

CLIME CAPITAL LIMITED  
ACN 106 282 777



# NOTICE OF VIRTUAL MEETING OF NOTEHOLDERS

EXPLANATORY STATEMENT  
&  
PROXY FORM

Date of Meeting  
Thursday, 18 November 2021

Time of Meeting  
12:00 PM (AEDT)



**CLIME CAPITAL LIMITED  
(ACN 106 282 777)**

**Notice of Meeting**

Notice is given that a meeting (**Meeting**) of holders of Clime Capital Limited (ACN 106 282 777) (the **Company**) unsecured, redeemable convertible notes (ASX:CAMG) (**Notes**) has been called by the Company, and will be held as follows:

Date: **Thursday, 18 November 2021**

Time: **12.00pm (Sydney Time)**

Venue: **Virtual Meeting only (no physical in-person attendance)**

You may only attend the Meeting virtually by following the instructions below.

**How to join the Meeting online**

The Meeting will only be held virtually via a live webcast of the Meeting.

Noteholders and proxy holders will be able to attend and participate in the Meeting online at <https://web.lumiagm.com/330-518-401> as per the details below.

To do this, Noteholders and proxy holders will need a desktop or mobile/tablet with internet access. You will be able to view a live webcast of the Meeting, ask questions and submit your votes in real time.

**To access the meeting:**

Visit <https://web.lumiagm.com/330-518-401> on your computer, tablet or smartphone. You will need the latest version of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

To login you must have your **Voting Access Code (VAC)** and **Postcode or Country Code**.

Your username, which is your Voting Access Code (VAC), can be located on the first page of your Proxy Form or Notice of Meeting email.

Your password is the postcode registered to your holding if you are an Australian Noteholder. Overseas Noteholders should refer to the [Virtual User Guide](#) for their password details.

If you have been nominated as a third-party proxy, please contact Boardroom on 1300 737 760.

The website will be open and available for log in and online registration from 11:00am, 18 November 2021 (one hour before the Meeting).

The **Meeting ID: 330-518-401**

The Board encourages Noteholders to monitor the ASX company announcements platform (under the code CAMG) for any updates in relation to the Meeting that may need to be provided. In the meantime, the Board encourages Noteholders to submit their proxies as early as possible, even if they intend to attend the virtual Meeting.



In order to provide for an efficient Meeting, we request that any questions from Noteholders are provided to the Company Secretary, Biju Vikraman at [bvikraman@clime.com.au](mailto:bvikraman@clime.com.au) at least 24 hours in advance of the Meeting. Noteholders who attend the Meeting by joining online will have the opportunity to ask questions of the Board.

## **Business**

### **Chair of Meeting**

The Chair of the Meeting will be Mr John Abernethy.

### **Purpose of the Meeting**

The purpose of the Meeting is to consider and vote upon the following two resolutions.

#### **Resolution 1 – Special Resolution to Amend the Note Terms and Trust Deed**

All Company Noteholders are requested to consider and, if thought fit, to approve the following Special Resolution proposed by the Company:

*“That pursuant to clauses 17.1(c) and (d) of the Trust Deed and clause 12.2 of the Note Terms, Noteholders irrevocably and unconditionally:*

- (a) consent to and approve a variation of their rights attaching to the Notes by making the amendments to the Trust Deed and Note Terms detailed in Sections 1.2 and 2.1 of the Explanatory Memorandum;*
- (b) authorise the Company and the Trustee to amend the Note Terms and make necessary and consequential amendments to the Trust Deed as detailed in Section 2.1 of the Explanatory Memorandum;*
- (c) consent to the Company and pursuant to all enabling powers, direct the Trustee, to concur in and execute the supplemental Amending Deed (as detailed in Section 2.1 of the Explanatory Memorandum) embodying and giving effect to such modifications and amendments and to enter into any and all documents necessary, to give effect to the matters in paragraphs (a) and (b) above;*
- (d) authorise the Registry (Boardroom Pty Limited) to take such steps as are necessary, to give effect to the matters in paragraphs (a), (b) and (c) above; and*
- (e) acknowledge that terms used in this Special Resolution shall have the meanings given to them in the Explanatory Memorandum accompanying the Notice of Meeting.”*

#### **Resolution 2 – Special Resolution to consolidate the number of Notes**

All Company Noteholders are requested to consider and, if thought fit, to approve the following Special Resolution proposed by the Company:

*“Subject to Resolution 1 being passed, that for all purposes approval is given for the consolidation and reorganisation of the Company’s Notes on the basis that every existing 25 Notes be consolidated into 24 Notes with a Face Value of \$1.00 per Note, with fractional entitlements of Notes rounded up to the nearest whole number of Notes, on the terms and conditions set out in the Explanatory Memorandum.”*

Resolution 2 will not be put to the Meeting if Resolution 1 is not passed at the Meeting.

**RESOLUTION 1 AND RESOLUTION 2 MUST BOTH BE PASSED FOR EITHER OF THEM TO BE EFFECTIVE.**



### Entitlement to vote

Noteholders are entitled to vote at the Meeting if they are shown in the Register of Notes to be a Noteholder at 7.00pm on 16 November 2021 (being no more than 48 hours before the Meeting).

Noteholders are entitled to vote at the Meeting by voting virtually during the Meeting. To vote virtually at the Meeting you will need your username, which is your Voting Access Code (VAC), which can be located on the first page of your Proxy Form or Notice of Meeting email.

