

Notice is given that the Annual General Meeting (**AGM**) of Shareholders of the Company will be held at the RACV Club, 501 Bourke Street, Melbourne on Thursday, 14 November 2019 at 11.30am (**Melbourne time**).

SLATER & GORDON LIMITED  
NOTICE OF ANNUAL GENERAL  
MEETING & EXPLANATORY  
MEMORANDUM 2019

# NOTICE OF ANNUAL GENERAL MEETING

## Purpose

The purpose of the AGM is to consider and, if thought fit, to pass the Resolutions set out below. Information on the Resolutions is set out below and in the accompanying Explanatory Memorandum (which forms part of this Notice of Meeting).

## I. Ordinary business

### I. Financial Reports

To receive and consider the Financial Report, Directors' Report and the Auditor's Report for the financial year ended 30 June 2019.

### 2. Resolution 1 – Remuneration Report

To receive, consider and adopt the Remuneration Report of the Company for the financial year ended 30 June 2019.

*Please note that the vote on Resolution 1 is advisory only and does not bind the Directors or the Company.*

### Voting Exclusion:

The Company will disregard any vote cast on Resolution 1 by or on behalf of:

- (a) Directors and the other members of the KMP details of whose remuneration are included in the Remuneration Report; and
- (b) Closely Related Parties of those persons, whether the votes are cast as a shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote if:

- (c) 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
- (d) it is cast by the Chair of the AGM as proxy for a person who is entitled to vote, and the Chair has received express authority to vote undirected proxies as the Chair sees fit even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

### 3. Resolution 2 – Re-election of Mark Dewar

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

*That Mark Dewar, having been appointed by the Directors in accordance with clause 27.4 of the Company's constitution as a non-executive Director of the Company with effect from 23 May 2019 and who retires from office in accordance with clause 27.4 of the Company's constitution, being eligible and offering himself for re-election, is re-elected a Director.*

### 4. Slater & Gordon Rights Plan Resolution 3(a) – Approval of Slater & Gordon Rights Plan

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

*That, in accordance with ASX Listing Rule 7.2 (Exception 9), and for all other purposes, the Shareholders approve the Slater & Gordon Rights Plan on the terms detailed in the explanatory statement which accompanies and forms part of this Notice of Meeting and the Company be authorised to issue securities under the Slater & Gordon Rights Plan.*

### Resolution 3(b) – Approval of Directors' participation in Slater & Gordon's Rights Plan

To consider and, if thought fit, pass the following resolution:

*That, subject to Resolution 3(a) being passed, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the participation of James MacKenzie, Michael Neilson, Elana Rubin, John Somerville and Jacqui Walters in Slater & Gordon's Rights Plan on the terms set out in the Explanatory Memorandum to this Notice of Meeting be approved.*

### Voting exclusion:

The Company will disregard, for the purposes of Resolution 3(a), any votes cast in favour of Resolution 3(a) by or on behalf of any Director who is eligible to participate in any Slater & Gordon share plan or any of those employees of the Company who have been identified by the Board as initial participants in the Slater & Gordon Rights Plan, or any associate of those persons.

However, the Company need not disregard a vote, for the purposes of Resolution 3(a) if:

- (a) the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; and
- (b) the shareholder who directed that person how to vote is entitled to vote on the Resolution (e.g. the shareholder is not a participating employee or a closely related party or associate of the employee),

or

- (c) the voter is the Chairman of the Meeting and the appointment of the Chairman as proxy (by a shareholder who is entitled to vote on the Resolution) does not specify the way the proxy is to vote on the Resolution; and
- (d) the appointment expressly authorises the Chairman to exercise the proxy.

The Company will disregard, for the purposes of Resolution 3(b), any votes cast in favour of **Resolution 3(b)** by or on behalf of:

- (a) any Director who is eligible to participate in the Plan; and
- (b) any associate of any such Director, whether the votes are cast as a shareholder, proxy or in any other capacity.

However, the Company need not disregard a vote on **Resolutions 3(a) or (b) (inclusive)** if:

- (a) 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
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with an express authorisation on the Proxy Form.

**Note:**

If approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.

