



11 October 2019

The Manager  
Market Announcements Office  
Australian Securities Exchange Ltd  
Level 6, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

FOR RELEASE TO THE MARKET

Dear Sir / Madam,

**Re: Notice of Annual General Meeting**

Please find attached for immediate release in relation to AUB Group Limited (ASX: AUB) the following:

- Notice of Annual General Meeting; and
- Sample Proxy form.

**About AUB Group**

AUB Group Limited is Australasia's largest equity-based insurance broker network driving approximately A\$3.2 billion GWP across its network of 93 businesses, servicing more than 550,000 clients and over one million policies across more than 600 locations. In Australia, the Group has around 20 percent of the commercial insurance broking market share with investment in 61 broking businesses, complimented by established capabilities in life insurance broking, premium funding, claims management and legal services. In New Zealand, AUB Group holds equity stakes in seven major insurance broker partners, an underwriting agency as well as equity in NZbrokers, the largest broking management group in New Zealand with presence in 140 locations. The Group also has a portfolio of 19 agencies within its SURA business with access to delegated global underwriting capacity for niche specialist insurance products. The Group's Risk Services division includes equity investments in three businesses with capabilities in loss adjustment, investigations, claims management, claims legal support and rehabilitation services.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'David Franks'.

David Franks  
**Company Secretary**

For further information, contact David Franks

Tel: 0414 899 897

[davidf@aubgroup.com.au](mailto:davidf@aubgroup.com.au)

**AUB Group Limited**

Level 10, 88 Phillip Street,  
Sydney, NSW, 2000.

ABN 60 000 000 715  
ACN 000 000 715

[aubgroup.com.au](http://aubgroup.com.au)

**AUB Group Limited**  
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Sydney NSW 2000  
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# AUB Group Limited

## **Notice of 2019 Annual General Meeting**

Explanatory Statement | Proxy Form

12<sup>th</sup> November 2019

**10:00AM AEDT**

### **Address**

The Auditorium, Dexus Place, Level 15, 1 Farrer  
Place, Sydney, New South Wales

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

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## Venue and Voting Information

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00 AEDT on 12<sup>th</sup> November 2019 at The Auditorium, Dexu Place, Level 15, 1 Farrer Place, Sydney, New South Wales.

### Your vote is important

The business of the Annual General Meeting affects your shareholding and your vote is important.

### Voting in person

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

### Voting by proxy

To vote by proxy, please use one of the following methods:

<b>Online</b>	<p><a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a></p> <p>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). Please note that the online proxy facility is not suitable for shareholders wishing to appoint two proxies.</p>
<b>Mobile Device</b>	<p>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 <a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a> into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.</p> <p>To scan the code, you will need a QR code reader application which can be downloaded for free on your mobile device.</p>
<b>By post</b>	<p>AUB Group Limited, C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235, Australia</p>
<b>By Fax</b>	<p>+61 2 9287 0309</p>

<b>By hand</b>	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)
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Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**

## Power of Attorney

If the proxy form is signed under a power of attorney on behalf of a shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already provided it to the Share Registry.

## Corporate Representatives

If a representative of a corporate shareholder or a corporate proxy will be attending the Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

# Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Shareholders of AUB Group Limited ACN 000 000 715 will be held at 10:00AM AEDT on 12<sup>th</sup> November 2019 at The Auditorium, Dexus Place, Level 15, 1 Farrer Place, Sydney, New South Wales (**Meeting**).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 7:00pm AEDT on 10<sup>th</sup> November 2019.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

## Agenda

### Ordinary business

#### Financial statements and reports

*"To receive and to consider the Annual Financial Report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report for that financial year."*

**Note:** This item of ordinary business is **for discussion only and is not a resolution**.

Pursuant to the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, each of the aforementioned reports during consideration of these items.

## Resolutions

### Remuneration Report

#### 1. **Resolution 1** – Adoption of Remuneration Report

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

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2019."*

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

**Voting Exclusion Statement:** In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Company's key management personnel (including the Directors), whose remuneration details are included in the Remuneration Report (**KMP**), or any of that person's Closely Related Parties (such as close family members and any controlled companies of those persons) (collectively referred to as Restricted Voter). However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; and
- (b) it is not cast on behalf of a Restricted Voter.

