

12 October 2017

Australian Securities Exchange
Market Announcements Office
20 Bridge Street
Sydney NSW 2000

Notice of Annual General Meeting and Proxy Form

Pursuant to listing rule 3.17 a copy of the followings documents are transmitted for lodgement:

1. Notice of Annual General Meeting; and
2. Proxy Form

These documents were despatched to shareholders on 12 October 2017.

Peter Fitzpatrick
Company Secretary

Tel: 02 9248 0304

Homeloans Limited (ABN 55 095 034 003)

Notice of Annual General Meeting and Explanatory Memorandum

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the shareholders of Homeloans Limited will be held at the Offices of Computershare Investor Services, Level 4, 60 Carrington Street, Sydney NSW 2000 on Monday 13 November 2017 at 10.00am (Australian Eastern Daylight Time).

Date of Meeting: Monday 13 November 2017

Time of Meeting: 10.00am (Australian Eastern Daylight Time)

Place of Meeting: The offices of Computershare Investor Services
Level 4,
60 Carrington Street
Sydney NSW 2000



Business of the Meeting

Financial Statements and Reports

1. To receive and consider the Financial Report, Directors' Report and Independent Auditor's Report (the "Reports") for Homeloans and its controlled entities for the year ended 30 June 2017. There is no vote required on this item.

Note: A copy of the Reports are included in the Homeloans' Annual Report 2017. There is no vote required on this item.

Election of Director

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

2. That Mr. Chum Darvall, AM who was appointed in accordance with clause 13.6.1 of the Company's Constitution during the year is re-elected as a director in accordance with clause 13.6.2 of the Company's Constitution.

Re-election of Directors

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

3. That Mrs. Susan Hansen who retires by rotation in accordance with clause 13.4 of the Company's Constitution is re-elected as a director.
4. The Mr. Michael Jefferies who retires by rotation in accordance with clause 13.4 of the Company's Constitution is re-elected as a director.

Remuneration Report

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

5. That the Remuneration Report for Homeloans Limited for the year ended 30 June 2017 be adopted.

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

Approval of Amended Homeloans Limited Employee Share Option and Rights Plan

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

- 6A. That the Homeloans Limited Employee Share Option and Rights Plan, as amended, described in the Explanatory Memorandum to the Notice of Meeting, the grant of options and rights and the issue of ordinary shares under such Plan to employees of the Company be and is hereby approved for the purposes of Exception 9 of ASX Listing Rule 7.2 and for all other purposes.
- 6B. That approval be given for all purposes including section 200B of the Corporations Act 2001 (Cth), for the giving of benefits to any person who holds a managerial or executive office in the Company or a related body corporate of the Company, in connection with that person ceasing to hold that office or position, on the terms set out in described in the Explanatory Memorandum to the Notice of Meeting.

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

Please refer to the Explanatory Notes attached to this Notice of Meeting.

BY ORDER OF THE BOARD



Peter Fitzpatrick
Dated this 12th day
of October 2017

Voting Exclusion Statement

Item 5 – Corporations Act 2001 (Cth), Section 250R

Pursuant to section 250R of the Corporations Act, except as set out below, a vote must not be cast (in any capacity) on Item 5 by or on behalf of:

- A member of the key personnel management (KMP), the details of which and their remuneration are included in the Remuneration Report; and
- A “closely related party” of any such member of the KMP, (collectively, “Excluded Persons”)

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of Homeloans or the Homeloans Group, whether directly or indirectly. Members of the KMP include directors (both executive and non-executive) and certain senior executives in the Homeloans group.

A “closely related party” of a member of the KMP is defined as:

- A company the KMP member controls;
- The KMP member’s spouse, child or dependent (or a child or dependent of the member’s spouse); or
- Anyone else who is one of the KMP member’s family and may be expected to influence, or be influenced by, the member in the member’s dealings with Homeloans.

Item 5 – Corporations Act 2001 (Cth), Section 250B

Pursuant to section 250B of the Corporations Act, Excluded Persons must not vote on Item 5 as proxies, unless:

- The proxy appointment is in writing and specifies how the proxy is to vote on Item 5; and
- The vote is not cast on behalf of an Excluded Person.