## 2. Special business

### Resolution 4 – Amendments to Slater & Gordon Limited constitution

To consider and if thought fit, to pass the following resolution which will be proposed as a special resolution:

*That the Constitution is modified as follows:*

- (a) By inserting the following (in alphabetical order) as new defined terms in clause 1.1 of the Constitution:
  - "ASX Settlement"** means *ASX Settlement Pty Limited ABN 49 008 504 532.*
  - "ASX Settlement Operating Rules"** means *the operating rules of ASX Settlement as amended or replaced from time to time, except to the extent of any express written waiver by ASX Settlement.*
- (b) By deleting the following defined terms in clause 1.1 of the Constitution:
  - "ASTC"** means *ASX Settlement and Transfer Corporation Pty. Limited ABN 49 008 504 532.*
  - "ASTC Settlement Rules"** means *the business rules of the ASTC.*
- (c) By replacing each reference in the Constitution to 'ASTC Settlement Rules' with 'ASX Settlement Operating Rules'.
- (d) By inserting the following in clause 5 of the Constitution (as a new clause 5.10 immediately after clause 5.9):
  - 5.10 Non-marketable Parcels** *Schedule I forms part of (and is incorporated into) this Constitution.*
- (e) By inserting the following as a new Schedule I to the Constitution:

### Schedule I – Non-marketable parcels

#### 1. Definitions

*In this Schedule:*

**"Certificated Holding"** has the same meaning as in the ASX Settlement Operating Rules.

**"CHESS Holding"** has the same meaning as in the ASX Settlement Operating Rules.

**"Issuer Sponsored Holding"** has the same meaning as in the ASX Settlement Operating Rules.

**"Marketable Parcel"** has the same meaning as in the ASX Settlement Operating Rules.

**"Sale Share"** means a Share which is sold or disposed of by the Company pursuant to and in accordance with this Schedule.

**"Schedule"** means this Schedule I of the Constitution.

**"Share"** means a share in the share capital of the Company.

## 2. Power to sell non-marketable parcels

### 2.1 Existing non-marketable parcels

- (a) Subject to the Law (and the other provisions in this Constitution, including the other provisions in this Schedule), the Company may sell the Shares of a Member (and if the Member holds those Shares in a CHESS Holding, move those Shares from the CHESS Holding to an Issuer Sponsored Holding or a Certificated Holding) if:
  - (i) the Member holds less than a Marketable Parcel of Shares;

## NOTICE OF ANNUAL GENERAL MEETING continued

- (ii) the Company gives the Member notice in writing (**Notice of Divestiture**):
  - a. stating that the Company's intention is that the Shares referred to in the Notice of Divestiture will be sold or disposed of by the Company; and
  - b. if the Member holds the Shares referred to in the Notice of Divestiture in a CHESS Holding, containing a statement to the effect that if the Shares remain in a CHESS Holding after the Relevant Date (as that term is defined below), the Company may, without further notice, move those Shares from the CHESS Holding to an Issuer Sponsored Holding or a Certificated Holding for the purposes of divestment by the Company in accordance with this Schedule; and
- (iii) the Member does not:
  - a. give notice in writing to the Company, on or prior to the date specified in the Notice of Divestiture (being not less than 6 weeks after the date on which the Company sent the Notice of Divestiture) (Relevant Date), stating that all or some of the Shares referred to in the Notice of Divestiture are not to be sold or disposed of by the Company; or
  - b. increase its holding of Shares on or prior to the Relevant Date to a Marketable Parcel.
- (b) The Company may only give a Notice of Divestiture to a Member once in any 12 month period and a Notice of Divestiture may not be given during the offer period of a takeover bid for the Company.
- (c) A copy of a Notice of Divestiture must be given to any other person required by the ASX Settlement Operating Rules.
- (d) For the avoidance of doubt, if a Member on whom a Notice of Divestiture has been served, wants to keep the Shares referred to in the Notice of Divestiture, the Member must give the Company written notice on or prior to the Relevant Date, stating that all or some of the Shares referred to in the Notice of Divestiture are not to be sold or disposed of by the Company or the Member must increase its holding of Shares on or prior to the Relevant Date to a Marketable Parcel, in each of which events, the Company will not sell the Shares.
- (e) If the procedure contemplated by this clause 2.1 of this Schedule has been invoked and there is an announcement of a takeover bid for the Company, no more sales of Shares may be made under this clause 2.1 of this Schedule until after the close of the offers made under the takeover. The procedure contemplated by this clause 2.1 of this Schedule may then be invoked again.

### 2.2 New non-marketable parcels

- (a) Subject to the Law (and the other provisions in this Constitution, including the other provisions in this Schedule) and in addition to (and without limiting) the Company's power and rights under clause 2.1 of this Schedule, the Company may sell the Shares of a Member (and if the Member holds those Shares in a CHESS Holding, move those Shares from the CHESS Holding to an Issuer Sponsored Holding or a Certificated Holding) if:
  - (i) the Member holds less than a Marketable Parcel of Shares; and
  - (ii) that holding was created by the transfer of a parcel of Shares effected on or after the date that the constitution of the Company was modified to include this Schedule 1 as part of that constitution that was less than a Marketable Parcel at the time the transfer document was initiated, or in the case of a paper based transfer document, was lodged with the Company.
- (b) The Company may give a Member referred to in clause 2.2(a) of this Schedule notice in writing stating that the Company intends to sell or dispose of the Shares.

