

**CLIME INVESTMENT MANAGEMENT LTD  
ABN 37 067 185 899**

**NOTICE OF ANNUAL GENERAL MEETING**

**EXPLANATORY STATEMENT**

**AND**

**PROXY FORM**

**Date of Meeting**

Thursday, 14 November 2019

**Time of Meeting**

2:00 pm (AEDT)

**Place of Meeting**

The Press Room, Lower Ground Floor  
Radisson Blue Hotel, 66 Pitt Street, Sydney

**CLIME INVESTMENT MANAGEMENT LTD**  
**ABN 37 067 185 899**

**NOTICE OF ANNUAL GENERAL MEETING**

Clime Investment Management Ltd ("Clime" or the "Company") gives notice that the Annual General Meeting of Shareholders will be held at:

**2:00 pm (AEDT) on Thursday 14 November 2019 at**  
The Press Room, Lower Ground Floor  
Radisson Blue Hotel, 66 Pitt Street Sydney

The Explanatory Memorandum and Proxy Form which accompany and form part of this Notice of Meeting describe in more detail the matters to be considered. Please consider this Notice of Meeting, the Explanatory Memorandum and the Proxy Form in their entirety.

**BUSINESS**

**Consideration of Annual Report**

To receive and consider the financial statements of Clime for the year ended 30 June 2019, together with the Directors' Report and the Auditor's Report as set out in the Annual Report.

*Note: There is no requirement for Shareholders to approve these reports.*

**Resolution 1: To adopt the Remuneration Report**

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

*"That the Company adopt the Remuneration Report for the year ended 30 June 2019 in accordance with Section 250R(2) of the Corporations Act 2001."*

Note:

1. The vote on this resolution is advisory only and does not bind the Directors or the Company.
2. Clime's key management personnel and their closely related parties must not cast a vote on the Remuneration Report unless they are appointed in writing as a proxy for a member eligible to vote on the resolution and that proxy specifies how to vote on the resolution.

**Resolution 2: Re-election of John Abernethy as Director**

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

*"That **John Abernethy**, who retires by rotation in accordance with the Company's Constitution and, being eligible for re-election, be re-elected as a Director."*

**Resolution 3: Approval of additional placement capacity under Listing Rule 7.1A**

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

*“That in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Shares of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”*

**Voting Exclusion Statement**

The Company will disregard any votes cast in favor of this Resolution by:

- any person who is expected to participate in the 10% Placement Facility;
- a person who might obtain a material benefit if this Resolution is passed, except a benefit solely in the capacity of a holder of Shares; and
- any Associate of the above person or persons.

However, the Company will not disregard a vote if:

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

**Resolution 4: Approval of future issues of securities under the Equity Incentive Plan**

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

*“That issues of securities under the Equity Incentive Plan, as described in the Explanatory Memorandum, be approved as an exception to ASX Listing Rule 7.1 pursuant to exception 9 in ASX Listing Rule 7.2.”*

**Voting Exclusion Statement**

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favor of this Resolution by or on behalf of Director, other than any Directors who are ineligible to participate in any employee incentive schemes in relation to the Company, and any associates of those Directors.

However, the Company will not disregard a vote if:

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

**Voting Prohibition Statement**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution, if:

(a) the proxy is either:

- a. a member of the Key Management Personnel; or
- b. a Closely Related Party of such a member; and

(b) the appointment does not specify the way the proxy is to vote on this resolution.

However, the above prohibition does not apply if:

(c) the proxy is the Chair; and

(d) the appointment expressly authorises the Chair exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

The Chairman of the AGM intends to vote undirected proxies in favour of Resolution 4.

## OTHER BUSINESS

In accordance with the *Corporations Act 2001*, a reasonable opportunity will be given to Shareholders at the meeting to ask questions about, or to make comment on, the management of the Company. Shareholders will have reasonable opportunity to ask the auditor, or their representative, questions relevant to the Company audit and preparation and content of the Independent Auditor's Report.