The Chair of the meeting is also permitted to vote any undirected proxies on Item 5 (other than on behalf of Excluded Persons), provided the proxy appointment expressly authorises the Chair of the meeting to exercise the proxy even if the resolution is connected, directly or indirectly, with the remuneration of one or more members of the KMP.

Please read the information under the heading “Undirected Proxies” on page 6 of this Notice of Meeting, which (among other things) deals with the Chair’s exercise of voting for proxies on all resolutions.

A shareholder may be held liable for breach of the voting restrictions under the Corporations Act if the shareholder has cast a vote on Item 5 in contravention of the above restrictions.

Item 6A – Voting Exclusion Statement

Homeloans Limited will disregard any votes cast (in any capacity) on Resolution 6A by or on behalf of any director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and an associate of such directors. However, the Company will not disregard a vote cast on Resolution 6A by a director or employee of Homeloans Limited 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 person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Item 6B – Voting Exclusions

Homeloans Limited will disregard any votes cast (in any capacity) on Resolution 6B by or on behalf of any person who may be entitled to receive a benefit in connection with that person's retirement from office or position of employment (**retiree**), the subject of Resolution 6B, or an associate of such a person.

However, the Company will not disregard a vote cast on Resolution 6B if:

- (a) The vote is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the resolution; and
- (b) It is not cast on behalf of the retiree or an associate of the retiree.

Information for Shareholders

Explanatory Memorandum

The Explanatory Memorandum is included in and forms part of this Notice of Annual General Meeting and should be read in conjunction with it. It is an important document and should be read in its entirety. Please consult your professional advisor if you do not understand, or require further clarification in respect of any part of the document.

Attending the Meeting

All shareholders may attend the Annual General Meeting. In the case of joint shareholders, all holders may attend the meeting but only one holder may vote at the meeting in respect of the relevant shares (including by proxy). If more than one joint holder is present, and more than one of the joint holders vote in respect of the relevant shares, only the vote of the joint holder whose name stands first in the register in respect of the relevant shares is counted. A corporate shareholder may appoint one or more persons to act as its representative(s) but only one representative may exercise the corporate shareholder's powers at any one time. Appropriate evidence of appointment of corporate representative(s) must be provided.

Questions and Comments by Shareholders at the Meeting

In accordance with the Corporations Act, a reasonable opportunity will be given to shareholders as a whole to ask questions or make comment about Homeloans financials, operations, its Remuneration Report and other items on the agenda for the meeting. Similarly, a reasonable opportunity will be given to shareholders as a whole to ask Homeloans auditors, Deloitte questions about the conduct of the audit; the preparation and content of the Independent Auditor's Report; the accounting policies and the independence of the audit in relation to the conduct of the audit.

Shareholders may also provide written questions to the auditor concerning the content of the Auditor's Report or the conduct of the audit for the year ended 30 June 2017 in advance of the meeting. Written questions should be submitted to Homeloans no later than 6 November 2017 and should be forwarded to the Company Secretary, Homeloans Limited, Level 9, 45 Clarence Street, Sydney NSW 2000.

Voting Entitlements

The following persons may vote at the Annual General Meeting:

- A person entitled to vote if they have an interest in the company that allows them to do so;
- A proxy of a person entitled to vote. Where more than one proxy is appointment, each proxy must be appointed to represent a specified proportion of the member's voting rights. If a member appoints two proxies, and the appointment does not specify the proportion of the member's voting rights, each proxy may exercise one-half of the voting rights; and
- The chairman as proxy for a person entitled to vote, in accordance with their directions.

Proxy Votes

All shareholders who are entitled to attend and vote at the meeting have the right to appoint a proxy to attend and vote for them in accordance with the directions on the proxy form. If no directions are given to the proxy on the form, the proxy may vote as he or she thinks fit. A proxy need not be a shareholder of the company and may be an individual or body corporate.

A corporate shareholder must sign the proxy form in accordance with its Constitution or otherwise in accordance with the Corporations Act 2001 (Cth). Where the proxy form is signed under the hand of a duly authorised person or persons of a corporate shareholder, such authorisation must have been sighted at the company's share registry.

In accordance with the Corporations Act 2001 (Cth) any directed proxies that are not voted on a poll at the meeting will automatically default to the chair of the meeting, who is required to vote proxies as directed.