If you appoint the person chairing the Meeting (**Chair**) and you are not a Restricted Voter, by submitting the Proxy Form you authorise the person chairing the Meeting to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP, and you will be taken to have directed the Chair to vote in accordance with his or her stated intention to vote in favour of Resolution 1. If you do not want your vote exercised in favour of Resolution 1, you should direct the person chairing the Meeting to vote "against", or to abstain from voting on, this Resolution.

## 2. **Resolution 2 – Re-election of Ray Carless as Director**

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

*"That Ray Carless, a Director who retires by rotation in accordance with the Company's Constitution and ASX Listing Rule 14.4, and being eligible offers himself for re-election as a Director of the Company, effective immediately."*

## 3. **Resolution 3 – Re-election of Robin Low as Director**

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

*"That Robin Low, a Director who retires by rotation in accordance with the Company's Constitution and ASX Listing Rule 14.5, and being eligible offers herself for re-election as a Director of the Company, effective immediately."*

## 4. **Resolution 4 – Approval of Issue of 5-year Performance Options to Michael Emmett, Managing Director and CEO of the Company**

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

*"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Shareholders of the Company approve the grant of 200,000 Options to Michael Emmett, the Managing Director and CEO of the Company, on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."*

**Voting Exclusion Statement:** The Company will disregard any votes cast:

- (a) in favour of Resolution 4 by or on behalf of Michael Emmett or any of his associates (regardless of the capacity in which the vote is cast); or
- (b) cast as proxy by a person who is a member of the key management personnel on the date of the AGM or their closely related parties.

However, the Company will not disregard a vote if:

- (i) 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
- (i) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with an express authorisation in the proxy form to exercise the proxy even though the resolution is connected with the remuneration of the key management personnel.

## 5. **Resolution 5** – Approval of Issue of 3-year Performance Options to Michael Emmett, Managing Director and CEO of the Company

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

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Shareholders of the Company approve the grant of 76,029 Options to Michael Emmett, Managing Director and CEO of the Company, on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast:

- (a) in favour of Resolution 5 by or on behalf of Michael Emmett or any of his associates (regardless of the capacity in which the vote is cast); or
- (b) as proxy by a person who is a member of the key management personnel on the date of the AGM or their closely related parties.

However, the Company will not disregard a vote if:

- (ii) 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
- (iii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with an express authorisation in the proxy form to exercise the proxy even though the resolution is connected with the remuneration of the key management personnel.

6. **Resolution 6** – Re-Insertion of Proportional Takeover Provisions into Constitution

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

*“That the proportional takeover provisions in Schedule 5 of the Constitution of AUB Group Limited be re-inserted, with effect from the close of the meeting.*”

**BY ORDER OF THE BOARD**



David Franks  
Company Secretary

30 September 2019



# Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held on 12<sup>th</sup> November 2019 at 10:00am AEDT at The Auditorium, Dexus Place, Level 15, 1 Farrer Place, Sydney, New South Wales.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

Full details of the business to be considered at the Annual General Meeting are set out below.

## Agenda

### **Ordinary business**

#### Financial statements and reports

In accordance with the Constitution and the Corporations Act, the business of the Annual General Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Director's Report, the Remuneration Report and the Auditor's Report.

In accordance with the amendments to the Corporations Act, the Company is no longer required to provide a hard copy of the Company's Annual Financial Report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's Annual Financial Report unless specifically requested to do so, Shareholders may view the Company Annual Financial Report on its website at <https://www.aubgroup.com.au/site/investor/results-centre/annual-reports>

No resolution is required for this item, but Shareholders will be given the opportunity to ask questions and to make comments on the management and performance of the Company.

The Company's auditor will be present at the Meeting. During the discussion of this item, the auditor will be available to answer questions on the:

- Conduct of the audit;
- Preparation and content of the Auditor's Report;
- Accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- Independence of the auditor in relation to the conduct of the audit.

## Written questions of the auditor

If you would like to submit a written question about the content of the Auditor's Report or the conduct of the audit of the Annual Financial Report of the Company's auditor, please send your question to the Company Secretary. A list of qualifying questions will be made available at the Meeting.

Please note that all written questions must be received at least five business days before the Meeting, which is by 5<sup>th</sup> November 2019.