### Voting by proxy

Any Noteholder entitled to attend (virtually) and vote at this Meeting is entitled to appoint a proxy to attend (virtually) and vote instead of that Noteholder.

The proxy does not need to be a Noteholder of the Company.

A Noteholder who 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 Noteholders' votes.

Proxies may be:

- (a) posted to or lodged at the Note Registry, Boardroom Pty Ltd address details below;
- (b) faxed to the fax number specified below;
- (c) lodged online at <https://www.votingonline.com.au/camggm2021> in accordance with the instructions there

not later than 48 hours before the commencement of the Meeting, therefore by **12.00pm (Sydney time) on Tuesday, 16 November 2021.**

Address (hand deliveries): Boardroom Pty Limited  
Level 12, Grosvenor Place  
225 George Street  
Sydney NSW 2000

Address (postal deliveries): Boardroom Pty Limited  
GPO Box 3993,  
Sydney, NSW 2001

Fax number for lodgement: (02) 9290 9655

The Proxy Form has been enclosed. Please read all instructions carefully before completing the Proxy Form. In the case of an instrument appointing a proxy which is under the hand of an attorney, the instrument must be accompanied by proof acceptable to the Company and the Trustee of the attorney's authority.

### Undirected Proxies

The Chair of the Meeting intends to vote undirected proxies (where he has been appropriately authorised) in favour of each of the Resolutions to be considered at the Meeting. If a Noteholder appoints the Chair of the Meeting as their proxy, expressly or by default, and they do not direct the Chair how to vote on a Resolution, by completing and returning the Proxy Form they will be expressly authorising the Chair of the Meeting to exercise the proxy and vote as the Chair sees fit on a Resolution.



## Corporations

To vote at the Meeting, a Noteholder that is a corporation must appoint an individual to act as its representative. The appointment must comply with section 250D of the Corporations Act. The representative should send evidence of his or her appointment to the Registry by **12.00pm (Sydney time) on Tuesday, 16 November 2021** (including sending any authority under which it is signed).

Alternatively, a corporation may appoint a proxy.

## Entitlement to vote – Corporations Act

In accordance with Section 1074E(2)(g)(i) of the Corporations Act and Regulation 7.11.37 of the Corporations Regulations, the Company has determined that for the purposes of the Meeting all Notes will be taken to be held by the persons who held them as registered Noteholders at 7.00 pm Sydney time on Tuesday, 16 November 2021.

Accordingly, Note transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

## Other information

An Explanatory Memorandum accompanies and forms part of this Notice of Meeting.

All Noteholders should read the Explanatory Memorandum carefully and in its entirety. Noteholders who are in doubt regarding any part of the business of the Meeting should consult their financial or legal adviser for assistance.

Before making a decision to vote in relation to the Resolutions, Company Noteholders should carefully consider all of the information in the accompanying Explanatory Memorandum.

Terms and abbreviations used in this Notice of Meeting and in the Explanatory Memorandum that are not otherwise defined, have the meanings given in the Glossary to the Explanatory Memorandum.

## No Investment Advice

The information contained in this Notice of Meeting and Explanatory Memorandum is provided by the Company, which does not, and is not required to, hold an Australian Financial Services Licence. The information contained in this Notice of Meeting and Explanatory Memorandum does not constitute financial product advice however, to the extent financial product advice is provided, such advice is general advice only and has been prepared without taking into account any Noteholders' objectives, financial situation, taxation position or needs. Before acting on any such advice or making any decision on how to vote on the Resolutions, Noteholders should consider whether the advice is appropriate for their circumstances. Where available, Noteholders should obtain a copy of, and consider, this and any other relevant disclosure documentation before making any decision in relation to their Notes.

Neither the Company nor Equity Trustees Limited in its capacity as trustee on behalf of the Noteholders (the **Trustee**) is providing any taxation, legal or other advice regarding the proposed amendments or Resolutions. It is important that you read this Notice of Meeting and Explanatory Memorandum in their entirety before making any decision on how to vote on the Resolutions contained within. If you are in any doubt, you should consult your professional adviser and make (and you shall be taken to have made) your own independent investigation as to the suitability of the proposed amendments in your own particular circumstances.





## Trustee

The Trustee:

- (a) has not authorised or caused the issue, submission, dispatch or provision of this Notice of Meeting and/or the Explanatory Memorandum and does not make any statement or purport to make any statement in this Notice of Meeting and/or the Explanatory Memorandum or any statement on which a statement in this Notice of Meeting and/or the Explanatory Memorandum is based;
- (b) nor any of its directors, employees, officers, affiliates, agents, advisors, intermediaries or related body corporate (each a "related person") assumes any responsibility for the accuracy or completeness of any information contained in this Notice of Meeting and/or the Explanatory Memorandum;
- (c) to the maximum extent permitted by law expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of this Notice of Meeting and/or the Explanatory Memorandum, or any statements in, or omissions from this Notice of Meeting and/or the Explanatory Memorandum, other than the references to its name and included in this Notice of Meeting and/or the Explanatory Memorandum with its written consent;
- (d) has given, and has not, before the despatch of this Notice of Meeting and/or the Explanatory Memorandum withdrawn, its written consent to be named in this Notice of Meeting and/or the Explanatory Memorandum in the form and content in which it is named;
- (e) nor any related person makes any representation as to the truth and accuracy of the contents of this Notice of Meeting and/or the Explanatory Memorandum;
- (f) has relied on the Company for the accuracy of the contents of this Notice of Meeting and/or the Explanatory Memorandum;
- (g) nor any related person makes any representation or warranty as to the performance of the Notes or the payment of interest or redemption of the Notes; and
- (h) is not related to and has no relationship with the Registry.