### 2.3 Revocation

- (a) The Directors may, before a sale of Shares is effected under this Schedule, revoke a Notice of Divestiture or suspend or terminate a sale procedure contemplated by this Schedule, either generally or in specific cases.

### 3. Exercise of power of sale

#### 3.1 Extinguishment of interests and claims

The exercise by the Company of its powers under clause 2 of this Schedule in respect of any Sale Shares and the completion of the sale of the Sale Shares by the Company extinguishes, subject to this Schedule:

- (a) all interests in the Sale Shares of the former Member; and
- (b) all claims against the Company in respect of the Sale Shares by the former Member,

including the former Member's right to receive all Dividends determined to be paid in respect of the Sale Share and not actually paid.

#### 3.2 Manner of sale

- (a) Subject to the Law (and the other provisions in this Constitution, including the other provisions in this Schedule), any Shares that the Company may sell or dispose of under clause 2 of this Schedule, may be sold or disposed of by the Company at any time:
  - (i) by using a financial services licensee on the basis that the person is instructed to obtain the highest possible price for the sale of the Shares; or
  - (ii) in any other manner and on any other terms as the Directors resolve (whether on-market, by private treaty, through a share sale facility established by, on behalf of, or at the request of the Company, or otherwise).

(b) The Company may:

- (i) exercise any powers permitted under the Law to enable the sale or disposal of Shares under this Schedule;
- (ii) receive the purchase money or consideration for Sale Shares;
- (iii) appoint a person to sign a transfer of Sale Shares; and
- (iv) enter in the Register the name of the person to whom Sale Shares are sold or disposed.

(c) Without limiting clauses 3.2(a) and 3.2(b) of this Schedule, for the purposes of a sale under this Schedule, each Member that holds Shares which may be sold under clause 2 of this Schedule:

- (i) appoints the Company as the Member's agent for sale and to receive any disclosure document, including a financial services guide;
- (ii) authorises the Company to effect on the Member's behalf a transfer of the Shares and to deal with the proceeds of the sale of the Shares in accordance with clause 3.3 of this Schedule;
- (iii) appoints the Company, its Directors and Secretary jointly and severally as the Member's attorneys to execute any instrument or take other steps, in the Member's name and on the Member's behalf, as they or any of them may consider appropriate to transfer the Shares; and

(iv) authorises each of the attorneys appointed under clause 3.2(c)(iii) of this Schedule to appoint an agent to do a thing referred to in 3.2(c)(iii) of this Schedule.

(d) The person to whom a Sale Share is sold or disposed of need not enquire whether the Company:

- (i) properly exercised its powers under this Schedule in respect of the Sale Share; or
- (ii) properly applied the proceeds of sale or disposal of the Sale Share, and the title of that person is not affected by those matters.

(e) Without limiting clause 3.2(d) of this Schedule, the title of the transferee of any Sale Shares is not affected by an irregularity or invalidity in connection with the sale or disposal of the Sale Shares to the transferee.

(f) The remedy of any person aggrieved by a sale or disposal of Sale Shares is in damages only and against the Company exclusively.

(g) A certificate in writing from the Company signed by a Director or Secretary that a Sale Share was sold or disposed of in accordance with this Schedule is sufficient and conclusive evidence of those matters.

## NOTICE OF ANNUAL GENERAL MEETING continued

### 3.3 Application of proceeds

- (a) *If the Company exercises its powers under clause 2.1 of this Schedule in respect of any Shares, either the Company or the person to whom the Shares are sold or disposed of must pay the expenses of the sale or disposal.*
- (b) The Company must apply the proceeds of any sale or disposal of any Sale Shares in the following order:
- (i) *where the Sale Shares are sold under clause 2.2 of this Schedule, the expenses of the sale or disposal;*
  - (ii) *the amounts due and unpaid in respect of the Sale Shares; and*
  - (iii) *the balance (if any) to the former Member, on the Company receiving the certificate (if any) for the Sale Shares or, if the certificate or certificates has or have been lost or destroyed, on the Company receiving a statement and undertaking under subsection 1070D(5) of the Corporations Act (or other evidence satisfactory to the Company).*

### 3.4 Voting and dividend rights pending sale

- (a) *If the Company is entitled to exercise its powers under clause 2.2 of this Schedule in respect of any Shares held by a Member, the Company may by resolution of the Directors remove or change either or both:*
- (i) *the right to vote; and*
  - (ii) *the right to receive Dividends, of the relevant Member in respect of some or all of the Shares liable to be sold or disposed of under and in accordance with clause 2.2 of this Schedule.*

*After the sale of the relevant Sale Shares of a former Member, the Company must pay to the former Member any Dividends that have been withheld under clause 3.4(a) of this Schedule.*

#### Special resolution:

Resolution 4 is proposed as a special resolution and must be passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution.