## OTHER INFORMATION

The Explanatory Memorandum accompanies and forms part of this Notice. All Shareholders should read the Explanatory Memorandum carefully and in its entirety. Shareholders who are in doubt regarding any part of the business of the Annual General Meeting should consult their financial or legal adviser for assistance.

## VOTING BY PROXY

Any Shareholder of the Company entitled to attend and vote at this Annual General Meeting is entitled to appoint a Proxy to attend and vote instead of that Shareholder.

The Proxy does not need to be a Shareholder of the Company. A Shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each Proxy is appointed to exercise. If no proportion or number is specified, each Proxy may exercise half of the Shareholder's votes.

Proxies must be:

- (a) lodged at the Company's share registry, Boardroom Pty Limited, or
- (b) faxed to the fax number specified below,

not later than 2.00 pm (AEDT) on Tuesday 12 November 2019.

Hand deliveries	Boardroom Pty Limited Level 12, Grosvenor Place 225 George Street Sydney NSW 2000
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Postal deliveries	Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001
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Fax number for lodgment	(02) 9290 9655
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**PROXY FORM**

The proxy form has been enclosed with this Notice. Please read all instructions carefully prior to completing the proxy form.

**UNDIRECTED PROXIES**

If you appoint the Chairman as your proxy (including by default) and you do not specify how the proxy is to vote, you expressly authorise the Chairman to cast your vote “for” each item of business, even where the resolutions are connected directly or indirectly with the remuneration of one or more members of the Key Management Personnel, which includes the Chairman.

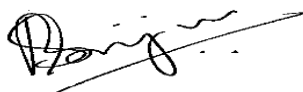
The Chairman intends to vote undirected proxies in favour of all resolutions on the agenda for the Meeting.

Any undirected proxy given to a Director (other than the Chairman), any “Associate” of a Director, or other member of the Key Management Personnel of the Company or their related parties for resolutions connected directly or indirectly with the remuneration of Key Management Personnel will not be cast, unless Shareholders specify how the proxy should vote on the Shareholder proxy form.

**ENTITLEMENT TO VOTE**

In accordance with Section 1074E(2)(g)(i) of the *Corporations Act 2001* and Regulation 7.11.37 of the Corporations Regulations, the Company has determined that for the purposes of the meeting all shares will be taken to be held by the persons who held them as registered Shareholders at 7.00 pm (AEDT) on Tuesday 12 November 2019. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

By order of the Board



**Biju Vikraman**  
**Company Secretary**

14 October 2019

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum accompanies the notice of an Annual General Meeting of the Company to be held at 2:00 pm (AEDT) on Thursday 14 November 2019 at The Press Room, Lower Ground Floor, Radisson Blue Hotel, 66 Pitt Street, Sydney.

The Explanatory Memorandum has been prepared to assist Shareholders in determining how to vote on the Resolutions set out in the Notice of Meeting and should be read in conjunction with the Notice of Meeting.

### Consideration of Annual Report

In accordance with Section 317 of the *Corporations Act 2001*, the Company is required to lay the Company's Financial Report, Directors' Report and Auditor's Report (together comprising the Annual Report) before its Shareholders at its Annual General Meeting.

The 2019 Annual Report is available to shareholders and is published on Clime's website at <https://www.clime.com.au/who-we-are/investor-relations/>

The Annual Report is submitted for Shareholders' consideration and discussion at the Annual General Meeting as required.

Meeting attendees are invited to direct questions to the Chairman in respect of any aspect of the Annual Report they wish to discuss. Representatives of the Company's auditor, Pitcher Partners, will be present for discussion purposes on matters of relevance to the audit.

There is no requirement for Shareholders to approve any of these reports.

### RESOLUTION 1: To adopt the Remuneration Report

Resolution 1 provides Shareholders the opportunity to vote on the Company's Remuneration Report. Under Section 250R(2) of the *Corporations Act 2001*, the Company must put the adoption of its Remuneration Report to the vote at the Annual General Meeting. The Remuneration Report is contained in the Directors' Report (within the Company's Annual Report). This vote is advisory only and does not bind the Directors or the Company.