## Questions

If you have any questions about your holding of Notes or this Notice of Meeting and/or the Explanatory Memorandum, please consult your own professional adviser.

Alternatively:

- (a) if you wish to contact the Registry, please contact Boardroom by telephone on 1300 737 760 or by email at [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au);
- (b) for questions regarding the process (including the submission of a Proxy Form) or this Notice of Meeting, please email the Company Secretary, Biju Vikraman at [bvikraman@clime.com.au](mailto:bvikraman@clime.com.au) or telephone 02 8917 2100.

By order of the Board

**John Abernethy**  
Chairman  
Clime Capital Limited



**Clime Capital Limited  
(ACN 106 282 777)**

**Letter to Noteholders**

Dear Noteholder,

As you would be aware, the CAMG Notes are currently scheduled to mature on 30 November 2021 (**Current Maturity Date**).

Clime Capital Limited (the **Company**) is inviting you to attend the Meeting, a meeting of Noteholders to be held on **Thursday, 18 November 2021 at 12.00pm (Sydney time)** to seek Noteholder approval to amend the terms of the Notes currently on issue. At the Meeting Noteholders will be asked to consider and vote on a proposal to restructure the terms of the existing Notes, through amendments to the Note Terms (and consequential amendments to the Trust Deed) and the subsequent consolidation of the number of Notes on the amended terms (collectively the **Restructure Proposal**). Two Special Resolutions are required to be put and considered at the Meeting in order to implement the Restructure Proposal.

Both Resolutions must be passed for the Restructure Proposal to proceed.

The Directors of the Company consider that the Restructure Proposal provides an effective way for Noteholders to maintain their Noteholding investment with the Company beyond the Current Maturity Date. The Restructure Proposal (together with the Offer (described below)) is considered by the Directors to be simpler and more cost effective than issuing an entirely new class or series of convertible and redeemable security.

The proposed changes to the Note Terms and Trust Deed that would be made if the Restructure Proposal is approved include:

- (a) amending the Face Value of the Notes from \$0.96 per Note to \$1.00 per Note (which will mean that the Conversion price of Notes will be approximately a 4% premium to the pre-tax NTA (based on a pre-tax unaudited (ex div) NTA per Share of \$0.960 as at 22 October 2021));
- (b) extending the maturity date of the Notes from 30 November 2021 to 30 November 2025 (**New Maturity Date**);
- (c) recognising that different Noteholders may have different investment preferences, the Company is offering Noteholders the option to either redeem all of their Notes on the Current Maturity Date or to continue holding the Notes under the restructured terms (unless a Noteholder previously converts some or all of their Notes);
- (d) amending and reducing the interest rate applicable to the Notes. The amended interest rate will apply to Notes on issue (ie. 'rolled over') after the Current Maturity Date; and
- (e) consolidating the number of Notes on issue as at midnight on 30 November 2021, so that 25 Notes will be consolidated into 24 Notes on the amended terms, with a Face Value of \$1.00 per Note, reflecting a Conversion ratio of 1 Share for every 1 Note that may be Converted after midnight on 30 November 2021.

The Restructure Proposal will therefore allow current Noteholders to continue to hold their Notes, on the amended Note Terms until the New Maturity Date of 30 November 2025.

The Company is also proposing to issue Additional Notes (in the same class as the existing CAMG Notes and on the amended Note Terms), by way of an Offer under a Prospectus. Morgans Financial Limited is the sole Lead Manager of the Offer.



The number of Additional Notes the Company will issue under the Prospectus will depend on the number of Noteholders that decide to continue to hold Notes following the Restructure Proposal. It is the Company's current intention to have on issue not more than 35 million Notes following the implementation of the Restructure Proposal and the issue of Additional Notes pursuant to the Prospectus. The Company expects to issue Additional Notes to Eligible Participants and investors who subscribe for Notes under the Offer on or after 1 December 2021.

At the Company's 2021 annual general meeting (**AGM**), Shareholders are being asked to authorise the issue of up to 35 million Additional Notes at a Face Value of \$1.00 for the purposes of Listing Rule 7.1 (**Shareholder Approval**). However, the Offer of Additional Notes is **not** conditional on Shareholder approval at the AGM (which will be held immediately before the Meeting). If the Shareholder Approval is not given at the AGM (but the Resolutions are approved at the Noteholder Meeting), the Offer will still proceed, although the number of Additional Notes will be scaled-back to ensure the Company remains within its ASX Listing Rule 7.1 capacity.

If implemented, the Restructure Proposal has the following key benefits:

- (a) you can continue holding your investment in Notes and receive quarterly interest payments (at the amended Interest Rate of 5.25% per annum) until the Notes mature on the New Maturity Date (Interest continues to be payable on the 10<sup>th</sup> Business Day after 28 February, 31 May, 31 August and 30 November each year);
- (b) you can elect at any time to Convert your Notes into Shares on a 1:1 Conversion basis;
- (c) you can continue holding your investment in Notes on the amended Note Terms and participate in the Priority Offer on the terms set out in the Prospectus; and
- (d) a likely increase in the liquidity in trading of the Notes on ASX may occur as a result of Additional Notes being issued under the Offer (although the Directors provide no assurances in relation to the liquidity of the Notes).