# Resolutions

## Remuneration Report

### Resolution 1 – Adoption of Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's Annual Financial Report.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Financial Report and is also available on the Company's website at <https://www.aubgroup.com.au/site/investor/results-centre/annual-reports>

However, if at least 25% of the votes cast are against the adoption of the Remuneration Report at the Meeting (subject of this Notice of Meeting), and then again at the 2020 Annual General Meeting (**2020 AGM**), the Company will be required to put to the vote a resolution (**Spill Resolution**) at the 2020 AGM to approve the calling of a further meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within 90 days of the 2020 AGM. All of the Directors who were in office when the 2020 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the Spill Meeting.

The Remuneration Report explains the Board's policies in relation to the nature and level of remuneration paid to KMPs (including Directors) and sets out remuneration details, service agreements and the details of any share-based compensation.

### Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters must not vote on this Resolution and must not cast a vote as proxy, unless the appointment gives a direction on how to vote, or the proxy is given to the Chair and you submit the Proxy Form, authorising the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP and that in doing so you will be taken to have directed the Chair to vote in accordance with the Chair's stated intention to vote in favour of Resolution 1.

Shareholders are urged to read carefully the Proxy Form and to provide a direction to the proxy on how to vote on this Resolution.

## **Re-election of Directors**

### **Resolution 2 – Re-election of Ray Carless as Director**

Article 6.3(b), 6.3(c) and 6.3(d)(i) of the Company's Constitution requires that at the Company's annual general meeting, one third of the Directors shall retire from office. A Director shall not hold office for a period in excess of three years or past the third annual general meeting following his appointment. The retiring Directors must not be a Managing Director. The Directors to retire at the annual general meeting are those who have been in office the longest since their last election.

ASX Listing Rule 14.4 also provides each a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer.

Ray Carless was appointed a Director of the Company on 1 October 2010 and was last re-elected as Director on 24 November 2016, at the Company's 2016 Annual General Meeting.

Under this Resolution, Ray Carless has elected to retire by rotation, and being eligible, seeks re-election as a Director of the Company at this AGM.

Ray Carless has over 40 years' experience in the insurance industry based in Australia but with management responsibilities throughout the Pacific Rim. Until 2000, he was the Managing Director of reinsurance brokers Benfield Greig in Australia, a position he held for over 14 years, and he had also been a director of the worldwide holding company located in London for 10 years. He has been a director of a number of companies involved in the Australian insurance industry since 2000. Mr Carless is a member of the Audit & Risk, Nomination and Remuneration & People Committees.

#### **Directors' recommendation**

The Directors (excluding Ray Carless) recommend that Shareholders vote for this Resolution.

### **Resolution 3 – Re-election of Robin Low as Director**

The Company's Constitution requires that at the Company's annual general meeting, one third of the Directors shall retire from office. The Directors to retire at the annual general meeting are those who have been in office the longest since their last election.

It has been agreed that Robin Low will retire by rotation at this Meeting.

ASX Listing Rule 14.5 also provides that an entity which has Directors must hold an election of Directors at each annual general meeting.

Robin Low was appointed a Director of the Company on 3 February 2014 and was last re-elected as a Director on 21 November 2017, at the Company's 2017 Annual General Meeting.

Under this Resolution, Robin Low has elected to retire by rotation, and being eligible, seeks re-election as a Director of the Company at this AGM.

Robin Low was a partner at PricewaterhouseCoopers with over 30 years' experience in financial services, particularly insurance, and in assurance and risk management. Robin was appointed to the Board on 3 February 2014, is a member of the Audit and Assurance Standards Board and on the board of a number of non-for-profit organisations including Public Education Foundation, Primary Ethics and Guide Dogs NSW/ACT. Ms Low Chairs the Audit & Risk Committee and is a member of the Nomination and Remuneration & People Committees. During the past three years Ms. Low served

and continues to serve as a Director of CSG Limited, Appen Limited and IPH Limited. More recently, Ms Low has been appointed to the board of the Australian Reinsurance Pool Corporation and Gordian Runoff Limited.

### **Directors' recommendation**

The Directors (excluding Robin Low) recommend that Shareholders vote for this Resolution.