By Order of the Board



**Michael Neilson**  
Company Secretary  
26 September 2019

# NOTES

## 1. Defined terms

Capitalised terms used in this Notice of AGM (including those used in the resolutions set out in this Notice) have, unless otherwise defined, the same meanings set out in the Explanatory Memorandum accompanying this Notice of AGM.

## 2. Attendance

If you are planning to attend the Meeting, please bring the Proxy Form with you and arrive prior to the start time for the Meeting to facilitate registration. Recording of the proceeding is not permitted unless authorised by Slater & Gordon.

In addition to being given a reasonable opportunity to ask questions at the Meeting, Shareholders are invited to submit questions in advance of the Meeting. They may be submitted in writing to Slater & Gordon and sent to Slater & Gordon at 485 La Trobe Street, Melbourne VIC 3000.

## 3. Material accompanying this notice

The following materials accompany this Notice of AGM:

- (a) the 2019 Annual Report (including the Financial Report, Directors' Report and the Auditor's Report for the financial year ended 30 June 2019), if you have elected to receive a printed copy of the 2019 Annual Report and have not withdrawn that election;
- (b) the Explanatory Memorandum setting out details relevant to the business set out in this Notice of AGM; and
- (c) the Proxy Form.

## 4. Voting and required majority - Corporations Act

- (a) In accordance with section 249HA of the Corporations Act for each resolution to be effective, not less than 28 days written notice must be given and each resolution (except Resolution 4) must be passed by more than 50% of all the votes cast by Shareholders entitled to vote on the resolutions (whether in person or by proxy, attorney or representative). Resolution 4 is proposed as a special resolution and must be passed by more than 75% of all the votes cast by Shareholders entitled to vote on the resolutions (whether in person or by proxy, attorney or representative).
- (b) On a show of hands every Shareholder entitled to vote has one vote and, on a poll, every Shareholder entitled to vote has one vote for each Share held.

## 5. How to vote

You may vote by attending the Meeting in person, by proxy or by authorised representative.

## 6. Voting in person

Eligible Shareholders wishing to vote in person (other than under a power of attorney) should personally attend the Meeting and cast their votes.

## 7. How the Chairperson will vote undirected proxies

The Chairperson intends to vote undirected proxies in favour of the Resolutions. If a proxy appointment is signed or validly executed by the Eligible Shareholder, but does not name the proxy in whose favour it is given, the Chairperson of the Meeting will act as proxy provided that, if the Eligible Shareholder has not directed the proxy how to vote, the Eligible Shareholder has ticked the required box on the Proxy Form authorising the Chairperson to vote.

Slater & Gordon encourages all Eligible Shareholders who submit proxies to direct their proxy how to vote on the Resolutions.

## NOTES continued

### 8. Proxies, powers of attorney and corporate representatives

- (a) Pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* the Company has determined that, for the purposes of the AGM, all Shares in the Company will be taken to be held by the persons registered as Shareholders at 7pm (Melbourne time) on Tuesday, 12 November 2019 (the "Effective Time").
- (b) All holders of Shares at the Effective Time are entitled to attend and vote at the AGM and may appoint a proxy for that purpose.
- (c) A proxy need not be a Shareholder of the Company.
- (d) The Proxy Form sent with this Notice should be used for the AGM unless you appoint your proxy online as set out in clause 4(h) below.
- (e) Each Shareholder who is entitled to cast 2 or more votes at the AGM, may appoint up to 2 proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a Shareholder **does not** specify the proportion or number of that Shareholder's votes each proxy may exercise, each proxy will be entitled to exercise half of the votes. An additional Proxy Form will be supplied by the Company on request.
- (f) Any Shareholder may appoint an attorney to act on his or her behalf. The power of attorney, or a certified copy of it, must be received by the Company as set out in clause 8(h) below.
- (g) Any corporation which is a Shareholder of the Company may appoint a representative to act on its behalf. Appointments of representatives must be received by the Company by the methods set out in clause 8(h).
- (h) Proxies, powers of attorneys and company representative authorisations granted by Shareholders must be received by the Company by no later than 11.30am (Melbourne time) on Tuesday, 12 November 2019 –
  - (i) electronically at [www.investorvote.com.au](http://www.investorvote.com.au) by following the instructions provided but a proxy cannot be appointed online if appointed under power of attorney or similar authority; or
  - (ii) at the Company's share registry in Australia – Computershare Investor Services Pty. Limited, GPO Box 242, Melbourne, Victoria, 3001, Australia; or
  - (iii) by fax to the Company's share registry – fax number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
  - (iv) for Intermediary online subscribers **only** (custodians) – electronically at [www.intermediaryonline.com](http://www.intermediaryonline.com).

Please refer to the Proxy Form accompanying this Notice for more information.