As well as the benefits listed above, you should consider the potential disadvantages of the Restructure Proposal, as set out in Section 2.6 of the Explanatory Memorandum which this letter forms part of. The potential disadvantages include that the price of the Notes post the restructure could fall and that, if the volume of Additional Notes issued under the Offer is less than the volume of Notes elected to be redeemed or Converted on or before the Current Maturity Date, liquidity may fall. Noteholders are encouraged to read and consider all the information provided before making a decision on whether to vote in favour of the Restructure Proposal.

The Board has considered a range of alternatives available to the Company to manage the upcoming maturity of Notes having regard to the interests of the Noteholders, the Company's financial position, the Note Terms and the Company's capital structure and capital management strategies, including the current on-market buy-back of Shares and Buy-Back of Notes. Based on this assessment, the Board believes that the Restructure Proposal is the most suitable option available.

The Board unanimously recommends that you vote in favour of the Restructure Proposal. Mr. Ronni Chalmers and I, being Directors of the Company, who control Notes, have committed to vote all of our respective Notes in favour of both Resolutions regarding the Restructure Proposal. As Directors of the Company, we intend to maintain our existing Noteholdings and "roll-over" our respective Noteholdings on the amended Note Terms. None of the Directors intend to participate in the Offer, but a Director may decide to purchase existing Notes.

Your vote is important. The Board strongly encourages you to vote either by attending the Meeting in person on-line or by appointing a proxy to attend the Meeting and vote on your behalf, using the Proxy Form accompanying the Notice of Meeting.





If, having read the Explanatory Memorandum, you would like all of your Notes to be redeemed on 30 November 2021, you may opt for this by delivering a Redemption Election Notice to the Registry, Boardroom Pty Limited (in its capacity as the Note Registry) no later than the Redemption Notice Date of 5:00pm (Sydney time) on **Tuesday, 23 November 2021**.

If, having read the Explanatory Memorandum, you would like your Notes to be Converted, you may opt for this by delivering a Conversion Notice to the Company or Boardroom (in its capacity as the Note Registry) by no later than 5:00pm on the Redemption Notice Date (**23 November 2021**).

The Company will keep Noteholders informed of any material developments in relation to the Restructure Proposal through releases on ASX.

If you have any questions in relation to the Offer, please contact David Kells of Morgans Financial Limited ABN 49 010 669 726, (AFSL 235410), by email at [david.kells@morgans.com.au](mailto:david.kells@morgans.com.au) or by telephone: +612 9043 7900.

Yours sincerely

**John Abernethy**  
Chairman  
Clime Capital Limited



**Clime Capital Limited  
(ACN 106 282 777)**

**Explanatory Memorandum**

This Explanatory Memorandum sets out further information regarding the proposed Special Resolution to be considered by holders of the Notes issued by Clime Capital Limited (the **Company**) at a Meeting (**Meeting**) to be held virtually on **18 November 2021 at 12.00pm Sydney Time**. Noteholders who wish to attend the Meeting may only attend virtually. The Directors recommend that Noteholders read this Explanatory Memorandum before determining whether or not to support the Resolutions. The information contained in this Explanatory Memorandum is prepared as of 29 October 2021.

**1. Resolutions: Restructure Proposal**

**1.1. The Restructure Proposal**

The Company is putting forward a proposal (**Restructure Proposal**) which provides:

- (a) an opportunity for Noteholders, among the other changes detailed below, to have the term of their Notes extended so that they will mature on 30 November 2025 (instead of 30 November 2021), which is the subject of Resolution 1; and
- (b) subject to the passage of Resolution 1, for a consolidation of the number of Notes, which is the subject of Resolution 2.

A Meeting of Noteholders will be held to consider and vote on Resolution 1 regarding proposed changes to the rights of Noteholders (and consequential amendments to the Trust Deed) and Resolution 2 regarding the proposed consolidation of the number of Notes, necessary to implement the Restructure Proposal.

Both Resolutions must be passed for the Restructure Proposal to proceed.

In accordance with the current Note Terms, existing Noteholders will be able to elect to Convert some (provided the aggregate Face Value of the Notes subject of the Conversion Notice is at least \$2000) or all of their Notes into Shares on a 1:1.025 Conversion ratio.

To give Noteholders maximum flexibility, existing Noteholders will be able to elect to redeem all of their Notes on the Current Maturity Date (provided both Resolutions are passed).

If either Resolution is not passed and a Noteholder has not otherwise made a valid election to Convert Notes into Shares, all of the relevant existing Notes will be redeemed by the Company on the current Note Terms. The Company will need to consider what further action it may need to take, including as to raising any additional debt or equity funding.

