROUP CORPORATION LTD (ACN 126 266 831)

EXPLANATORY NOTES TO NOTICE OF 2019 ANNUAL GENERAL MEETING

These Explanatory Notes have been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at Wesley Conference Centre, Lyceum Room, 220 Pitt Street, Sydney, NSW on Thursday 9 May 2019 at 11:00am (Sydney time).

These Explanatory Notes form part of the Notice and should be read together with the Notice.

1. Items of business

Item 1 does not require Shareholders to vote on a Resolution or adopt the received reports.

Items 2 to 7 (being Resolutions 1 to 6) will be proposed as ordinary resolutions.

2. Financial statements and reports

The 2018 Annual Report, which includes the Directors' Report and Auditor's Report for the financial year ended 31 December 2018, is available on the Company's website: (www.smartgroup.com.au).

Shareholders will be given a reasonable opportunity as a whole to ask questions about or make comments on the management of the Company. The Company's Auditor will also attend the Meeting and will be available to receive 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 statements and the independence of the Auditor in relation to the conduct of the audit.

This item of business does not require Shareholders to vote on a Resolution or adopt the received reports.

3. Remuneration Report (Resolution 1)

Pursuant to the Corporations Act, at the annual general meeting of a listed company, that company must propose a resolution that the remuneration report be adopted.

The purpose of Resolution 1 is to lay before the Shareholders the Remuneration Report so that Shareholders may ask questions about or make comments on the management of the Company in accordance with the requirements of the Corporations Act and vote on an advisory and non-binding resolution to adopt the Remuneration Report.

The Board will consider the outcome of the vote made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

The Remuneration Report is contained within the 2018 Annual Report. You may view the 2018 Annual Report by visiting the Company's website (www.smartgroup.com.au).

The vote on Resolution 1 is advisory only and does not bind the Directors or the Company. However, under the Corporations Act, if at least 25% of the votes cast on this Resolution at the Meeting are against adoption of the Remuneration Report, then:

- if comments are made on the Remuneration Report at the Meeting, the Company's remuneration report for the financial year ending 31 December 2019 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- if, at the Company's 2020 annual general meeting, at least 25% of the votes cast on the resolution for adoption of the remuneration report for the relevant financial year are against its adoption, the Company will be required to put to shareholders a resolution proposing that a general meeting (**Spill Meeting**) be called to consider the election of Directors (**Spill Resolution**). The Spill Meeting must be held within 90 days of the date of the Company's 2020 annual general meeting. For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the Directors (other than any managing director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

The Remuneration Report forms part of the Directors' Report which has been unanimously been adopted by a resolution of the Board. The Directors have resolved in favour of the Remuneration Report and recommend it to Shareholders for adoption.

Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

4. Resolution 2: Re-election of Director – Dr Ian Watt AC

Dr Ian Watt retires in accordance with the Constitution. Being eligible, Dr Watt offers himself for re-election as a Director.

Resolution 2 seeks Shareholder approval of the re-election of Dr Watt.

Dr Ian Watt

Dr Ian Watt's appointment commenced on 1 July 2015. Dr Watt's current term as a Director was approved by Shareholders at the annual general meeting held on 5 May 2016 and commenced on that date. Dr Watt is Chairman of the IT and Innovation Committee and a member of the Audit and Risk Committee.

The Board considers Dr Watt to be an independent Director.

Dr Watt is currently the Chair of the International Centre for Democratic Partnerships, the advisory board of Australian Governance and Ethical Index Fund (AGM), and ADC Advisory Council. Dr Watt is on the boards of Citigroup Australia, the Grattan Institute (University of Melbourne), CEDA, and O'Connell Street Associates Pty Ltd. Dr Watt is also a member of Male Champions of Change.

Prior to joining the Board of Smartgroup in 2015, Dr Ian Watt worked for nearly 20 years at very senior levels of the Australian public service. His most recent appointment was as Secretary of the Department of Prime Minister and Cabinet and head of the Australian Public Service, a position he held from 2011 until 2014.

Prior to that he was Secretary of the Departments of Defence, Finance and Communications, Information Technology and the Arts between 2001 and 2011. Before that he was Deputy Secretary of the Department of the Prime Minister and Cabinet.