### 9. Additional information

If after reading this Notice of Meeting and the accompanying Explanatory Memorandum you have any questions about the Resolutions or how to vote at the Meeting, please contact 1300 393 803 from within Australia, or +61 3 9415 4050 if you are outside Australia.



# EXPLANATORY MEMORANDUM

## I. General

- I.1 This Explanatory Memorandum contains information relevant to the business referred to in and forms part of the Notice of AGM of Slater & Gordon Limited (the “Company”) which it accompanies and **should be read carefully by Shareholders prior to the AGM.**
- I.2 All capitalised terms used in this Explanatory Memorandum have the meanings set out in the Glossary of Terms located at the end of this document.
- I.3 Further details relating to each of the resolutions is set out below.

## 2. Ordinary business

### 2.1 Financial Reports

The Corporations Act requires that the Financial Report, Directors’ Report and Auditor’s Report of the Company for the most recent financial year be considered at the AGM. While this item of business does not require a formal resolution to be put to Shareholders, the Chair will give Shareholders a reasonable opportunity to raise questions on these reports at the AGM.

A copy of the Financial Report, Directors’ Report and Auditor’s Report is available on the Company’s website at [www.slatergordon.com.au/investors/reports-and-presentations](http://www.slatergordon.com.au/investors/reports-and-presentations). As required under the Corporations Act, the Chair will also allow time during the AGM for Shareholders to ask the Auditor questions about, and make comments on, the reports and the Company’s management, business, operations, financial performance and business strategies.

If a Shareholder prefers to put written questions to the Auditor, a Shareholder may submit questions relevant to the content of the Auditor’s Report or the conduct of the audit, in writing, to the Company, up to five business days prior to the AGM. The Company will pass the questions on to the Auditor prior to the AGM. The Auditor may, but is not obligated to, answer any written or oral questions that are put by Shareholders.

### 2.2 Resolution I: Remuneration Report

The Remuneration Report (which forms part of the Directors’ Report) is required to include discussion on a number of issues relating to remuneration policy and its relationship to the Company’s performance.

As required under section 250R(2) of the Corporations Act, Resolution I will be put to Shareholders to adopt the Remuneration Report. Shareholders should note that the vote on this resolution is advisory only and is not binding on the Board or the Company.

Under the Corporations Act, if 25% or more of the votes cast on this Resolution I are against adoption of the Remuneration Report, the Company will be required to consider and report to Shareholders in next year’s Remuneration Report on what action has been taken to address Shareholders’ concerns. Depending on the outcome of next year’s voting on the Company’s Remuneration Report for next year, Shareholders may be required to consider a resolution to call another general meeting in accordance with the Corporations Act at which the Directors who held office at the date of the Directors’ Report (excluding the Managing Director) will be required to seek re-election.

### Directors’ recommendation

The Directors unanimously recommend Shareholders eligible to do so vote in favour of adopting the Remuneration Report.

### 2.3 Resolution 2: Re-election of Mark Dewar

#### Mark Dewar - B.Bus. Accounting, Chartered Accountant (Non-Independent Non-Executive Director)

Mark joined the Board of Slater & Gordon in May 2019 and comes from a Consulting background as well as being a non-executive Director for other PE backed companies.

Mark is the Australian Practice Leader and is a Senior Managing Director in the Corporate Finance segment at FTI Consulting. His experience is typically focussed in helping clients who are undergoing significant change or embarking on a transformation and specialises in advising companies, private equity investors or lenders across a range of industries including financial services, mining, telecommunications, software, retail, engineering, building and construction, and automotive.

Prior to joining FTI Consulting, Mark spent almost ten years with Ernst & Young, where he commenced his career in Australia in the Audit practice before moving to London where he was a director in the Corporate Finance practice.

Mark is a Chartered Accountant and a member of the Institute of Chartered Accountants of Australia.

### Directors’ recommendation

The Directors unanimously support the re-election of Mark Dewar.

## EXPLANATORY MEMORANDUM continued

### 2.4 Resolution 3(a): Approval of Slater & Gordon Rights Plan

Resolution 3(a) seeks Shareholder approval for the new Slater & Gordon Rights Plan.

The Slater & Gordon Board has approved the establishment of a new long-term incentive scheme in the form of a Rights Plan (**Slater & Gordon Rights Plan or Plan**) to provide an appropriate incentive to and seek to retain key employees and Directors.

The objective of the Slater & Gordon Rights Plan is to attract, motivate and retain key employees and certain Directors and it is considered by the Company that the adoption of the Plan and the future issue of securities pursuant to the terms of the Slater & Gordon Rights Plan will provide eligible participants with the opportunity to participate in the future growth of the Company.

Any future issues of Shares under the Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained, will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. Note, if approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.