**1.2. Proposed Changes to the Note Terms - Resolution 1**

The changes that will be made to the rights of Noteholders as set out in the Trust Deed and Note Terms, if Resolution 1 is passed, are as follows:

- (a) with effect from midnight on 30 November 2021, the Face Value of existing Notes will be amended from \$0.96 per Note to \$1.00 per Note;
- (b) with effect from midnight on 30 November 2021, the Maturity Date will be extended from 30 November 2021 to 30 November 2025;



- (c) you will have the right to either:
  - (i) have all of your Notes redeemed on the Current Maturity Date of 30 November 2021 at the current Face Value of \$0.96 per Note along with payment in cash of accrued interest (current Interest Rate of 6.25% per annum) by delivering a Redemption Election Notice to the Company by the Redemption Notice Date; or
  - (ii) Convert some (provided the aggregate Face Value of your Notes the subject of a Conversion Notice is at least \$2,000) or all of your Notes into Shares at the current Conversion ratio of 1 Note into 1.025 Shares on the Conversion Date of 24 November 2021 by delivering a Conversion Notice to the Company by the Conversion Notice Date;
- (d) with effect from midnight on 30 November 2021, the Interest Rate on any outstanding (or “rolled-over”) Notes will be 5.25% per annum (previously 6.25% per annum); and
- (e) with effect from midnight on 30 November 2021, the Conversion ratio will revert to 1:1 such that on Conversion of 1 Note, 1 Share will be issued (previously 1:1.025 due to a reconstruction of the issued capital of the Company following a 1 for 40 bonus issue of Shares made to Shareholders on 24 September 2018).

Refer to Section 1.4 below and to Section 2.1 of this Explanatory Memorandum for further details.

### **1.3. Proposed consolidation of the number of Notes on issue after 30 November 2021 - Resolution 2**

Resolution 2 is conditional on the passage of Resolution 1. Therefore, if Resolution 1 is not passed at the Meeting, then Resolution 2 will not be put to the vote at the Meeting.

Resolution 2 seeks to consolidate the number of outstanding Notes on issue after midnight on 30 November 2021, such that 25 Notes that were historically issued at a Face Value of \$0.96 per Note will be consolidated into and become 24 Notes each with a Face Value of \$1 per Note.

If Resolution 2 is passed then the consolidation will affect Notes on issue as at midnight on 30 November 2021, i.e. Notes that remain outstanding will be consolidated and will “roll-over” on the amended Note Terms.

The proposed consolidation does not affect:

- (a) the number of Notes that are the subject of a valid Conversion Notice; or
- (b) the Notes that are the subject of a valid Redemption Election Notice.

Notes the subject of a valid Conversion Notice or Redemption Election Notice will accrue interest at the rate of 6.25% p.a for the interest period ending 30 November 2021.

Refer below and to Sections 1.13 and 2.2 of this Explanatory Memorandum for further details.

### **1.4. Why is the Company proposing the Restructure Proposal?**

Resolution 1 of the Restructure Proposal will defer the Company’s obligation to repay the amended Face Value of \$1 of each Note for 4 years and reduce the Interest Rate to 5.25% per annum payable in arrears in respect of quarterly interest periods, to reflect the current interest rate environment.



In recognition that not all Noteholders may wish to continue holding Notes, Resolution 1 of the Restructure Proposal will also enable any existing Noteholders to redeem all of their Notes on the Current Maturity Date by delivering a Redemption Election Notice. The Redemption Election Notice is only required if Noteholders approve the Restructure Proposal.

All existing Noteholders have the right to elect to Convert some (provided the aggregate Face Value of the Notes subject of the Conversion Notice is at least \$2000) or all of their Notes into Shares at the current Conversion ratio of 1 Note into 1.025 Shares by delivering a Conversion Notice to the Company by the Conversion Notice Date.

Resolution 2 of the Restructure Proposal seeks approval to consolidate the number of Notes on issue as at midnight of 30 November 2021 to account for the amended Face Value of \$1 per Note (subject to approval of Resolution 1).

The consolidation of the number of Notes is necessary to ensure that the Conversion ratio of Notes into Shares following midnight on 30 November 2021 reverts to 1:1, being the initial basis of Conversion under the Note Terms. Currently the Conversion ratio of Notes into Shares is 1:1.025 since the basis of Conversion was reconstructed in accordance with clause 4.7 of the Note Terms following the Company's 1 for 40 bonus issue of Shares made on 24 September 2018. As announced by the Company on 17 July 2018 and in subsequent public announcements and documents, as a result of the 1 for 40 bonus issue of Shares in 2018, following this bonus issue, Notes accrued the bonus issue and upon Conversion a Noteholder was entitled to receive 1.025 Shares for every Note.

Subject to and following the amendment of the Face Value to \$1.00 proposed by Resolution 1, a Noteholder's right to convert Notes at a ratio of 1:1.025 will expire and revert to a Conversion ratio of 1 Share for every 1 Note Converted (reflecting a Conversion Price of \$1.00, equal to the amended Face Value).

The Board is of the view that neither the proposed amendments to the Note Terms and Trust Deed nor the proposed consolidation of the Notes adversely affect the rights of existing holders of the Notes given that:

- (a) Noteholders will be able to elect to Convert or redeem their Notes under the existing Note Terms (i.e. at the existing Conversion ratio of 1:1.025 and existing Face Value of 0.96 and Interest Rate of 6.25% per annum);
- (b) the Shares issued on conversion under a valid Conversion Notice will be issued on 24 November 2021 and will accrue interest at 6.25% p.a for the period until 30 November 2021; and
- (c) the proposed consolidation of 25 Notes to become 24 Notes reflects the proposed increase in Face Value from \$0.96 to \$1.00 per Note in respect of outstanding Notes as at midnight on 30 November 2021.

The Company is proposing these changes to take effect in two stages, namely:

- (a) on and from the date of the Meeting, with respect to the right of a Noteholder to deliver a Redemption Election Notice to redeem Notes on the Current Maturity Date; and
- (b) on and from midnight of 30 November 2021, i.e. by 1 December 2021, with respect to all other changes to the Note Terms and Trust Deed (and otherwise before the issue of any Additional Notes under the Offer).