The Board will consider the outcome of the vote and comments made by Shareholders on the remuneration report at this meeting when reviewing Clime's remuneration policies. If 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of Clime's Directors must stand for election.

At the Company's 2018 annual general meeting, the votes cast by members against the adoption of the Company's Remuneration Report were less than 25%.

Key management personnel (including Directors) and their closely related parties must not cast a vote on the Remuneration Report, unless as holders of directed proxies for Shareholders eligible to vote on Resolution 1.

Clime encourages all Shareholders to cast their votes on this resolution. The Chairman will vote all undirected proxies in favour of this resolution. If you wish to vote “against” or “abstain” you should mark the relevant box in the attached proxy form.

## **RESOLUTION 2: Re-election of John Abernethy as a Director**

Under rule 6.7 of Clime’s Constitution, a Director must not hold office after the later of:

- (i) the third Annual General Meeting held after the Director was last appointed or elected; and
- (ii) 3 years after the date on which the Director was last appointed or elected, whichever is the longer.

This is the third Annual General Meeting held since John Abernethy was last re-elected at the Company’s 2016 AGM as a Director of Clime.

Accordingly, Resolution 2 provides for the re-election of John Abernethy as a Director of Clime in accordance with rule 6.7 of Clime’s constitution. The re-election of Mr. Abernethy will be by way of ordinary resolution. Information on Mr. Abernethy’s qualifications and experience is set out below.

Mr. Abernethy was appointed Executive Director in 1994. Mr. Abernethy has over 35 years’ funds management experience in Australia having been General Manager Investments of the NRMA. Mr. Abernethy holds a Bachelor of Commerce (Economics)/LLB from the University of New South Wales.

Mr. Abernethy has been a Director of the Company for over 20 years. Effective 31 December 2018, Mr. Abernethy resigned as Managing Director but continue as a Director and consultant of the Company.

Being eligible, John Abernethy offers himself for election.

The Directors (excluding John Abernethy) unanimously recommend that Shareholders vote in favour of Resolution 2.

The Chairman will vote all undirected proxies **in favour** of this resolution. If you wish to vote “against” or “abstain” you should mark the relevant box in the attached proxy form.

## **RESOLUTION 3: Approval of additional placement capacity under Listing Rule 7.1A**

### **3.1 Background**

Listing Rule 7.1A enables an eligible entity to issue up to 10% of its issued share capital through placements over a 12-month period after the Annual General Meeting (AGM) (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company’s 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is currently an eligible entity and expects to be an eligible entity as at the date of the AGM.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Shares under the 10% Placement Facility. The exact number of Shares that may be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 3.2(c) on page 8).

### 3.2 Description of Listing Rule 7.1A

#### (a) Shareholder approval

The ability to issue Shares under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an AGM, requiring 75% of the votes cast by eligible Shareholders present and voting at the Annual General Meeting in order to be passed.

#### (b) Shares

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice, the Company has only one class of quoted Equity Securities on issue, being quoted Shares (ASX Code: CIW).

Any Equity Securities issued under the 10% Placement Facility will be Shares.

#### (c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an AGM may issue or agree to issue, during the 12-month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of Shares on issue 12 months before the date of issue or agreement to issue:

- I. plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- II. plus the number of partly paid shares that became fully paid in the 12 months;
- III. plus the number of fully paid Shares issued in the 12 months with shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without shareholder approval;
- IV. less the number of fully paid Shares cancelled in the 12 months.

**D** is 10%;

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

#### (d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Shares under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.



At the date of this Notice, the Company has 56,070,687 Shares on issue. The Company also has 1,000,000 unlisted options on issue. These options were issued to Amigo Consulting Pty Limited following shareholder approval at the 2016 AGM.

The actual number of Shares that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Shares in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 3.2(c) page 8).