## **Issue of Performance Options**

**Resolution 4** – Approval of Issue of 5-year Performance Options to Michael Emmett, Managing Director and CEO of the Company

**Resolution 5** – Approval of Issue of 3-year Performance Options to Michael Emmett, Managing Director and CEO of the Company

### **Background**

In accordance with the terms of his employment contract, the Company seeks shareholder approval to issue options to Michael Emmett, Managing Director and CEO of the Company, on the following terms (**Performance Options**):

- (a) Resolution 4: This Resolution seeks Shareholder approval to grant 200,000 Options to Mr Emmett, in relation to the commencement of his employment. The 200,000 Options may vest after 5 years of ongoing employment from 1 July 2019 and are subject to the achievement of earnings per share growth criteria and relative total shareholder returns criteria; and
- (b) Resolution 5: This Resolution seeks Shareholder approval to grant 76,029 Options to Mr Emmett. This issue relates to his first annual grant under the Company's long term incentive ("LTI") arrangements. The number of options has been determined based on Mr Emmett's LTI opportunity (being, 100% of his base remuneration of \$850,000). These options may vest after 3 years of ongoing employment from 1 July 2019 and are subject to the achievement of earnings per share growth criteria and relative total shareholder returns criteria.

### **Performance Options**

Each Performance Option is a right to receive one fully-paid ordinary share in the Company (or at the Board's discretion, an equivalent cash payment).

### **Performance Hurdles**

The Performance Options will only vest to the extent that the performance hurdles and ongoing employment conditions (set out below) are satisfied over the relevant performance periods.

Each grant of Performance Options will be divided into two components, which will each be subject to a separate performance hurdle, as follows:

- (a) 60% of the Performance Options will be subject to a hurdle based on the average annual growth rate (**AAGR**) of the adjusted earnings per share (**EPS**) hurdles (**EPS Options**); and

- (b) 40% of the Performance Options will be subject to a hurdle based on the relative total shareholder return (**TSR**) of the Company compared to the TSR of the constituents of the S&P/ASX Small Ordinaries Industrials Index (AXSID) (**TSR Options**).

The Board considers that this structure has the benefit of both a relative test that reflects the Company's performance against the market and an objective test reflective of management's performance in growing earnings per share.

In addition, the Performance Options proposed under Resolution 4 will only vest if Mr Emmett remains in ongoing employment over the relevant vesting period (subject to the cessation of employment provisions below).

### **Performance Period**

The performance hurdles for the Performance Options granted under Resolution 4 will be tested as follows:

- One third of the Performance Options will be tested over a 3 year performance period (**three year test date**). To the extent that any Performance Options satisfy the performance hurdles at this point, they will remain on foot and will vest and become exercisable following the end of the 5 year performance period, subject to Mr Emmett's continued employment with the Company (subject to the cessation of employment provisions outlined below); and
- The remaining two thirds of the Performance Options, and any Performance Options that did not satisfy the performance hurdles at the three year test date, will be tested over the full 5 year performance period.

The performance hurdles for the Performance Options granted under Resolution 5 will be tested over a 3 year performance period.

In all cases, the performance period will commence on 1 July 2019.

Any Performance Options that do not vest in accordance with the above, will lapse.

In summary:

Performance Options under Resolution	Total Performance Options	60% EPS Options		40% TSR Options	
		3 Year Testing	5 Year Testing	3 Year Testing	5 Year Testing
4	200,000 (1)	40,000	80,000 (2)	26,667	53,333 (2)
5	76,029 (3)	45,617	N/A	30,412	N/A

- (1) 5 year ongoing employment vesting condition to 30 June 2024 (subject to cessation of employment provisions below)

- (2) in addition, any Performance Options which did not satisfy the relevant performance hurdles at the three year test date will also be included for testing
- (3) 3 year ongoing employment vesting condition to 30 June 2022 (subject to cessation of employment provisions below)

### **EPS Options**

For the purposes of calculating the AAGR, an adjusted form of earnings per share will be utilised (**Adjusted EPS**) being, in respect of any financial year, the consolidated net profit after tax of the Company for that year excluding fair value adjustments to the carrying values of associates, profit on sale of entities and assets or deconsolidation of controlled entities, contingent consideration adjustments, impairment charges and amortisation of intangibles (**Adjusted NPAT**) divided by the weighted average number of shares on issue during the financial year. Other adjustments to the Adjusted NPAT calculation may be made in limited circumstances where the Board considers it to be appropriate.