### **1.5. What choices are open to Noteholders if the Restructure Proposal is approved?**

If the Resolutions are passed, you can choose to:

- (a) maintain your current holdings of Notes (subject to the amended Note Terms). If Resolution 2 is also passed, then your current holdings of Notes will be consolidated, such that 25 Notes will become 24 Notes following midnight of 30 November 2021; or
- (b) convert some (provided the aggregate Face Value of your Notes the subject of a Conversion Notice is at least \$2000) or all of your Notes into Shares at the current Conversion ratio of 1 Note into 1.025 Shares on the Conversion Date of 24 November 2021 by delivering a Conversion Notice to the Company by the Conversion Notice Date; or
- (c) redeem all of your Notes on the Current Maturity Date by completing a Redemption Election Notice and providing it to the Company by the Redemption Notice Date.

Under the Offer made pursuant to the Prospectus, a Noteholder may also participate in the Priority Offer and apply for Additional Notes under the Offer at a Face Value of \$1 per Note on the amended Note Terms.

### **1.6. How do I redeem my Notes should the Restructure Proposal be approved?**

To redeem all of your Notes in the event Resolution 1 is approved, you must deliver a Redemption Election Notice (by post, delivery or email) to the Registry (in its capacity as the Note Registry) by no later than 5:00pm on the Redemption Notice Date (23 November 2021). If you would like a personalised Redemption Election Notice please contact Registry by telephone on 1300 737 760 or by email at [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au).

In the event that Resolution 1 is approved, following the date of the Meeting, a Redemption Election Notice will also be available to be downloaded from the Registry's website at <https://www.investorserve.com.au/> and to be completed and returned.

A Redemption Election Notice is irrevocable once given. You may not deal with, transfer, dispose of or create any encumbrance in Notes the subject of a Redemption Election Notice.

In respect of valid Redemption Election Notices, the Company will redeem the Notes with a Redemption Date of 30 November 2021 and the Notes will accrue interest at the current Interest Rate until 30 November 2021.

### **1.7. How do I Convert some or all of my existing Notes?**

If you do not wish to redeem all of your Notes with effect on 30 November 2021, you may elect to convert some (provided the aggregate Face Value of your Notes the subject of a Conversion Notice is at least \$2000) or all of your Notes by delivering (by post or email) a Conversion Notice to the Company or the Registry (in its capacity as the Note Registry) by no later than 5:00pm on the Conversion Notice Date.

If you would like a personalised Conversion Notice please contact Registry by telephone on 1300 737 760 or by email at [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au).

A Conversion Notice is irrevocable once given. You may not deal with, transfer, dispose of or create any encumbrance in any Notes the subject of a Conversion Notice.



Conversion of Notes on the Conversion Date of 24 November 2021 will be on the basis of the existing Conversion ratio of 1 Note:1.025 Shares.

The Company has determined that the Conversion Amount the subject of a Conversion Notice will equal the aggregate Face Value (at the current \$0.96 per Note) of the total number of Notes the subject of the relevant Conversion Notice. The amount of the interest accrued but unpaid on the Notes the subject of a Conversion Notice will accrue at the current Interest Rate of 6.25% p.a until 30 November 2021 and be paid in cash.

In respect of valid Conversion Notices, the Company intends to issue the Shares on conversion of the Notes on 24 November 2021.

**1.8. What happens if the Restructure Proposal is approved and you elected to redeem and/or Convert Notes? Why is the Offer being conducted?**

If the Restructure Proposal is approved and you elected either for **all** of your Notes to be redeemed on 30 November 2021 or Converted on 24 November 2021, then you will not be able to roll-over those Notes on the amended Note Terms.

If the Restructure Proposal is approved and you elected **some** of your Notes to be Converted on 24 November 2021, then the balance of your Notes will be rolled-over on the amended Note Terms and adjusted on a post-consolidation basis.

If the Restructure Proposal is approved, the Company expects to issue Additional Notes to investors under the Offer and pursuant to the terms of the Prospectus (**Offer**) on or after 1 December 2021.

The number of Additional Notes the Company will issue under the Offer pursuant to the Prospectus will depend on the number of Noteholders that decide to continue to hold Notes following the Restructure Proposal. It is the Company's current intention to have on issue not more than 35 million Notes following the implementation of the Restructure Proposal and the issue of Additional Notes pursuant to the Offer.

Additional Notes issued under the Offer will be issued on the Note Terms and be in the same class, rank equally with existing Notes listed on ASX under the code CAMG.

The Offer is being managed by Morgans Financial Limited, who has also been appointed to act as authorised intermediary for the purposes of the amendment to the Note Terms and as sole Lead Manager of the Offer. The Offer is not underwritten.

Note redemptions (and the payment of accrued interest on Notes the subject of a Conversion Notice) will be funded from a mix of the Company's cash reserves (including the proceeds of any Additional Notes issued under the Offer) and, if required, from realising part of the investment portfolio.

**1.9. What happens if the Restructure Proposal is not approved?**

If both Resolutions are not passed, all of your Notes (not the subject of a valid Conversion Notice or that otherwise may be bought-back under the Buy-Back of Notes) will be redeemed, in full, on the Current Maturity Date and you will not have the opportunity to participate as a Noteholder in the Company following the Current Maturity Date or subscribe for Additional Notes under the Offer.