If you wish to appoint a proxy, please complete the form in accordance with the instructions on the form. To be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received by no later than 10.00am (Australian Eastern Daylight Time) on 11th November 2017:

By the Company:

Online at: www.investorvote.com.au

By Mail: Share Registry
Computershare Investor Services Pty Limited
GPO Box 242, Melbourne VIC 3001, Australia

By Fax: 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

By Mobile: Scan the QR Code on your proxy form and follow the prompts

Custodian Voting: For intermediary Online subscribers only (custodians) please visit
www.intermediaryonline.com to submit your voting instructions.

A proxy form accompanies this Notice of Meeting.

Corporate Shareholders

Corporate shareholders wishing to appoint a representative to attend and vote at the meeting on their behalf must provide that person with:

- An appropriately executed letter or certificate authorising the person to act as the company's representative in accordance with the company's constitution; or
- A copy of the resolution appointing the representative, certified by a company secretary or director of the company.

Chair's Deemed Appointment as Proxy

There are some circumstances where the Chair of the meeting will be taken to have been appointed as a shareholder's proxy for the purposes of voting on a particular resolution even if the shareholder has not expressly appointed the Chair of the meeting as their proxy. This will be the case where:

- The appointment of the proxy specifies the way the proxy is to vote on a particular resolution; and
- The appointed proxy is not the Chair of the meeting; and

- A poll is called on the resolution; and
- Either of the following applies;
 - The proxy is not recorded as attending the meeting; or
 - The proxy attends the meeting but does not vote on the resolution.

Undirected Proxies

If you appoint the Chair of the meeting as your proxy (including by default) and you do not specify how the proxy is to vote, you expressly authorise the Chair to exercise your proxy, even if, in the case of Item 5, where the resolution is connected directly or indirectly with the remuneration of one or more members of the KMP, which includes the Chair.

The Chair intends to vote undirected proxies in favour of all resolutions on the agenda for the meeting.

Determination of Entitlement to Attend and Vote

The directors have determined that the shareholding of each member and their voting entitlements for the Annual General Meeting be as set out in the Company's Share Register at 10.00am (Australian Eastern Daylight Time) on Saturday 11th November 2017. Accordingly share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Annual Report Information

The Annual Report for the year ended 30 June 2017 accompanies this Notice of Meeting (unless you have elected not to receive a copy of the report).

The 2017 Annual Report is also available on the company's website at www.homeloans.com.au.

Explanatory Memorandum to Notice of Annual General Meeting

The Explanatory Memorandum is provided to shareholders of Homeloans Limited (the “Company”) to explain the resolutions to be put to shareholders for their consideration at the forthcoming Annual General Meeting to be held on 13th November 2017 at 10.00am (Australian Eastern Daylight Time).

The Explanatory Memorandum provides shareholders with information that is reasonably required by shareholders to decide how to vote upon the resolutions to be considered at the meeting. The directors recommend that shareholders carefully read this Explanatory Memorandum before determining the manner in which they vote on a resolution.

Other than as contained in the Notice of Annual General Meeting, this Explanatory Memorandum and the Company’s Annual Report for the year ended 30 June 2017, the directors believe that there is no other information known to the Company or the directors that is reasonably required by shareholders to decide whether or not to pass each resolution.

1. Financial Statements and Reports

The Corporations Act requires the company’s financial statements and reports for the last financial year to be laid before the Annual General Meeting. The financial statements and reports are contained in the Company’s Annual Report for the year ended 30 June 2017, which accompanies the Notice of Annual General Meeting (unless you have elected not to receive a copy of the report). A copy of the Company’s Annual Report is also available on the website at www.homeloans.com.au.

No resolution is required in relation to the financial statements and reports. However shareholders will be given reasonable opportunity to raise questions on the financial statements and reports.

A representative from the firm of Deloitte, (the Company’s auditors), will also be present at the meeting and shareholders will have an opportunity to ask the auditor questions in relation to the conduct of the audit, the Auditor’s Report, the Company’s accounting policies and the independence of the auditor.