Additional information

Information about Dr Watt can be found in the Directors' Report which accompanies, and forms part of the 2018 Annual Report.

Directors' recommendation

Following the annual review of the performance of directors conducted by the Board, the Directors (excluding Dr Watt) support the re-election of Dr Watt as a Director and recommend that Shareholders vote in favour of Resolution 2.

The Board considers that Dr Watt's extensive leadership experience in the public and private sectors, his significant financial expertise, and his role as Chairman of the IT and Innovation Committee, continue to be very valuable to the Board.

Dr Watt has reconfirmed that he has sufficient time to meet his responsibilities as a Director.

5. Resolution 3: Re-election of Director – Mr Gavin Bell

Mr Gavin Bell retires in accordance with the Constitution. Being eligible, Mr Bell offers himself for re-election as a Director.

Resolution 3 seeks Shareholder approval of the re-election of Mr Bell.

Mr Gavin Bell

Mr Gavin Bell was first appointed as a Director on 18 February 2014. Mr Bell's current term as a Director was approved by Shareholders at the annual general meeting held on 3 May 2017 and commenced on that date. Mr Bell is Chairman of the Human Resources and Remuneration Committee and a member of the Audit and Risk Committee.

The Board considers Mr Bell to be an independent Director.

Mr Bell has been a Director of IVE Group Limited since 2015 and is also a board member of Insurance and Care NSW (iCare NSW). Before becoming a Director of Smartgroup in 2014, Mr Bell was Managing Partner and Chief Executive Officer of law firm Herbert Smith Freehills (formerly Freehills), a position he retired from in 2014. He was also a partner in the firm for 25 years.

Additional information

Information about Mr Bell can be found in the Directors' Report which accompanies, and forms part of the 2018 Annual Report.

Directors' recommendation

Following the annual review of the performance of directors conducted by the Board, the Directors (excluding Mr Bell) support the re-election of Mr Bell as a Director and recommend that Shareholders vote in favour of Resolution 3.

The Board considers that Mr Bell's senior management, remuneration and people leadership skills, and his role as the Chairman of the Human Resources and Remuneration Committee, continue to be very valuable to the Board.

Mr Bell has reconfirmed that he has sufficient time to meet his responsibilities as a Director.

6. Resolution 4: Election of Director – Ms Carolyn Colley

The Constitution provides that the Directors may appoint any person as a Director to fill a casual vacancy or as an addition to the existing Directors.

The Directors appointed Ms Colley as a Director effective 15 March 2019 to fill a casual vacancy. Resolution 4 seeks Shareholder approval of the election of Ms Colley.

Being eligible, Ms Colley offers herself for election as a Director.

Ms Carolyn Colley

Ms Colley holds a Bachelor of Economics from Macquarie University and a Diploma of Applied Finance and Investment. She is a Fellow of Chartered Accountants Australia and New Zealand and a Graduate of the Australian Institute of Company Directors.

Ms Colley is currently Chief Operating Officer and co-founder of Faethm, a global analytics SaaS platform. Previously, she was CEO of Decimal Software Ltd, and prior to that she held senior executive roles at Macquarie Bank, St George Bank and BT Financial Group.

Ms Colley is also an independent non-executive director of OnePath Custodians Limited and Oasis Fund Management Limited, both wealth businesses of ANZ.

Ms Colley is a member of the IT and Innovation Committee (appointed 30 March 2019).

The Board considers that Ms Colley, if elected, will be an independent Director.

The Company undertakes appropriate background checks before a new candidate is recommended for election. These include checks as to the candidate's character, experience, educational qualifications, criminal record and bankruptcy history. Such checks have been undertaken in respect of Ms Colley and no concerns have arisen from those checks.

Directors' recommendation

The Board, with the assistance of the Human Resources and Remuneration Committee, has considered the Company's Board Skills Matrix, and the mix of skills and experience the Board needs in order to discharge its accountabilities and responsibilities. The Board considers that Ms Colley's extensive experience in technology, innovation and communications, particularly in the context of the financial services sector, deepens the Board's existing skills and brings a valuable viewpoint to the Board.

The continuing Directors unanimously support the election of Ms Colley and recommend that Shareholders vote in favour of Resolution 4.