The percentage of the EPS Options that satisfy the EPS performance hurdle will be determined by reference to the AAGR (expressed as a percentage) of Adjusted EPS from the year ending 30 June 2019 (being, 66.6 cents) to:

- the Adjusted EPS for the year ending 30 June 2022 (for the Performance Options granted under Resolution 5 and for one third of the Performance Options granted under Resolution 4); and
- the Adjusted EPS for the year ending 30 June 2024 (for the remaining two thirds of the Performance Options granted under Resolution 4 which have not been tested, and any Performance Options granted under Resolution 4 which did not satisfy the EPS performance hurdle at the three year test date),

in accordance with the table below:

<b>AAGR of Adjusted EPS</b>	<b>Percentage of EPS Options which satisfy the EPS performance hurdle</b>
Less than 5%	0%
5%	50%
Greater than 5% to less than 7%	Straight line satisfaction of performance hurdle between 50%-100%
7% or more	100%

### **TSR Options**

TSR Options will be measured by comparing the TSR of the Company with the TSRs of the constituents of the S&P/ASX Small Ordinaries Industrials Index (AXSID) (**Comparator Group**) as at 1 July 2019.

The percentage of the TSR Options that satisfy the TSR performance hurdle will be determined in accordance with the table set out below:

<b>TSR</b>	<b>Percentage of TSR Options which satisfy the TSR performance hurdle</b>
Less than 50 <sup>th</sup> Percentile of the Comparator Group	0%
50 <sup>th</sup> Percentile of the Comparator Group	50%
Between the 50 <sup>th</sup> Percentile and 75 <sup>th</sup> Percentile of the Comparator Group	Straight line satisfaction of performance hurdle between 50%-100%
75 <sup>th</sup> Percentile of the Comparator Group or higher	100%

The Board has the discretion to adjust the Comparator Group, including to take into account acquisitions, mergers, or other relevant corporate actions or delisting.

TSR measures the growth in the Company's share price together with the value of dividends paid during the period, assuming that all those dividends are re-invested into new shares.

Unless the Board determines otherwise, for the purpose of calculating the growth in the Company's share price over the performance period, the following opening and closing share prices will be used:

- (a) for the opening share price, the volume weighted average share price (**VWAP**) during the 60 trading days ending on the first day of the performance period, and
- (b) for the closing share price, the VWAP during the 60 trading days ending on 30 June 2022 or 30 June 2024 (as applicable).

### **Value**

The Company has determined the value of each Performance Option based on the VWAP of the Company's shares during the 60 trading days prior to 1 July 2019, adjusted for the expected value of dividends forgone during the performance period.

The value per Performance Option under Resolution 4 has been determined at \$10.40, resulting in a maximum aggregate value of \$2,080,000.

The value per Performance Option under Resolution 5 has been determined at \$11.18, resulting in a maximum aggregate value of \$850,000.

## **Key terms of Performance Options**

The key terms of the Performance Options are outlined in Appendix A.

## **Why approval is being sought**

ASX Listing Rule 10.14 provides that a listed company must not permit a Director of the Company to acquire securities under an employee incentive scheme without Shareholder approval. Accordingly, approval is being sought for the grant of Performance Options to Mr Emmett.

## **Information Required by ASX**

The following information in relation to the issue of Performance Options to Mr Emmett is provided to Shareholders:

- (a) Michael Emmett is the only Director of the Company eligible to participate in the Company's equity incentive schemes.
- (b) The maximum number of securities that may be acquired by Mr Emmett is 200,000 Performance Options under Resolution 4 and 76,029 Performance Options under Resolution 5.
- (c) The Performance Options under both Resolution 4 and 5 are being issued for nil consideration as they form part of Mr Emmett's incentive arrangements.

Subsequent to the shareholder approval obtained in 2015, the Company did issue 250,000 Performance Options to Mark Searles for nil consideration.

- (d) There are no loans applicable for the Performance Options.
- (e) The Performance Options will be issued within 12 months from the date of this Meeting, if approved by Shareholders of the Company.
- (f) If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1.

## **Directors' recommendation for Resolution 4 and 5**

The Directors (other than Michael Emmett) recommend that Shareholders vote for this Resolution.

## **Proportional Takeover Provision**

### **Resolution 6 – Approval of the Re-Insertion of Proportional Takeover Provisions into the Constitution**

The Company wishes to renew the proportional takeovers provisions in its current Constitution. The current Constitution was first adopted as part of the Initial Public Offering, as released to the ASX on 17 November 2005. The Proportional Take Over Provisions have not been renewed since that time.