Subject to Shareholder approval of Resolution 3(a), the Board has resolved to create a pool of 20,764,000 Rights and it has identified five Directors (including two executive Directors) and nine employees as initial participants to be granted Rights under the Slater & Gordon Rights Plan. The Board has decided that these 14 Directors and key employees will acquire 15,573,000 Rights, or 75% of the pool.

#### 2.4.1 Rationale

The Board believes that the Plan will:

- (a) encourage participants to focus on creating value for Shareholders;
- (b) link reward with the achievement of long-term performance in the Company;
- (c) encourage participants to remain with the Company by providing them with the opportunity to hold a financial stake in the Company; and
- (d) assist in the Company attracting high calibre Directors and employees.

#### 2.4.2 Key features

Directors, executives and key staff of the Company (**Participants**), who are selected by the Board, will be eligible to participate in the Plan.

Participants are granted by the Company a specified number of Rights under the Plan which are subject to restrictions to be determined by the Board. Each Right represents a right to acquire a Share at no cost i.e. effectively a share option with an exercise price set at zero.

The Board may determine that Rights to be granted to Participants will be subject to:

- (a) 'Vesting Conditions';
- (b) 'Exercise Conditions'; and
- (c) 'Forfeiture Conditions', which must be detailed in the invitations made to Participants.

The nature and content of the 'Vesting Conditions' and 'Exercise Conditions' are to be determined by the Board and may include conditions relating to any or all of:

- (a) continuing employment / engagement of services with the Company;

- (b) performance of the Participant;
- (c) performance of the Company; or
- (d) the occurrence of specific events.

Unless determined otherwise by the Board, while Rights are held by a Participant under the Plan, they are subject to forfeiture if any of the following 'Forfeiture Conditions' are satisfied:

- (a) if the Participant ceases to be employed or provide services to the Company, but only in certain circumstances as set out in the rules of the Plan; or
- (b) if, in the opinion of the Board, any of the Vesting Conditions or Exercise Conditions have not been or cannot be satisfied for any reason.

If the applicable 'Vesting Conditions' and 'Exercise Conditions' are satisfied, the Participant can choose to 'exercise' Rights and acquire the Shares at any time up until the expiry of the term of the Rights. The maximum term of Rights granted under the Plan will be 7 years.

#### 2.4.3 Other features

Unless the Board determines otherwise, Rights granted under the Plan are not capable of being transferred or encumbered by a Participant.

Rights do not carry any dividend or voting rights, however Shares provided to Participants on exercise of a Right carry the same rights and entitlements as other Shares on issue. The Company will not seek quotation of any Rights on the ASX.

All unvested Rights will automatically vest and any Exercise Conditions will no longer apply in the event of a 'Change of Control' of the Company, defined under the rules of the Plan to mean:

- (a) the merger or consolidation of the Company into another company;
- (b) a change of control (with reference to the definition of 'Control' contained in section 50AA of the Corporations Act 2001);
- (c) the current majority shareholder, Anchorage Capital Group, LLC holding less than 20% of the Shares of the Company; or
- (d) any similar event which the Board determines, in its discretion.

#### 2.4.4 Approval for the purposes of the ASX Listing Rules

Under Listing Rule 7.1, a listed company must not issue or agree to issue equity securities (or other securities with rights of conversion to equity (such as a Right) exceeding 15% of its ordinary securities on issue in the previous 12 months unless it obtains the approval of its shareholders. An exception to Listing Rule 7.1 is that any issue under an employee incentive scheme within three years of the scheme being approved by members will not be counted when determining whether the 15% limit has been exceeded (Exception 9 in Listing Rule 7.2).

Accordingly, Shareholders are asked to give the Board approval to operate the Plan so that any Rights granted under the Plan are approved as an exception to ASX Listing Rule 7.1.

#### 2.4.5 Terms on which Rights will be granted to Directors and employees

The following additional terms will apply to the Rights proposed to be granted under the Plan to the five Directors (including two executive Directors) and nine key employees.