2. Election of Director

Mr. Chum Darvall, AM

Independent Non-Executive Deputy Chairman (appointed April 2017)

Chum previously was Non-Executive Vice Chairman of Deutsche Bank and prior to that Chief Executive Officer of Deutsche Bank Australia and New Zealand from 2002 to 2011. He was also formerly the Chairman of TransGrid appointed by the New South Wales Government, until its sale in December 2015. Chum holds a Bachelor of Arts from Macquarie University, is a Senior Fellow of the Financial Services Institute of Australia and a Fellow of the Australian Institute of Company Directors.

Special Responsibilities: Member of the Risk & Compliance Committee and the Remuneration & Nomination Committee.

Recommendation

The Board unanimously recommends that shareholders vote in favour of this resolution.

3. Re-election of Director

Mrs. Susan Hansen

Independent Non-Executive Director (appointed October 2016)

Susan is a chartered accountant and holds a Bachelor of Commerce degree and an MBA from the University of Cape

Town. Susan has 35 years of experience including a Big Four Accounting Firm and an investment bank (financial analysis and risk assessment). Susan is a specialist in risk management including market risk management.

Other listed directorships (last three years): Non-Executive Director of Utilico Emerging Markets Limited since 2013.

Special Responsibilities: Chair of the Audit Committee; member of the Remuneration & Nomination Committee and a member of the Risk & Compliance Committee.

Recommendation

The Board unanimously recommends that shareholders vote in favour of this resolution.

4. Re-election of Director

Mr. Michael Jefferies

Independent Non-Executive Director (appointed October 2016)

Michael is a chartered accountant and holds a Bachelor of Commerce degree. He has extensive experience in finance and investment, including 20 years as an executive at Guinness Peat Group, and currently serves on a number of boards.

Other listed directorships (last three years): Independent Non-Executive Director of Ozgrowth Limited since 2007; Independent Non-Executive Director of Afterpay Touch Group Limited since June 2017 having formerly been Executive Chairman and Acting Chief Executive of Touchcorp Limited and Independent Non-Executive director of Afterpay Limited prior to the merger of these two companies to form Afterpay Touch Group Limited; and Independent Non-Executive Chairman of Pantoro Limited since October 2016.

Special Responsibilities: Chair of the Remuneration & Nomination Committee and a member of the Audit Committee.

Recommendation

The Board unanimously recommends that shareholders vote in favour of this resolution.

5. Adoption of the Remuneration Report

The directors submit the Company's Remuneration Report to shareholders for consideration and adoption by way of a non-binding resolution.

The Remuneration Report is set out in the Directors' Report, which forms part of the Annual Report for 2017. The Remuneration Report details the remuneration paid to the directors and other Key Management Personnel (KMP) during the financial year. It also explains the Board's policy for determining the nature and amount of the remuneration paid by the Company. The relationship between the Board's remuneration policy and the Company's performance and the performance hurdles applicable to the remuneration of KMP.

The Company's remuneration policies and practices have been designed to align the interests of directors and KMP of the company and those of the Company's shareholders. Although the vote on the proposed resolution is advisory only the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies.

Shareholders will be given a reasonable opportunity at the meeting to comment on and ask questions about the Company's Remuneration Report.

Recommendation

The Board unanimously recommends that shareholders vote in favour of this resolution.

6A. Amendment of Homeloans Limited Employee Share Option and Rights Plan Rules

At the annual general meeting of the Company held on 20 November 2015, shareholders approved the Homeloans Limited Employee Share Option and Rights Plan (**Plan**). In addition, shareholders also approved the issue of securities under the Plan, meaning such securities are exempt from contributing toward the rolling annual limit of 15% of issued ordinary shares prescribed by ASX Listing Rule 7.1.

The Plan provides for the issuance of rights and options, which are convertible into ordinary shares subject to the satisfaction of performance conditions and other criteria. The Plan is designed to incentivise staff and to create a stronger link between increasing shareholder value and employee reward.

More specifically, under the Plan, employees of the Company can be invited by the Board to become holders of rights or options to acquire fully paid ordinary shares in the Company. The purpose of the Plan is to attract quality people to the Company, to retain their services and to provide them with the motivation to make the Company more successful. The Plan provides eligible employees with an opportunity to share in the growth of the value of the shares of the Company and to encourage them to improve the performance of the Company and its return to shareholders.

The options and rights issued under the Plan are not, and will not be, listed for quotation on the Official List of the ASX.