(e) Minimum Issue Price

The issue price of Shares issued under Listing Rule 7.1A must be not less than 75% of the Volume Weighted Average Price (**VWAP**) of Shares over the 15 Trading Days (on which trades in that class were recorded) immediately before:

- I. the date on which the price at which the Shares are to be issued is agreed; or
- II. if the Shares are not issued within five Trading Days of the date in paragraph (e)(i) above, the date on which the Shares are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of the following:

- I. the date that is 12 months after the date of the AGM at which the approval is obtained; or
- II. the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

### 3.3 Listing Rule 7.1A

The effect of Resolution 3 will be to allow the Directors to issue Shares under Listing Rule 7.1A during the 10% Placement Period in addition to the Company's 15% placement capacity under Listing Rule 7.1.

### 3.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Shares will be issued at an issue price of not less than 75% of the VWAP for the Company's Shares over the 15 Trading Days (on which trades in that class were recorded) immediately before:
  - I. the date on which the price at which the Shares are to be issued is agreed; or
  - II. if the Shares are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Shares are issued.
- (b) If Resolution 3 is approved by Shareholders and the Company issues Shares under the 10% Placement Facility, the existing Shareholders face the risk of economic and voting dilution as a result of the issue of Shares which are the subject of this Resolution, to the extent that such Shares are issued, including the risk that:

- I. the market price for the Company's Shares may be significantly lower on the date of the issue of the Shares than on the date of this meeting; and
- II. the Shares may be issued at a price that is at a discount to the market price for the Company's Shares on the issue date or the Shares are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Shares.

The table below shows the dilution of existing Shareholders on the basis of the current market price of the Shares and the current number of Shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- I. two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of Shares the Company has on issue as at the date of this Notice. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer), or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- II. two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.265	\$0.53	\$1.060
		50% decrease in Current Market Price	Current Market Price	100% increase in Current Market Price
Current Variable A 56,070,687 Shares	10% voting dilution	5,607,068 shares		
	Funds raised	\$1,485,873	\$2,971,746	\$5,943,492
50% increase in current Variable A 84,106,030 Shares	10% voting dilution	8,410,603 shares		
	Funds raised	\$2,228,810	\$4,457,620	\$8,915,239
100% increase in current Variable A 112,141,374 Shares	10% voting dilution	11,214,137 shares		
	Funds raised	\$2,971,746	\$5,943,493	\$11,886,985

The table has been prepared based on the following assumptions:

- I. The Company issues the maximum number of Shares available under the 10% Placement Facility.
- II. No convertible securities are converted into Shares before the date of the issue of the Shares.

- III. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - IV. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of this Meeting.
  - V. The table shows only the effect of issues of Shares under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - VI. The current market price is \$0.495 per Share, being the closing price of Shares on the ASX on 20<sup>th</sup> September 2019.
- (c) The Company will only issue and allot the Shares during the 10% Placement Period. The approval under Resolution 3 for the issue of the Shares will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Shares for the following purposes:
- I. for cash consideration, in which case the Company may use the funds raised towards making (or to securing the right to make) one or more acquisitions and/or to further its existing projects; and/or general working capital; so that the Company has the necessary working capital and flexibility to consider, and if thought fit, to put it in a stronger position to make (or to secure the right to make) one or more acquisitions and/or to further its existing projects; or
  - II. non-cash consideration for the acquisition of (or securing the right to make acquisitions of) companies, businesses, new projects and investments or to further its existing projects. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Shares under the 10% Placement Facility.
- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Shares will be determined on a case-by-case basis having regard to factors including but not limited to the following:
- I. the purpose of the issue;
  - II. the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing Shareholders can participate;
  - III. the effect of the issue of Shares on the control of the Company;
  - IV. the financial situation and solvency of the Company; and
  - V. advice from corporate, financial and broking advisers (if applicable).

- (g) The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an Associate of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

- (h) Information required under Listing Rule 7.3A.6

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting held on 11 October 2018.

Equity securities issued in 12 months prior to the Annual General Meeting on 14 November 2019	Nil
Percentage previous issues represent of total number of equity securities on issue at commencement of the 12-month period prior to the 14 November 2019 AGM	Nil

- (i) A voting exclusion statement for Resolution 3 is included in the Notice of Meeting.