The process to undertake this renewal requires shareholder approval by special resolution to re-insert the provision into the Constitution.

Further details in relation to this re-insertion are set out as follows:



### **Re-Insertion of proportional takeover provisions**

The Company's Constitution contains provisions concerning "Proportional Takeover Bid Approval" in Schedule 5 (**Proportional Takeover Provisions**). The Proportional Takeover Provisions provide that the Company can refuse to register Shares acquired under a proportional takeover bid unless an approving resolution is passed by Shareholders.

Section 648G(1) of the Corporations Act provides that a company's proportional takeover provisions will cease to have effect at the end of three years from the date of adoption (or re-insertion / renewal, as the case may be). The Company accordingly seeks the Shareholder approval of this Resolution for the re-insertion of the Proportional Takeover Provisions.

As at the date of this Notice of Meeting, there had been no notification of any proportional takeover bids.

The following information is provided for the purposes of Section 648G of the Corporations Act.

#### **Proportional takeover bid**

A proportional takeover bid is a takeover bid where the offer made to each Shareholder is only for a proportion of the Shareholder's Shares. If a Shareholder accepts, in full, an offer under a proportional takeover bid, the Shareholder will only dispose of a specified portion of their Shares in the Company and retain the balance of the Shares.

The Proportional Takeover Provisions are designed to assist Shareholders to receive proper value for their Shares if a proportional takeover bid is made for the Company by providing, in the Constitution, that:

- (a) in the event of a proportional takeover bid being made for Shares in the Company, Shareholders are required to vote and collectively decide whether to accept or reject the offer; and
- (b) the majority decision of the Company's members will be binding on all Shareholders.

#### **Effect of the proposed provisions**

Where offers have been made under a proportional takeover bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional takeover bid is prohibited unless and until a resolution to approve the proportional takeover bid is passed by Shareholders or otherwise, as pursuant to the terms of the Proportional Takeover Provisions.

In more detail, the effect of the Proportional Takeover Provisions is as follows:

- (a) if a proportional takeover bid is made for Securities of the Company, the Directors must ensure that a meeting of Shareholders is convened to vote on a resolution to approve that bid;
- (b) the bidder and persons associated with the bidder may not vote;
- (c) approval of the bid will require a simple majority of the votes cast;

- (d) the meeting must take place more than 14 days before the last day of the bid period (**Resolution Deadline**);
- (e) if the resolution is rejected before the Resolution Deadline, the bid cannot proceed and any transfers giving effect to takeover contracts for the bid will not be registered;
- (f) the bid will be taken to have been approved if, as at the end of the day before the Resolution Deadline, the resolution has not been voted on;
- (g) if the resolution is approved, the transfers must be registered (subject to other provisions of the Corporations Act and the Constitution); and
- (h) the Directors will breach the Corporations Act if they fail to ensure the resolution is voted on. However, the bid will still be taken to have been approved if it is not voted on within the Resolution Deadline.

The Proportional Takeover Provisions do not apply to full takeover bids. If the Proportional Takeover Provisions are re-inserted, they will cease to apply at the end of three years after re-insertion unless renewed by a Special Resolution of Shareholders.

### **Reasons for the proposed provisions**

In the absence of the Proportional Takeover Provisions, a proportional takeover bid may result in control of the Company changing without Shareholders having an opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders could be exposed to the risks of passing control to the bidder without payment of an adequate control premium for all their Shares and being left with a minority interest in the Company. Such Shareholders could suffer potential further loss if the takeover bid were to cause a decrease in the Share price or otherwise make the Shares less attractive and, therefore, more difficult to sell.

### **Knowledge of any acquisition proposals**

As at the date of this Notice of Meeting, no Director is aware of any proposal to acquire, or to increase the extent of, a substantial interest in the Company.

### **Advantages and disadvantages during the period in which they have been in effect**

The Directors consider that the Proportional Takeover Provisions had no advantages or disadvantages for them during the period in which they have been in effect.

The advantages and disadvantages of the Proportional Takeover Provisions for Shareholders include those set out below, which were applicable during the period in which they have been in effect.