In addition, if the vote on Resolution 1 is not passed, Resolution 2 regarding the proposed consolidation of existing Notes will not be put to the vote and the Offer of Additional Notes pursuant to the Prospectus will not proceed. The Company will need to consider what further action it may need to take, including as to raising any additional debt or equity funding.





### **1.10. Board recommendation**

As explained further in Section 2.4 below, the Board unanimously recommends that you vote in favour of both Resolutions. You are not obliged to follow the unanimous recommendation of the Board. Sections 2.5 and 2.6 set out various advantages and disadvantages which the Board encourages you to read in considering how to vote on the Resolutions. Section 3 sets out Taxation considerations. Section 4.2 sets out certain interests that the Directors of the Company and their respective Associates have in the Notes.

Each of Mr. John Abernethy and Mr. Ronni Chalmers, as Directors of the Company, intend to maintain their existing Noteholdings and “roll-over” all of their Notes on the amended Note Terms. None of the Directors intend to participate in the Offer but a Director may decide to purchase existing Notes.

### **1.11. Impact of the Restructure Proposal on the Company**

The Restructure Proposal, if approved, will provide the Company with greater financial flexibility to fund its growth strategies through deferring the repayment of the Notes.

If both Resolutions are approved, then any existing Notes on issue from midnight (Sydney time) on 30 November 2021 will be consolidated, such that 25 Notes will become 24 Notes.

In addition, if the Restructure Proposal is approved, the Company expects to issue Additional Notes under the Offer on or after 1 December 2021.

The exact impact of the Restructure Proposal on the Company’s issued Share capital and the number of Notes on issue will depend on the number of Notes that are elected to be redeemed on 30 November 2021, the number of Notes that are elected to be Converted into Shares on 24 November 2021, the number of Notes that are “rolled-over” on the amended Note Terms and the number of Additional Notes that are issued under the Offer.

It is the Company's current intention to have on issue not more than 35 million Notes following the implementation of the Restructure Proposal and the issue of Additional Notes pursuant to the Offer.

### **1.12. Noteholder Approval**

The Notice of Meeting contains the Resolutions which, if passed, will allow for the Restructure Proposal to go ahead by amending the Note Terms and Trust Deed and consolidating the number of Notes.

Implementation of the Restructure Proposal will vary the rights attached to the Notes and make consequential amendments to the Trust Deed (the subject of Resolution 1) and consolidation of Notes into a different number to reflect the amended Face Value (the subject of Resolution 2). Resolution 2 will only be put to the vote if Resolution 1 is approved.

Both Resolutions are Special Resolutions. A Special Resolution requires approval by a majority of 75% or more of votes cast on the relevant Resolution by eligible Noteholders (or Proxies) who are present at the virtual Meeting. Voting on the Resolutions will be conducted by way of a poll, with 1 Note having 1 vote.

Noteholder approval is being sought at the Meeting, which will be held immediately after the AGM of Shareholders of the Company.



Shareholder approval (as distinct from Noteholder approval) is not required to implement the Restructure Proposal. However, Shareholder approval (being the Shareholder Approval set out in the AGM Notice) is being sought in relation to the Offer of Additional Notes for the purposes of the Company's placement capacity under Listing Rule 7.1.

If the Shareholder Approval is not passed at the AGM, but the Resolutions are passed at the Meeting, then the Company may still issue Additional Notes to non-related party investors within the Company's placement capacity for Listing Rule 7.1 purposes.

### 1.13. Timing

The indicative timetable for the Restructure Proposal (including the proposed consolidation) is as follows (all times are Sydney times). Indicative dates relating to the Offer are also included and marked with an asterisk:

Event	Date
Lodgement of Prospectus for the Offer* and the Company announcement of the Restructure Proposal and Offer	On or about 27 October 2021
Notice of Meeting sent to Noteholders, including announcement of the proposed consolidation using an Appendix 3A.3	On or about 29 October 2021
Deadline for lodging Proxy Forms	12.00pm Tuesday, 16 November 2021
Date to determine entitlement to vote on the Resolutions	7.00pm Tuesday, 16 November 2021
Meeting of Noteholders	12.00pm, Thursday, 18 November 2021
ASX announcement of outcome of vote on the Restructure Proposal	Thursday, 18 November 2021 (and following the AGM and Meeting)
Offer under Prospectus opens*	Thursday, 18 November 2021 (and following AGM)
The Company and Trustee execute the Amending Deed Effective Date for first stage of amendment relating to a Redemption Election Notice and Redemption Notice Date	Friday, 19 November 2021
Redemption Notice Date (deadline for Redemption Election Notice) Conversion Notice Date (deadline for Conversion Notice)	5pm Tuesday, 23 November 2021
Priority Offer closes *	5pm Wednesday, 24 November 2021
Issue of Shares on Conversion of Notes the subject of valid Conversion Notices (Conversion Date)	Wednesday, 24 November 2021
Effective date of consolidation of Notes	Midnight on Thursday, 25 November 2021
Broker Firm Offer closes *	5pm Friday, 26 November 2021
Settlement for Additional Notes issued under the Offer pursuant to the Prospectus*	Monday, 29 November 2021
Trading in post-consolidation Notes commences on a deferred settlement basis under the temporary ASX code of CAMDA.	Monday, 29 November 2021
Current Maturity Date/Redemption Date of existing Notes	Tuesday, 30 November 2021
Record Date (relating to the consolidation of Notes) Last day for the Company to register transfers of Notes on a pre-consolidation basis	Tuesday, 30 November 2021