Since shareholders approved the Plan on 20 November 2015, 900,000 options have been issued under the amended Plan to each of Scott McWilliam and Mary Ploughman, each being a Co-Chief Executive Officer of the Company.

On 24 July 2017, in accordance with the Board's express power under the Plan Rules, the directors amended the terms of the Plan. A summary of the amendments to the Plan is set out below and a copy of the amended Plan Rules can be obtained by contacting the Company Secretary by telephone 02 9248 0304.

As a result of amending the Plan Rules, the Board wishes to put the amended Plan Rules to shareholders for approval, which approval is for the same purposes as in 2015. If approved, issues of securities under the Plan will be exempt from contributing toward the rolling annual limit of 15% of issued ordinary shares prescribed by ASX Listing Rule 7.1. Shareholder approval of the amended Plan is therefore being sought under Listing Rule 7.2 Exception 9, whereby the shareholders may approve in advance the issue of securities under the Plan as an exemption to the limit under Listing Rule 7.1. If shareholders approve the amended Plan Rules, the Company will grant all future rights and options to employees in accordance with the terms of the amended Plan Rules.

Summary of the key terms of the Plan Rules (Approved November 2015)

- (a) A summary of the key terms of the Homeloans Limited Options and Share Rights Plan (approved November 2015) is set out below. A copy of the Plan can be obtained by contacting the Company Secretary by telephone (+61 2 9248 0304). A copy of the Plan is also available on the company's website at www.homeloans.com.au.
- (b) The Homeloans Limited Options and Share Rights Plan was designed to enable employees of the Company to become holders of rights and/or options to acquire fully paid ordinary shares in the Company. The purpose of the plan is to attract quality people to the company, to retain their services and to provide them with the motivation to make the company more successful. The Plan will provide eligible employees with an opportunity to share in the growth of the value of the shares of the company and to encourage them to improve the performance of the company and its return to shareholders. The Plan is administered by the Board free of charge. The options and rights under this Plan will not be listed for quotation on the Official List of the ASX,
- (c) Subject to the rules of the Plan the Board at its discretion may make an offer to an employee for the grant of options and/or rights to acquire shares in the company. The Offer Document given to the eligible employee will include information on:
 - (i) the number of options or rights to which the invitation relates or the basis on which the number of options or rights is to be determined;
 - (ii) the vesting date and the last exercise date or the basis on which the vesting date and last exercise date are to be determined;

- (iii) in the case of options only the exercise price or the basis on which the exercise price is to be determined;
 - (iv) the performance conditions attached to the rights (if any);
 - (v) whether a holding lock will apply to the shares; and
 - (vi) any other terms and conditions relating to the grant of the options or rights or the issue of the shares on exercise of the options or rights.
- (d) On the issue of an option or right the company must give the employee one or more certificates stating (or which, if applicable, attaches a separate document stating):
 - (i) the number of options or rights issued to the participant;
 - (ii) the exercise price of the options or the basis on which it is to be determined;
 - (iii) the date of grant of the options or rights;
 - (iv) the vesting date of the options or rights or the basis on which it is to be determined and the expected last exercise date of the options or rights or the basis on which it is to be determined; and
 - (v) any other specific terms and conditions applicable.
- (e) Each option entitles the holder upon exercise to subscribe for and be issued one ordinary share at the exercise price and each right entitles the holder upon exercise to be issued with one ordinary share.
- (f) Subject to any requirements under the ASX Listing Rules, the exercise price in respect of an option will be determined by the Board at its absolute discretion.
- (g) It is the intention of the Board that the issue of options, rights and shares under the Plan will be subject to the deferred taxation regime contained in Division 83A of the Tax Act.
- (h) The company has lodged a notice of reliance on ASIC Class Order 14/1000 with the Australian Securities and Investment Commission (ASIC) in respect to the options and rights. When an offer is proposed to be made in reliance on ASIC Class order 14/1000, the company must not offer or issue options or rights if at the time of the proposed offer, the sum of the number of shares:
 - (i) that may be issued on exercise of options or rights the subject of the proposed offer;
 - (ii) issued or which may be issued as a result of offers made at any time during the previous 3-year period under an employee incentive scheme:
 - 1. covered by ASIC Class order 14/1000
 - 2. previously covered by ASIC Class order 03/184; or
 - 3. covered or previously covered by an ASIC instrument granting specific relief similar to ASIC Class order 03/184exceeds 5% of the total number of issued shares.