### 3.5 Directors' Recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 3.

The Chairman will vote all undirected proxies **in favour** of this resolution. If you wish to vote "against" or "abstain" you should mark the relevant box in the attached proxy form.

## RESOLUTION 4: Approval of future issues of securities under the Equity Incentive Plan

### 4.1 Background and rationale

The Company has undertaken a review of benefits to directors, officers and employees (**Eligible Persons**) which has resulted in the Board adopting the Equity Incentive Plan (**Plan**). Resolution 4 seeks Shareholder approval for issues of securities under the Plan.

The Plan has been established by the Company to offer Eligible Persons across the business an opportunity to become shareholders of the Company and enhance engagement by aligning Eligible Persons' interests with the Company's performance and the interests of Shareholders. The Equity Incentive Plan replaces the Clime Investment Management Limited Employee Incentive Scheme approved by Shareholders at the 2007 annual general meeting held on 25 October 2007.

The Plan provides for the issuance of performance rights (**Awards**) which, upon a determination by the Board that the vesting conditions attached to the Awards have been met, will result in the issue of one ordinary Share in the Company for each Award. The Board believes that grants made to Eligible Persons under the Plan will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the implementation of the Plan will:

- (a) enable the Company to recruit, incentivise and retain Key Management Personnel and other Eligible Persons needed to achieve the Company's business objectives;
- (b) link the reward of key staff with the achievements of strategic goals and the long-term performance of the Company;
- (c) align the financial interest of participants of the Plan with those of Shareholders; and
- (d) provide incentives to participants of the Plan to focus on superior performance that creates Shareholder value.

#### **4.2 Shareholder approval**

The Company wishes to exempt issues of securities under the Plan from contributing towards the rolling annual limit of 15% of issued Shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of equity securities made without Shareholder approval. Shareholder approval of the Plan is therefore sought under Listing Rule 7.2 (Exception 9), whereby the Shareholders may approve in advance the issue of securities made under the Plan as an exception to the limit under Listing Rule 7.1.

This is the first approval sought under Listing Rule 7.2, exception 9 with respect to the Plan. Accordingly, no securities have previously been issued under the Plan and the Plan has not previously been approved by Shareholders.

This approval continues for three years, at which time it must be renewed, or it will expire.

If the resolution is not passed, issues of Awards under the Plan may be made, but must fall within and be permitted by the 15% annual limit at the time of issue.

By this approval, the Company is seeking flexibility in being able to satisfy the exercise of Awards by either, or a mixture of, the issue of new shares or the acquisition on market of new shares, depending on what may be in the best interests of the Company at the relevant time.

Whether or not the resolution is passed, the Company may purchase, or arrange the purchase, on market of shares to satisfy Awards under the Plan without Shareholder approval.

In the opinion of the Board, the resolution will assist the Company to manage its capital requirements efficiently by ensuring that the 15% limit is not diminished by issues of Awards under the Plan and capacity is available for capital management and acquisitions, if necessary.

#### **4.3 Terms of issue of Awards**

The key features of the Plan are as follows:

- (a) the Board will determine the number of Awards to be granted to Eligible Persons (or their nominees) and the vesting conditions, expiry date of the Awards in its sole discretion;
- (b) the Awards are not transferable unless the Board determines otherwise or the transfer is required by law and provided that the transfer complies with the Corporations Act; and
- (c) subject to the *Corporations Act 2001* and the Listing Rules and restrictions on reducing the rights of a holder of Awards, the Board will have the power to amend the Plan as it sees fit.

A summary overview of the terms of the Plan is attached in Schedule 1. A copy of the Plan can be obtained by contacting the Company.

#### **4.4 Specific Information Required by Listing Rule 7.2**

In accordance with the requirements of Listing Rule 7.2, exception 9 the following information is provided:

- (a) the material terms of the Plan are summarised above;
- (b) this is the first approval sought under Listing Rule 7.2, exception 9 with respect to the Plan;
- (c) no securities have been issued under the Plan; and
- (d) a voting exclusion statement has been included in the Notice.