7. Resolution 5: Approval to issue Shares to Mr Deven Billimoria

Background

Resolution 5 seeks to obtain Shareholder approval pursuant to ASX Listing Rule 10.14 for the issue of the LFSP Shares to Mr Deven Billimoria, the Company's Chief Executive Officer and Managing Director, under the Loan Funded Share Plan as described following.

ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that an entity must not permit a director of the entity or an associate of a director of the entity to acquire securities under an employee incentive scheme without the approval of holders of ordinary securities of the acquisition.

The LFSP is an employee incentive scheme for the purposes of the ASX Listing Rules, accordingly, Shareholder approval for Mr Billimoria's participation in the LFSP is required under ASX Listing Rule 10.14.

ASX Listing Rule 7.1 provides that without the approval of the holders of ordinary securities, an entity must not issue or agree to issue equity securities, which amount to more than 15% of its issued share capital in any rolling 12 month period. However, ASX Listing Rule 7.2 sets out a number of exceptions to ASX Listing Rule 7.1. (Exception 14 of ASX Listing Rule 7.2 provides that, if an issue of shares is made with the approval of holders of ordinary securities under Listing Rule 10.14 and the relevant notice of meeting states that if approval is given under Listing Rule 10.14, then approval is not required under Listing Rule 7.1.)

Shareholder approval is sought under Listing Rule 10.14 under this Resolution 5. If this Resolution is passed, the issue of the LFSP Shares to Mr Billimoria will fall under an exception to, and is not included in the 15% calculation of, the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

Corporations Act – treatment of remuneration matters

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a financial benefit to a related party unless one of the exceptions to the section apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party.

Section 211 of the Corporations Act provides an exception to the provisions of Chapter 2E of the Corporations Act will occur where the financial benefit is given to the related party as an officer of the company and to give the remuneration would be reasonable given the circumstances of the company and the related party's circumstances (including the responsibilities involved in the office or employment).

The Company considers the proposed issue of the LFSP Shares to Mr Billimoria to be reasonable remuneration for a company of the size and nature of the Company and, as such, falls within the exception set out in section 211 of the Corporations Act.

Terms on which the LFSP Shares will be issued to Mr Billimoria

The LFSP provides a five year limited recourse loan for the sole purpose of acquiring Shares. The LFSP Shares vest over three years subject to the satisfaction of the Vesting Conditions, which are set out in more detail below, under the headings 'EPS performance hurdle', 'TSR performance hurdle' and 'Continuous employment condition'. Once vested, the LFSP Shares remain restricted until the participant repays the loan. Mr Billimoria may repay the loan at any time the LFSP Shares have vested up until the end of year five (when the loan becomes repayable).

If the Vesting Conditions are not satisfied, or if the Board determines that they cannot be satisfied, Mr Billimoria will forfeit his unvested LFSP Shares unless the Board exercises its discretion to permit those LFSP Shares to vest in accordance with the terms of the LFSP rules.

The Board believes that an equity-based long-term incentive plan is important to ensure an appropriate part of the executive's reward is linked to generating long-term returns for Shareholders. In addition, the Board considers the Vesting Conditions for the proposed issue of LFSP Shares to Mr Billimoria to be appropriate.

Since approval was given by Shareholders at the annual general meeting in May 2018, Mr Billimoria has received 314,136 Shares under the LFSP at an issue price of \$10.84 per Share.

Further details of Mr Billimoria's remuneration package and the operation of the LFSP are set out in the Remuneration Report.

EPS performance hurdle

The Earnings Per Share (**EPS**) performance hurdle applies to 75% of the total number of LFSP Shares that may vest at the end of the Vesting Period.

In determining underlying net profit after tax, significant items, exceptional non-repeating that are not relevant to the long-term performance of the Company including acquisition or defence advisory related costs will be excluded at the discretion of the board.

The following method is used to calculate the EPS performance hurdle. It is based on the achievement of the Compound Annual Growth Rate (**CAGR**) of EPS (measured on the Company's underlying net profit after tax, adjusted to exclude the non-cash tax effected amortisation of intangibles (after tax) per Share (**NPATA**)) from the 2018 audited financial results.