The number of offers made, options or rights acquired or shares issued as a result of the following will be disregarded for the purpose of calculating the 5% LIMIT:

1. an offer to a person situated at the time of the receipt of the offer outside Australia;
 2. an offer that did not require disclosure to the participant because of an exemption to disclosure contained in Chapter 6D of the Corporations Act (including as a result of any Class Order or specific relief modification of the Corporations Act or ASIC instrument); or
 3. an offer that was made under a disclosure document
- (i) The options and rights vest on the vesting date and are conditional on the satisfaction of the following conditions:
- (i) the employee must have been an employee or a deemed employee of a company within the group at all times between the date of grant and the vesting date (inclusive);
 - (ii) the performance conditions relating to the rights or options;
 - (iii) any other specific conditions.
- (j) Unless otherwise specified in the Certificate or determined otherwise by the Board, an option or rights which has vested with the employee lapses on the earlier of:
- (i) the last Exercise Date; or
 - (ii) the date determined by the Board (which in no event is less than 2 months or more than six months) after the date of termination of employment of the employee with the group (other than due to the occurrence of a special circumstance); and
 - (iii) any options or rights which have not been exercised will lapse and all rights of an employee under the Plan in respect of the options or rights will cease.
- (k) The company must apply for official quotation of the ordinary shares which are issued on exercise of the options or rights. Subject to any restrictions imposed on the shares (such as a Holding Lock) the shares allotted on the exercise of the options or rights granted under the Plan rank pari passu in all respects with the other ordinary shares issued by the company and in particular entitle the holders to participate fully in dividends declared by the company after the date of allotment; and all issues of securities made or offered pro rata to holders of shares.

Summary of specific amendments to the Plan Rules

Lapse of rights or options in 'Bad Leaver' situations

The Plan was amended to ensure that upon the termination or cessation of an employee, and where the employee is considered to be a 'Bad Leaver', any rights or options that have been issued to that employee as a 'Participant' under the Plan will be automatically forfeited and will lapse. Under the terms of the amended Plan Rules, a Participant is considered to be a 'Bad Leaver' for the purpose of the Plan where that person:

- (a) Commits a fraudulent or other dishonest act which brings disrepute upon any company in the Homeloans Limited group of companies (**Group**); or
- (b) Ceases to be an employee of a company in the Group unless:
 - (i) the Participant ceases employment due to redundancy or retirement, and the Board determines that the Participant would not otherwise have had their employment with any member of the Group terminated;

- (ii) the Participant ceases employment with any and all companies in the Group (Group Companies) due to the Participant's death or permanent incapacity; or
- (iii) the Board, in its sole and absolute discretion, determines that the Participant is not a Bad Leaver.

There are several exceptions to a Participant falling within the definition of a Bad Leaver, which operate in the following circumstances:

- (a) the Participant is absent due to approved leave; or
- (b) the Participant leaves employment with a Group Company and is immediately employed by another Group Company or a joint venture company in which a Group Company holds a substantial interest at the time of commencement of employment of the Participant, and which has been approved by the Board as an 'Associated Company'; or
- (c) the Participant is seconded from a Group Company to a government department or instrumentality or to another company.

The Board has the discretion to determine that any of these exceptions do not apply to exempt a Participant from being a Bad Leaver.

Prior to the amendment of the Plan Rules, there was no express 'Bad Leaver' concept and, therefore, a Participant who met the Bad Leaver definition in the amended Plan Rules would have been permitted to retain any options or rights issued to them under the Plan following the termination or cessation of their employment.

Amendment of Control Event

If an 'Accelerated Vesting Event' occurs while a Participant is employed with the Company and before the vesting date of options or rights issued to the Participant under the Plan, the Board may, at its discretion, bring forward the vesting of all rights or options held by that Participant and waive any vesting conditions in regard to any options or rights. The Accelerated Vesting Events include, among other events, the 'Control Events', which encompass situations in which there is a change in control of the Company.