| Terms                                       | Details   |              |                    |  |     |   |     |  |     |                                   |     |
|---|---|--------------|--------------------|--|-----|---|-----|--|-----|-----------------------------------|-----|
| Price payable to acquire Performance Rights | Nil   |              |                    |  |     |   |     |  |     |                                   |     |
| Exercise Price                              | Nil (i.e. no amount is payable to exercise a Right to acquire a Share in the Company)   |              |                    |  |     |   |     |  |     |                                   |     |
| Term or Expiry Date                         | 7 years from the date of grant  |              |                    |  |     |   |     |  |     |                                   |     |
| Vesting Conditions                          | <p>The Rights to be granted to Directors and employees will vest in accordance with the following schedule, subject to continuing employment/engagement of services:</p> <table> <tr> <th>Vesting Date</th><th>Vesting percentage</th></tr> <tr> <td>Tranche A: First anniversary of grant date</td><td>22%</td></tr> <tr> <td>Tranche B: Second anniversary of grant date</td><td>22%</td></tr> <tr> <td>Tranche C: Third anniversary of grant date</td><td>22%</td></tr> <tr> <td>Tranche D: Date of 'Exit Event' *</td><td>34%</td></tr> </table> <p>* Refer to Exercise Condition below for definition.</p>   | Vesting Date | Vesting percentage | Tranche A: First anniversary of grant date | 22% | Tranche B: Second anniversary of grant date | 22% | Tranche C: Third anniversary of grant date | 22% | Tranche D: Date of 'Exit Event' * | 34% |
| Vesting Date                                | Vesting percentage  |              |                    |  |     |   |     |  |     |                                   |     |
| Tranche A: First anniversary of grant date  | 22%   |              |                    |  |     |   |     |  |     |                                   |     |
| Tranche B: Second anniversary of grant date | 22%   |              |                    |  |     |   |     |  |     |                                   |     |
| Tranche C: Third anniversary of grant date  | 22%   |              |                    |  |     |   |     |  |     |                                   |     |
| Tranche D: Date of 'Exit Event' *           | 34%   |              |                    |  |     |   |     |  |     |                                   |     |
| Exercise Condition                          | <p>The Rights may not be exercised to acquire Shares until:</p> <ul style="list-style-type: none"> <li>the Vesting Conditions are satisfied; and</li> <li>an 'Exit Event' has occurred.</li> </ul> <p>An Exit Event will occur if the Company's underlying Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) reaches \$28.0 million in a full financial year as evidenced by the audited Financial Statements for that financial year, but subject to (a) the Board being satisfied that the Company's approved Budget for the following Financial Year shows forecast underlying EBITDA to be \$28 million or better, and (b) the Board's discretion to ignore or waive any one off transactions or circumstances in calculating underlying EBITDA for this purpose.</p> <p>If the 'Exit Event' is not satisfied prior to the expiry date, the Rights will be forfeited (unless the Board exercises its discretion to cancel those Rights which have vested for value in accordance with the terms of the Plan).</p> |              |                    |  |     |   |     |  |     |                                   |     |

## EXPLANATORY MEMORANDUM continued

### 2.4.6 Directors recommendation

The Board (excluding James MacKenzie, Michael Neilson, Elana Rubin, John Somerville and Jacqui Walters, who abstain from making a recommendation) recommends that eligible shareholders vote in favour of Resolution 3(a).

### 2.5 Resolution 3(b): Approval of Directors' participation in Slater & Gordon Rights Plan

The Board proposes to invite the following Directors to participate in the Slater & Gordon Rights Plan:

- (a) James MacKenzie;
- (b) Michael Neilson;
- (c) Elana Rubin;
- (d) John Somerville; and
- (e) Jacqui Walters.

In respect of James MacKenzie's participation in the Plan, the Rights will be granted directly to JACM Pty Ltd, being the personal services company of James MacKenzie.

The key terms on which the Rights will be granted are set out in paragraph 2.5.2 below.

### 2.5.1 Approval for the purposes of the ASX Listing Rules

ASX Listing Rule 10.14 provides that an entity may only allow Directors or their associates to acquire securities under an employee incentive scheme with the approval of shareholders and provided the Notice of Meeting complies with the requirements set out in ASX Listing Rule 10.15 or 10.15A. For the purposes of the ASX listing Rules:

- (a) JACM Pty Ltd is an 'associate' of James MacKenzie, who is a Director of the Company; and
- (b) The Slater & Gordon Rights Plan is an employee incentive scheme.

The Board proposes to grant Rights under the Plan to JACM Pty Ltd, Michael Neilson, Elana Rubin, John Somerville and Jacqui Walters, and therefore seeks shareholder approval under ASX Listing Rule 10.14.

### 2.5.2 Terms on which Rights will be granted

The terms on which the Rights will be granted are set out in the table in section 2.4.5 above.

The number of Rights to be granted to the five Directors has been calculated as follows:

| Director                       | % of pool  | Rights           |
|--------------------------------|------------|------------------|
| James MacKenzie (JACM Pty Ltd) | 6%         | 1,245,840        |
| Michael Neilson                | 6%         | 1,245,840        |
| Elana Rubin                    | 2%         | 415,280          |
| John Somerville                | 16%        | 3,322,240        |
| Jacqui Walters                 | 2%         | 415,280          |
| <b>TOTAL</b>                   | <b>32%</b> | <b>6,644,480</b> |