#### **4.5 Directors' Recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 4.

The Chairman will vote all undirected proxies **in favour** of this resolution. If you wish to vote “against” or “abstain” you should mark the relevant box in the attached proxy form.

## Schedule 1 – Summary of Equity Incentive Plan

### Purpose

- The purpose of the Equity Incentive Plan (**Plan**) is to give Eligible Persons the opportunity to participate in the growth and profits of the Company and to attract, motivate and retain the services of such persons to promote the long-term success of the Company.

### Eligible Persons

- Participation may be offered to the Company's directors, officers, employees, contractors, consultants and any other person identified by the Board to encourage alignment of interests with Shareholders.

### Form of awards

- Awards may be paid in the form of cash or equity (in the form of performance rights or other type of grant determined by the Board) to Eligible Persons. Each performance right represents a right to have a Share issued to the holder of the performance right on the vesting date.
- Shares may be subject to disposal restrictions or vesting conditions determined by the Board at the time of the invitation. Subject to the terms of the invitation, the Company may issue new shares or arrange a transfer or purchase of existing shares.
- Awards do not attract dividends or distributions and voting rights in respect of Shares, until the award vests and Shares are allocated to the holder upon vesting.
- A grant of Awards under the Plan is subject to both the Plan rules and the terms of the specific grant.

### Overseas participants

- When an award is granted under the Plan to a person who is not a resident of Australia, the provisions of the Plan will apply subject to alterations or additions as determined by the Board having regard to any applicable or relevant laws, matters of convenience and desirability and similar factors.

### Lapse and bad leaver

- An award will lapse on the date the applicable vesting conditions are not met and are no longer able to be met and the Board has not waived those vesting conditions.
- An award will undergo an acceleration of lapse where the participant is a bad leaver. A bad leaver includes where a person: (i) commits fraudulent or other dishonest acts which brings disrepute upon the Company; (ii) is found guilty of any criminal offence; or (iii) is determined by the Board to be treated as a bad leaver.

**Vesting, exercise and good leaver**

- An award will vest at the time when all of the vesting conditions and any supplementary conditions are satisfied or waived by the Board in its absolute discretion.
- On exercise of an award, the Board may determine in its absolute discretion whether to deliver the value of the Award in the form of Shares (either through a new issue or on market acquisition) or cash.
- No Shares acquired by participants on exercise may be disposed of if to do so would breach the Company's share trading policy or insider trading prohibitions. In addition, Shares allocated on vesting of an award may be subject to specified disposal restrictions (as set out in the terms of the relevant award) which prevent the acquired Share being disposed of for a specified period following acquisition.
- The Board will have discretion to determine that a participant's awards will undergo an acceleration of vesting where the participant is a good leaver. A good leaver is a person who ceases to be a director, officer, employee, contractor or consultant by any reason other than as a bad leaver.
- The Board may at any time determine how Awards are to be held under the Plan prior to satisfaction of vesting conditions or how Shares are to be held during any restriction period.
- The Board may establish a trust at any time on terms and conditions which it considers appropriate without requiring the approval of Shareholders or participants.

**Bonus Issues, Rights Issues and Reorganisation**

- If the Company makes a bonus issue of Shares pro rata to Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been registered in the name of a participant in respect of an Award held by the participant before the record date for determining entitlements to the bonus issue, then the number of Shares to which the Award relates will be increased by the number of Shares which the participant would have received if the performance right had vested and Shares delivered to the participant immediately prior to the record date for the bonus issue.
- Shares are issued pro rata to the Company's shareholders generally by way of a rights issue, any such options if applicable, will be adjusted in accordance with ASX Listing Rule 6.22.2 (or any replacement rule).
- If, prior to the exercise of an Award, the Company undergoes a capital reorganisation, the Board may make such adjustments to the terms of the Awards as it considers necessary to comply with the Listing Rules.

**Change of control**

- In the event of a change of control, the Board, in its absolute discretion, may determine that all or a specified number of a participants' unvested Awards vest.