EPS PERFORMANCE HURDLE				
Applies to a maximum of 75% of the total number of LFSP Shares				
Measure	Vesting Period	EPS CAGR	EPS Target	LFSP Shares subject to vesting (expressed as percentage of 75% of the total number of LFSP Shares)
EPS CAGR	The period of 3 calendar years ending 31 December 2021*	Below 10.0%		NIL
		10.0%	\$0.793	50%
		Between 10.0% - 15.0%		Straight line between 50% - 100%
		15.0% or greater	\$0.906	100% (capped)

*Or such other date on which the Board makes a determination as to whether the Vesting Condition has been met.

TSR performance hurdle

The Total Shareholder Return (**TSR**) performance hurdle applies to 25% of the total number of LFSP Shares that may vest at the end of the Vesting Period.

TSR measures the growth in the price of shares plus cash distributions notionally reinvested in shares. Each of the companies in the S&P / ASX 200 Index will be ranked from highest to lowest based on their TSR over the performance measurement period (which is the same as the Vesting Period). For the purpose of calculating the TSR measurement, the relevant share prices will be determined by reference to the volume weighted average share price over the 20 trading days up to and including 1 January 2019 (performance measurement period start date) and 20 trading days up to and including the performance measurement period end date.

Accordingly, the TSR performance hurdle is based on the TSR performance (ranking) of the Company as determined over the performance measurement period (ie. Vesting Period) compared to the TSR of companies in the S&P / ASX 200 Index.

TSR PERFORMANCE HURDLE			
Applies to a maximum of 25% of the total number of LFSP Shares			
Measure	Vesting Period	Smartgroup TSR performance compared to Index	Percentage of LFSP Shares subject to vesting (expressed as percentage of 25% of the total number of LFSP Shares)
Relative TSR (ranking)	The period of 3 calendar years ending 31 December 2021*	0 to 49 th percentile	NIL
		50 th percentile	50%
		51 st to 74 th percentile	Straight line between 50% - 100%
		75 th to 100 th percentile	100%

*Or such other date on which the Board makes a determination as to whether the Vesting Condition has been met.

Continuous employment condition

Mr Billimoria must be continuously employed by the Company on the vesting date (or such other date on which the Board makes a determination as to whether the Vesting Conditions have been met).

In addition to the Vesting Conditions, the LFSP Shares are also subject to the Forfeiture Conditions. In summary, a holder of Shares issued under the LFSP (including these LFSP Shares) will forfeit them if the holder does not satisfy the relevant vesting conditions or if they cease employment with the Company and are deemed to be a 'Bad Leaver' (including any vested Shares). The Board has discretion to determine that some or all of the LFSP Shares may vest in appropriate circumstances. The LFSP Shares are restricted until the end of the Vesting Period and until the loan has been repaid.

Grant value

Mr Billimoria's long-term incentive (LTI) opportunity is 100% of his total fixed remuneration (TFR), being \$675,220. The number of LFSP Shares to be granted to Mr Billimoria, representing his total LTI opportunity, has been determined as follows:

$$\text{Number of LFSP Shares} = \frac{100\% \times \$675,220}{\text{Fair value of a LFSP Share: } \$1.76^1}$$

¹Fair value as at 5 February 2019, the time the grant allocations were determined for all participants under the LFSP.

The current fair value of a LFSP Share as at 19 March 2019 is \$1.35. Despite this lower value, the Board has decided not to increase the number of LFSP Shares to grant to Mr Billimoria.

Special dividend declared on 1 April 2019

The special dividend declared on 1 April 2019 has a record date of 15 April 2019. Accordingly the LFSP Shares to be issued to Mr Billimoria will not be entitled to the special dividend.

ASX Listing Rule 10.15

ASX Listing Rule 10.15 sets out a number of matters which must be included in a notice of meeting for a proposed approval under ASX Listing Rule 10.14. The following information is provided to Shareholders for the purposes of ASX Listing Rule 10.15:

Maximum number of Shares to be issued and loan value	Mr Billimoria will be issued the LFSP Shares, being 383,648 Shares. The exact value of the loan to be made to Mr Billimoria for him to purchase the LFSP Shares will be an amount equal to 383,648 multiplied by the 'Issue Price', which is to be determined as set out below.
Date by which the Company will issue the LFSP Shares	The Board has resolved to issue the Shares to Mr Billimoria on the second business day after the AGM, and in any event, no later than 12 months after the AGM.
Price at which the LFSP Shares will be issued	The 'Issue Price' of each LFSP Share to be issued to Mr Billimoria will be the 20 day volume weighted average price of Shares up to and including the Trading Day which falls on the date of the AGM (that is, the 20 most recent Trading Days on the ASX). (In calculating the VWAP, the VWAP for any period prior to the declared cum dividend date will be reduced by the amount of any declared dividend

	relating to that cum dividend date. This includes the special dividend declared on 1 April 2019 which has a record date of 15 April 2019).
Terms of any loan in relation to the acquisition of the LFSP Shares	<p>The LFSP provides for a limited-recourse, interest-free and fee-free, five year loan from the Company for the sole purpose of acquiring the LFSP Shares.</p> <p>Any dividend paid on the LFSP Shares while the LFSP Shares are restricted is applied (on an after-tax basis) towards repaying the outstanding loan. The balance of the dividend (if any) will be paid directly to the Shareholder (in this case Mr Billimoria) to fund his tax liability on the dividends received.</p> <p>Following the satisfaction of the Vesting Conditions, Mr Billimoria can dispose of the LFSP Shares on repayment of any outstanding loan balance.</p> <p>As this is a limited-recourse loan, if the value of the LFSP Shares is less than the outstanding loan balance at the end of the loan period, the Company will only have recourse to the cash proceeds received by Mr Billimoria from a disposal of the LFSP Shares issued to him and the after-tax amount in respect of a cash dividend or a capital distribution received by the borrower in respect of those Shares in accordance with the LFSP.</p>
Information required under ASX Listing Rules 10.15.4 and 10.15.4A	<p>No person referred to in ASX Listing Rule 10.14 (including the Directors and associates of Directors) ha received securities under the LFSP since the last approval (being the approval obtained at the Company's previous annual general meeting).</p> <p>No Directors of the Company are eligible to participate in the LFSP on the basis that all Directors (other than Mr Billimoria) are non-executive Directors and are therefore ineligible to be participants in the LFSP.</p> <p>No associates of the Directors are currently eligible to participate in the LFSP.</p>

Directors' recommendation

The Directors (with Mr Billimoria abstaining) unanimously support the issue of the LFSP Shares to Mr Billimoria and recommend that Shareholders vote in favour of Resolution 5.

8. Resolution 6: Approval of increase of the maximum aggregate amount payable to non-executive Directors as remuneration

The current maximum aggregate amount of remuneration that may be paid to non-executive Directors is \$1,150,000 per annum.

ASX Listing Rule 10.17 and article 10.8(a) of the Constitution require that any proposed increase to the maximum aggregate amount of remuneration that may be paid to non-executive Directors be approved by Shareholders in general meeting.

The current amount was approved by Shareholders at the Company's 2017 annual general meeting.

Shareholder approval is sought to increase the maximum total amount available for payment by way of remuneration to non-executive Directors by \$150,000 to \$1,300,000 per annum.

The remuneration paid to non-executive Directors are set out in the Remuneration Report.

The reasons for the proposed increase are as follows:

- as part of the Board's strategy of ensuring that it has the right combination of skills and experience, Carolyn Colley was appointed as a non-executive Director in March this year, which increases the number of non-executive Directors from 6 to 7 (and the total amount of non-executive Director remuneration payable each year);
- to allow for capacity to appoint further non-executive Directors as necessary as part of the Board's succession planning strategy;
- to ensure that the Company maintains the ability to remunerate in a manner commensurate with the market so as to attract and retain high calibre non-executive Directors; and
- to allow for future increases in non-executive Directors' remuneration, in order to reflect market competitiveness for non-executive Directors who have the skills and experience required for the Company's business.

As required by ASX Listing Rule 10.17, the Company provides the following information:

- the amount of the increase is \$150,000;
- the maximum aggregate amount of Directors' fees that may be paid to all of the entity's non-executive Directors will be, subject to Resolution 6 being approved, \$1,300,000; and
- no securities in the Company have been issued to any non-executive Directors under ASX Listing Rule 10.11 or 10.14 with the approval of Shareholders at any time within the three years before the date of this Notice.