### **Potential advantages and disadvantages**

The re-insertion of the Proportional Takeover Provisions will enable the Directors to formally ascertain the views of the Shareholders in respect of a proportional takeover bid. Without such provisions, the Directors are dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that the Proportional Takeover Provisions have no potential advantages or disadvantages for them and that they remain free to

make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the Proportional Takeover Provisions for Shareholders include:

- (a) providing the right to discuss, in a meeting called specifically for that purpose, and then decide, by majority vote, whether an offer under a proportional takeover bid should proceed;
- (b) assisting the prevention of Shareholders being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced;
- (d) potentially increasing the likelihood of a full takeover bid rather than a proportional takeover bid; and/or
- (e) enabling individual Shareholders to better assess the likely outcome of the proportional takeover bid, by knowing the view of the majority of Shareholders, which may assist in deciding whether to accept or reject an offer under the bid;

The potential disadvantages of the Proportional Takeover Provisions for Shareholders include:

- (a) imposing a hurdle to, and potentially discouraging the making of, provisional takeover bids which, in turn, may reduce any takeover speculation element in the price of Shares;
- (b) potentially reducing the likelihood of success of a proportional takeover bid;
- (c) possible reduction or loss of opportunities for Shareholders to sell some or all of their Shares at a premium; and/or
- (d) potentially causing some Shareholders to form the view that the Proportional Takeover Provisions impose an unreasonable restriction on their ability to freely deal with their Shares.

This Resolution is a Special Resolution that can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on this Resolution are voted in its favour.

### **Professional Advice**

If you have any doubt or do not understand this Resolution, it is strongly recommended that you seek advice from a solicitor or other professional advisor

### **Director's recommendation**

The Board of Directors recommend that Shareholders vote for this Resolution.

# Glossary

**AEDT** means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

**Annual Financial Report** means the 2019 Annual Report to Shareholders for the period ended 30 June 2019 as lodged by the Company with ASX on 19 September 2019.

**Annual General Meeting** or **AGM** or **Meeting** means an Annual General Meeting of the Company and, unless otherwise indicated, means the meeting of the Company's members convened by this Notice of Meeting.

**ASIC** means Australian Securities and Investment Commission.

**Associate** has the meaning given to it by the ASX Listing Rules.

**ASX** means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.

**ASX Listing Rules** or **Listing Rules** means the official ASX Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

**Auditor's Report** means the auditor's report dated 20 August 2019 as included in the Annual Financial Report.

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

**Business Day** means a day on which trading takes place on the stock market of ASX.

**Chair** means the person chairing the Meeting.

**Closely Related Party** of a member of the KMP means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporation Regulations 2001* (Cth).

**Company** means AUB Group Limited ACN 000 000 715.

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

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

**Directors' Report** means the report of Directors as included in the Annual Financial Report.

**Dollar** or "**\$**" means Australian dollars.

**Explanatory Statement** means the explanatory statement accompanying this Notice of Meeting.

**KMP** means key management personnel (including the Directors) whose remuneration details are included in the Remuneration Report.

**Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting dated 30 September 2019 including the Explanatory Statement.

**Option** means an option which, subject to its terms, could be exercised into a Share.

**Ordinary Resolution** means a resolution that can only be passed if at least 50% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

**Proxy Form** means the proxy form attached to this Notice of Meeting.

**Remuneration Report** means the remuneration report as set out in the Annual Financial Report.

**Resolutions** means the resolutions set out in this Notice of Meeting, or any one of them, as the context requires.

**Restricted Voter** means a member of the Company's KMP and any Closely Related Parties of those members.

**Securities** mean Shares and/or Options (as the context requires).

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

**Shareholder** means a holder of a Share.

**Share Registry** means Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

**Special Resolution** means a resolution that can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

**Spill Meeting** means the meeting that will be convened within 90 days of the 2020 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2020 AGM.

**Spill Resolution** means the resolution required to be put to Shareholders at the 2020 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2020 AGM.

**Trading Day** has the meaning given to that term in ASX Listing Rule 19.12.

## **Appendix A – Key Terms of Performance Options**

**Exercise price:** The exercise price of the Performance Options is nil.

**Expiry date for options:** Performance Options will lapse 4 years after the earliest exercise date if they have not been exercised by that date, unless the Board determines a different date.

**Disposal restrictions:** If the Performance Options vest and are exercised, the shares issued are unrestricted. Disposal of shares issued on exercise of the Performance Options will be subject to the Company's securities trading policy. Mr Emmett may not sell, assign, transfer or otherwise deal with, or grant a security interest over Performance Options without the prior written approval of the Board or as required by law.