In accordance with ASX Listing Rules 10.14 and 10.15 and the Corporations Act, the following additional information is provided in relation to proposed participation in the Plan by Directors:

|  |  |
|--|--|
| Maximum number of securities to be issued:           | 6,644,480 Rights in total will be acquired by JACM Pty Ltd, Michael Neilson, Elana Rubin, John Somerville and Jacqui Walters (refer to table above).   |
| Price at which the securities will be issued:        | Nil (refer to above table).  |
| The date by which the Company will issue the Rights: | The Board will grant the Rights to JACM Pty Ltd, Michael Neilson, Elana Rubin, John Somerville and Jacqui Walters as soon as practicable following the Annual General Meeting, subject to Shareholders approving the relevant resolutions, and in any case not later than 12 months after the date of the meeting.   |
| Terms of any loan in relation to the issue of Rights | No loan terms applicable.  |
| Information required under ASX Listing Rule 10.15.4A | <p>Five Directors of the Company, as listed above, are entitled to participate in the Plan.</p> <p>Subject to Shareholders approving Resolution 3(b) details of any Rights granted under the Plan to JACM Pty Ltd, Michael Neilson, Elana Rubin, John Somerville and Jacqui Walters will be published in the Company's annual report for the year in which the grant is made noting that approval for the grant was obtained under ASX Listing Rule 10.14.</p> <p>Any additional persons covered by Listing Rule 10.14 who become entitled to participate in the Plan after approval of these Resolutions and who were not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14.</p> |

### 2.5.3 Directors' recommendation

The Board (excluding James MacKenzie, Michael Neilson, Elana Rubin, John Somerville and Jacqui Walters, who abstain from making a recommendation) recommends that eligible shareholders vote in favour of Resolution 3(b).

## 3. Special business

### Resolution 4: Amendments to Slater & Gordon Limited constitution

The large number of Shareholders hold non-Marketable Parcels of Shares. The Board has been considering a number of options to provide liquidity for Shareholders who hold non-Marketable Parcels, but has identified that the Company's

constitution does not contain certain powers for the Company to sell non-Marketable Parcels.

The lack of powers in the constitution in this regard limits the options available to the Board.

The Board has resolved to seek Shareholder approval to amend the constitution to provide the necessary powers to implement a facility to sell non-Marketable Parcels, should the Board determine that such a facility was in the best interests of the Company as a whole.

The proposed amendments, which are market standard, are set out in the Notice of Meeting.

Resolution 4 is proposed as a special resolution and must be passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution.

## 4. Directors' approval

On 26 September 2019 the Company's Directors unanimously resolved to put the resolutions to the Shareholders of the Company. The Directors also unanimously resolved to issue this Explanatory Memorandum to Shareholders, together with the Notice of AGM.

## GLOSSARY OF TERMS

### **AGM**

means the Annual General Meeting of the Company to be held at 11.30am (Melbourne time) on Thursday, 14 November 2019.

### **ASX Settlement**

means ASX Settlement Pty Limited ABN 49 008 504 532 or the clearing and settlement facility that it operates, as the context requires.

### **ASX Settlement operating rules**

means the operating rules of ASX Settlement as amended or replaced from time to time, except to the extent of any express written waiver by ASX Settlement.

### **Auditor**

means Ernst & Young.

### **Auditor's Report**

means the report of the Auditor regarding its audit of the Company, and its controlled entities, contained in the 2019 Annual Report of the Company accompanying the Notice of AGM.

### **Board**

means the board of Directors of the Company.

### **Chair**

means the individual acting as chairperson of the AGM.

### **Closely related parties**

has the meaning given to that term in the Corporations Act and generally includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the KMP.

### **Company**

means Slater & Gordon Limited ABN 93 097 297 400.

### **Corporations Act**

means the *Corporations Act 2001* (Cth).

### **Director**

means a director of the Company.

### **Directors' Report**

means the report of the Directors of the Company contained in the 2019 Annual Report of the Company accompanying the Notice of AGM.

### **Explanatory memorandum**

means this memorandum which provides details of the business of the AGM.

### **Financial Report**

means the annual financial report of the Company, and its controlled entities, for the year ending on 30 June 2019 that accompanies the Notice of AGM.

### **Key management personnel**

has the meaning given to that term in the Corporations Act and generally includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including a Director (and the term "KMP" has the same meaning).

### **Marketable parcel**

has the same meaning as in the ASX Settlement Operating Rules.

### **Notice of AGM**

means the notice of the annual general meeting of the Company accompanying this Explanatory Memorandum (and the term "Notice" has the same meaning).

### **Participant**

is defined in section 2.4.

### **Plan**

is defined in section 2.4.

### **Remuneration Report**

means the remuneration report of the Company that forms part of the Directors' Report contained in the 2019 Annual Report of the Company accompanying the Notice of AGM.

### **Right**

is defined in section 2.4.

### **Shareholder**

means a holder of one or more Shares.

### **Shares**

means fully paid ordinary shares in the capital of the Company.

### **Slater & Gordon**

means Slater & Gordon Limited ABN 93 097 297 400

### **Slater & Gordon Rights Plan**

is defined in section 2.4.

[illegible]