The last increase in non-executive Directors' fees was in May 2016. Shareholders should note that, if the proposed new maximum aggregate amount of remuneration that may be paid to non-executive Directors is approved, that will not necessarily represent the actual amount of remuneration which is paid to non-executive Directors each financial year. The Company will continue to set the actual level of remuneration of its non-executive Directors within the permitted maximum amount, after having regard to market practice, performance, independent advice and/or other appropriate factors. There is no current proposal to increase the non-executive Directors' remuneration.

Directors' recommendation

As the non-executive Directors have a personal interest in this proposed Resolution, the non-executive Directors make no recommendation as to how Shareholders should vote on this Resolution.

Mr Deven Billimoria, as CEO and the Company's only executive Director, recommends that Shareholders vote in favour of this Resolution 6.

GLOSSARY

2018 Annual Report means the financial report of the Company (and any relevant controlled entities) for the year ended 31 December 2018.

Annual General Meeting, AGM or Meeting means the 2019 annual general meeting of the Shareholders.

ASX Listing Rules or Listing Rules means the official listing rules of ASX.

Auditor means PriceWaterhouseCoopers.

Auditor's Report means the report of the Auditor regarding its audit of the Company (and any relevant controlled entities) which accompanies the 2018 Annual Report.

Australian Securities Exchange or ASX means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it.

Board means the board of Directors.

Chair means the chair of the Meeting.

Closely Related Party means, in relation to a member of a KMP, any of the following:

- a spouse, child or dependent of the member;
- a child or dependant of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence, or be influenced by, the member in the member's dealings with the Company;
- a company the member controls; or
- a person prescribed by regulations (as at the date of this Notice of Meeting, no additional persons have been prescribed by regulation).

Company means Smartgroup Corporation Limited ACN 126 266 831.

Constitution means the constitution of the Company.

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

Directors mean the directors of the Company and **Director** means any of them.

Directors' Report means the report of the Directors which accompanies the 2018 Annual Report.

Explanatory Notes means these explanatory notes that accompany, and are incorporated as part of, this Notice of Meeting.

Forfeiture Conditions means the forfeiture conditions applicable to the LFSP Shares.

Key Management Personnel or KMP means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of the Company's key management personnel include the Directors and certain senior executives.

LFSP Shares means the 383,648 Shares which are proposed to be issued to Mr Deven Billimoria in accordance with the LFSP, and for which Shareholder approval is sought under Resolution 5.

Loan Funded Share Plan or LFSP means the Company's loan funded share plan, pursuant to which Shares in the Company are acquired by eligible employees using a loan made to them by the Company.

Notice of Meeting or Notice means this notice of the Annual General Meeting.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report of the Company that forms part of the Directors' Report.

Resolution means a resolution set out in this Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of at least one Share as shown on the register of members of the Company as at 7:00pm on 7 May 2019.

Trading Days has the meaning given to this term in the ASX Listing Rules.

Vesting Conditions means the vesting conditions applicable to the LFSP Shares.

Vesting Period means the period of 3 calendar years ending 31 December 2021 (or such other date on which the Board makes a determination as to whether the Vesting Condition has been met).



Smartgroup Corporation Ltd
ABN 48 126 266 831

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Smartgroup Corporation Ltd
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

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

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



X99999999999

PROXY FORM

I/We being a member(s) of Smartgroup Corporation Ltd and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

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

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am (Sydney time) on Thursday, 9 May 2019 at Wesley Conference Centre, Lyceum Room, 220 Pitt Street, Sydney, NSW 2000** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 5, & 6: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 5, & 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

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

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. (ie. by 11:00am (Sydney time) on Tuesday, 7 May 2019).

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

Resolutions

Resolutions	For	Against	Abstain*	For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director - Dr Ian Watt AC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Director - Mr Gavin Bell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Election of Director - Ms Carolyn Colley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval to issue Shares to Mr Deven Billimoria	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of increase of the maximum aggregate amount payable to non-executive Directors as remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

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

SIQ PRX1901C



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

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

APPOINTMENT OF PROXY

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

DEFAULT TO CHAIRMAN OF THE MEETING

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

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

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

To appoint a second proxy you must:

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

SIGNING INSTRUCTIONS

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00 am (Sydney time) on Tuesday, 7 May 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



ONLINE

www.linkmarketservices.com.au

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



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Smartgroup Corporation Ltd
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

or

Level 12
680 George Street
Sydney NSW 2000

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

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