**Participation in new issues and bonus issues:** Performance Options carry no entitlement to participate in new issues of shares by the Company prior to the vesting and exercise of the Performance Option. In the event of a bonus issue, Performance Options will be adjusted in the manner required by the Listing Rules.

**Reorganisation:** If any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company is effected, Performance Options will be adjusted in the manner required by the Listing Rules.

**Voting and dividend rights:** Performance Options will not attract dividends or distributions and voting rights until the Performance Options vest and shares are allocated on their exercise, whether or not the shares are subject to disposal restrictions. Income tax will be the responsibility of Mr Emmett.

**Ranking of shares issued:** The ordinary shares in the Company issued upon exercise of the Performance Options will rank equally with the existing ordinary shares in the Company on issue, except for entitlements which had a record date before the date of issue of those shares.

**Cessation of employment:** All Performance Options granted under Resolution 4 will automatically lapse if Mr Emmett ceases employment prior to vesting, unless the Board determines otherwise. For Performance Options granted under Resolution 5:

- if employment is terminated in accordance with Mr Emmett's employment agreement, without notice, for serious misconduct or by reason of illness, injury or incapacity of Mr Emmett, all unvested Performance Options will automatically lapse; and
- if employment is terminated with notice given by the Company or Mr Emmett, all unvested Performance Options remain on foot and will be tested in the ordinary course.

**Change of control:** If an entity (or entities acting together) acquire more than 50% of the shares held in AUB or AUB shares are removed from listing on the ASX, all of the Performance Options granted under Resolution 4 will automatically vest on a pro rata basis (calculated by reference to the portion of the performance period elapsed),

For the Performance Options granted under Resolution 5, in the event of a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company, the Board may decide that some or all of the Performance Options will vest.

**Preventing inappropriate or unfair benefits:** The Board has broad "clawback" powers to determine that Performance Options lapse, any shares allocated on vesting are forfeited, or that amounts are to be repaid in certain circumstances (for example, in the case of serious misconduct).

**LODGE YOUR VOTE**

**ONLINE**  
www.linkmarketservices.com.au

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

**BY FAX**  
+61 2 9287 0309

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

**ALL ENQUIRIES TO**  
Telephone: +61 1800 194 270 (free call within Australia)



**X999999999999**

**PROXY FORM**

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

**APPOINT A PROXY**

the Chairman of the Meeting (mark box)

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

**STEP 1**

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am on Tuesday, 12 November 2019 at the Auditorium, Level 15, 1 Farrer Place, Sydney, New South Wales** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1, 4 and 5:** 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, 4 and 5, 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 indicated no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

**STEP 2**

Resolutions	For	Against	Abstain*	For	Against	Abstain*	
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval of Issue of 3-year Performance Options to Michael Emmett, Managing Director and CEO of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Ray Carless as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Reinsertion of Proportional Takeover Provision into Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Robin Low as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Approval of Issue of 5-year Performance Options to Michael Emmett, Managing Director and CEO of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

**i** \* 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**

**STEP 3**

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
<input type="text"/>	<input type="text"/>	<input type="text"/>
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).





## 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. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. If your named proxy attends the Meeting but does not vote on a poll on a resolution in accordance with your directions, the Chairman of the Meeting will become your proxy in respect of that resolution. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP. On a poll, the Chairman of the Meeting will vote directed proxies as directed and may vote undirected proxies as the Chairman of the Meeting sees fit. If the Chairman of the Meeting is your proxy or becomes your proxy by default, and you do not provide voting directions, then by submitting the Proxy Form you are expressly authorising the Chairman of the Meeting to exercise your proxy on resolutions that 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. If you wish to appoint a Director (other than the Chairman) or other member of the KMP or their closely related parties as your proxy, you must specify how they should vote on Resolutions 1, 4 and 5 by marking the appropriate box (either For/Against/Abstain). If you do not specify how your proxy should vote, your proxy will not be able to exercise your vote for Resolutions 1, 4 and 5.

### 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:

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

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Sunday, 10 November 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](http://www.linkmarketservices.com.au)

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



#### 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](http://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

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



#### BY FAX

+61 2 9287 0309



#### BY HAND

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

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

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