## Amendment

- The Board may amend the Plan at any time provided that the rights of participants to Awards earned prior to the amendment are not affected, unless otherwise agreed in writing by the participants.
- The Board may, at any time, terminate or suspend the Plan, subject, while the Company is Listed, to any resolution of the Company required by the Listing Rules. The termination or suspension of the Plan will not affect any existing Awards granted under the Plan and the terms of the Plan will continue to apply to such Awards provided that, in the case of termination, all Shares Allocated under the Plan then subject to a restriction under clause 5 may at the discretion of the Board be released from the restriction on the date of termination or on such other date specified by the Board.

## Definitions

In this Explanatory Memorandum and Notice of Meeting:

**\$** means Australian Dollars.

**AEDT** – Australian Eastern Daylight Time.

**Annual General Meeting** or **AGM** means the Company's 2019 Annual Meeting of Shareholders.

**Annual Report** means the Directors' Report, the Financial Report and Auditor's Report in respect to the financial year ended 30 June 2019.

**10% Placement Facility** means the ability under Listing Rule 7.1A for Clime (an eligible entity) to issue up to 10% of its issued share capital through placements over a 12-month period after the Annual General Meeting.

**10% Placement Period** means the period in which the 10% Placement Capacity under Resolution 3 may be utilised as described in Resolution 3.

**Associate** has the meaning set out in Sections 11 – 17 of the *Corporations Act 2001*.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Board** means the board of Directors.

**Chairman** the chairman of the Annual General Meeting.

**Clime** means Clime Investment Management Ltd (ACN 067 185 899).

**Closely Related Party** means:

- (a) A spouse or child of the member; or
- (b) Has the meaning given in section 9 of the *Corporations Act 2001*.

**Company** means Clime.

**Constitution** means the constitution of the Company as at the commencement of the Meeting.

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

**Directors' Report** means the annual directors report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

**Equity Incentive Plan** means the incentive plan summarised in Schedule 1 to the Explanatory Memorandum.

**Equity Security** means an equity security as defined in the Listing Rules.

**Explanatory Memorandum** means this explanatory memorandum which forms part of the Notice of Meeting.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

**Key management personnel** mean persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of the ASX.

**Meeting** means the Annual General Meeting of the Company the subject of this Notice of Meeting scheduled to occur on Thursday 14<sup>th</sup> November 2019.

**Notice** means this notice of annual general meeting dated 14 October 2019 and accompanying Explanatory Memorandum.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

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

**Shareholder** means the holder of fully paid ordinary shares in the Company.

**Trading Day** has the meaning set out in Chapter 19 of the Listing Rules.

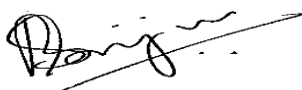
In this Notice, words importing the singular include the plural and vice versa.

#### **Enquiries**

Shareholders are invited to contact the Company Secretary, Biju Vikraman at [bvikraman@clime.com.au](mailto:bvikraman@clime.com.au) if they have any queries in respect of the matters set out in these documents.

DATED this 14 October 2019 in Sydney.

By order of the Board



**Biju Vikraman**  
Company Secretary



#### All Correspondence to:

 **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

 **By Fax:** +61 2 9290 9655

 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

 **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 2:00 pm (AEDT) on Tuesday 12 November 2019.**

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities 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.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

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

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **2:00pm (AEDT) on Tuesday, 12 November 2019.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

 **By Fax** + 61 2 9290 9655

 **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia

 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

# Clime Investment Management Ltd

ABN 37 067 185 899

☐

## Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

## PROXY FORM

### STEP 1 APPOINT A PROXY

I/We being a member/s of **Clime Investment Management Ltd** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **The Press Room, Lower Ground Floor, Radisson Blue Hotel, 66 Pitt Street, Sydney on Thursday, 14 November 2019 at 2:00pm (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 & 4, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1 & 4 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 & 4). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

### STEP 2 VOTING DIRECTIONS

\* 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of John Abernethy as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of additional placement capacity under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of future issues of securities under the Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2019