The amended Plan Rules includes two additional Control Events, being where:

- (a) any shareholder becomes entitled to exercise more than 90% of the votes in the Company; or
- (b) an announcement is made by the Company that shareholders have, at a Court-convened meeting of shareholders, voted in favour, by the requisite majority, of a proposed scheme of arrangement under which all shares in the Company are to be either cancelled or transferred to a third party, and the Court has approved the scheme of arrangement

These additional Control Events, in essence, cover situations in which a shareholder could compulsorily acquire all the shares in the Company or where the shareholders and the court approve the Company completing a scheme of arrangement.

Prior to the amendment of the Plan Rules, the previous definition of 'Control Events' operated to make it less clear that the above scenarios actually constituted 'Control Events'. Accordingly, the amendment was designed to achieve clarity, rather than constitute a substantive change to the terms of the Plan Rules.

Offer Document

The Plan Rules previously required the Company to issue an 'offer document' to an employee who the Board determined should be invited to participate in the Plan. The 'offer document' was expressly required to comply with the requirements of Australian Securities and Investments Commission Class Order 14/1000 (**Class Order**). The Company is not currently relying on the Class Order for relief and, accordingly, is not legally required to provide an offer document that strictly complies with the requirements of the Class Order. Accordingly, the amended Plan requires that the Company issue an

offer document in substantially the same form as the Class Order, rather than requiring strict compliance with the prescribed form. This is a technical change to ensure that no offer document could be regarded as defective if it does not comply with the strict requirements of the Class Order in one or more aspects.

Recommendation

The Board unanimously recommends that shareholders vote in favour of this resolution.

6B. Approval of Potential Termination Benefit

The benefits that can be given to people who hold a 'managerial or executive office' on leaving their employment with a company are restricted under section 200B of the Corporations Act. A benefit in connection with a person ceasing to hold such an office may only be given by a company where the benefit falls within an exemption under the Corporations Act or is approved by the company's shareholders.

The term 'benefit' has a wide meaning, which may extend to the benefits that employees of the Company may receive through the Board exercising its discretion under the Plan when an employee ceases to be employed by the Company.

Under the Plan, where a Participant ceases their employment with the Company before the relevant Vesting Conditions are satisfied, the Board may exercise its discretion to determine that some or all of that Participant's options or rights will vest and, accordingly, that those options or rights are exercisable. The exercise of the Board's discretion may constitute a 'benefit' for the purposes of section 200B of the Corporations Act.

The monetary value of the benefits given to Participants in the Plan (including the existing Participants in the Plan, Scott McWilliam or Mary Ploughman) cannot currently be ascertained. The value of the benefit will be dependent on the price of shares in the Company when the options vest, as well as the level of discretion exercised by the Board in determining the number of options or rights that vest, and the time of cessation of the retiree's employment.

Accordingly, the Board seeks shareholder approval for the exercise of the Board's discretion in respect to a retiree's participation in the Plan in the event that the retiree holds:

- (a) a managerial or executive office in the Company at the time of cessation of employment or at an time in the preceding three years; or
- (b) unvested options or rights at the time of cessation of employment.

If shareholder approval is given, the value of such a benefit will not be counted towards the cap in the termination benefits that can be given to managerial or executive officers without shareholder approval.

Recommendation

The Board unanimously recommends that shareholders vote in favour of this resolution.

Homeloans



Homeloans Limited

ABN 55 095 034 003

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 264 082
(outside Australia) +61 3 9415 4391

HOM

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

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Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 9999999

SRN/HIN: I9999999999

PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 10:00am (AEDT) Saturday, 11 November 2017

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



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Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Homeloans Limited hereby appoint

☐ the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Homeloans Limited to be held at Computershare Investor Services Pty Ltd, Level 4, 60 Carrington Street, Sydney, New South Wales on Monday, 13 November 2017 at 10:00am (AEDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 5, 6A and 6B (except where I/we have indicated a different voting intention below) even though Resolutions 5, 6A and 6B are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 5, 6A and 6B by marking the appropriate box in step 2 below.

STEP 2 Items of Business

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

		For	Against	Abstain
Resolution 2	To elect Mr Chum Darvall AM as a Director of Homeloans Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	To re-elect Mrs Susan Hansen as a Director of Homeloans Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	To re-elect Mr Michael Jefferies as a Director of Homeloans Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6A	Approval of amended Homeloans Limited Employee Share Option & Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6B	Approval of Potential Termination Benefit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

/ /



HOM

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