First day for the Company to update its register of Notes and to send holding statements to Noteholders (reflecting the post-consolidated number of Notes)	Wednesday, 1 December 2021
Effective Date for final stage of amendments to the Note Terms (which relate to the New Maturity Date, amended Face Value and reduced Interest Rate)	Wednesday, 1 December 2021
Additional Notes issued under the Offer* All existing Notes (including Additional Notes issued under the Offer) will begin to accrue interest at the reduced rate for the quarter from 1 December 2021 to 28 February 2022	Wednesday, 1 December 2021
Last day for the Company to update its register of Notes to send holding statements to Noteholders and notify ASX (reflecting the post-consolidated number of Notes) End of the deferred settlement period for the post-consolidated Notes trading under the temporary code of CAMDA	Wednesday, 8 December 2021

The above timetable includes the information required under paragraph 7 of Appendix 7A of the Listing Rules in respect of the proposed consolidation of Notes. Other than the Current Maturity Date, and subject to the requirements of the Listing Rules and Trust Deed, the Company reserves the right to amend this timetable at any time and for any reason. Any amendments will be notified to Noteholders via an announcement to ASX.

#### 1.14 Appointment of the Chairperson

Under the Meeting Provisions, the Trustee is entitled to appoint a person to be Chairperson at a meeting of Noteholders.

The Company has requested the Trustee to appoint Mr John Abernethy as the Chairperson for the Meeting. The Trustee has agreed to appoint Mr John Abernethy as the Chairperson for the Meeting.

## 2. Resolutions

### 2.1. Resolution 1 – Proposed amendments to the Trust Deed and Note Terms

Resolution 1 seeks Noteholder approval to the proposed amendments to the Note Terms and the Trust Deed as described in Section 1.2 and below of this Explanatory Memorandum.

Resolution 1 is required to be approved by Special Resolution.

Resolution 1 seeks approval to amend the Note Terms as set out in the redlined copy of the Note Terms contained in **Annexure A** to this Notice of Meeting and to make minor necessary, consequential amendments to the Trust Deed as set out below.

(a) **With effect from the close of the Meeting, where Resolution 1 is passed:**

- (i) Clause 1.1 of the Trust Deed is amended by deleting the defined term, 'Maturity Date'.
- (ii) A new Schedule 4 to the Trust Deed containing the Redemption Election Notice is inserted, in the form contained in Annexure C to the Trust Deed (which is as set out in Annexure B to this Notice of Meeting).



(b) **With effect from midnight (Sydney time) on 30 November 2021, where Resolution 1 is passed:**

- (i) Clause 1.1 of the Trust Deed is amended by deleting the defined term, 'Interest Rate'.

**Copy of Amended Trust Deed and Note Terms**

If Noteholders pass both Resolutions, the Trustee and the Company (as issuer of the Notes) will execute an amending deed to implement and give effect to the approved changes (**Amending Deed**). The Amending Deed will take effect in two stages:

- (a) the changes which allow for a Noteholder to elect to redeem (using a Redemption Election Notice) on 30 November 2021 will take effect immediately; and
- (b) the other changes to the Notes that are not redeemed or converted (i.e. "rolled-over") will be effective from midnight (Sydney time) on 30 November 2021 and by 1 December 2021, after which any Additional Notes may be issued under the Offer.

Resolution 1 requires the Company and the Trustee to execute a deed to amend the Trust Deed and Note Terms to give effect to the amendments the subject of Resolution 1.

The Company will provide a copy of the amended Trust Deed and Note Terms to any Noteholder who requests a copy.

A copy of the amended Note Terms (showing the proposed changes the subject of Resolution 1 in mark-up) are attached to this Explanatory Memorandum as **Annexure A**.

## **2.2. Resolution 2 – Proposed Consolidation**

As at the Preparation Date of this Notice of Meeting, the Company has on issue 22,581,880 Notes with an aggregate Face Value of \$21,678,605. These Notes were issued with a Face Value of \$0.96 per Note.

Under clause 14.3 of the existing Note Terms, the Conversion Price is defined to mean an amount equal to the Face Value of the Note. The current Face Value set out in the Trust Deed applying to existing Notes is \$0.96 per Note, reflecting a Conversion ratio of 1:1.

However, following the Company's 1 for 40 bonus issue of Shares made on 24 September 2018, and as announced by the Company on 17 July 2018 and in subsequent public documents, Notes accrue the 1 for 40 bonus issue until and if they are Converted. This means that each existing 1 Note converts into 1.025 Shares. The Conversion ratio of Notes to Shares was thus adjusted to 1:1.025 in accordance with the reconstruction provisions of the Note Terms and the Listing Rules, without the specific amendment of the Note Terms.

As Resolution 1 seeks to amend the Face Value of Notes (on issue as at midnight on 30 November 2021) to \$1.00 per Note, the deemed Conversion Price will also become \$1.00 by virtue of the Trust Deed. In order to revert to the Conversion ratio of 1:1 and so that existing Noteholders on and from midnight (Sydney time) on 30 November 2021 will not receive a benefit the holders of Shares do not receive, the number of Notes on issue as at midnight 30 November 2021 will be consolidated, such that 25 Notes will become 24 Notes. Noteholder approval is being sought under Resolution 2 for the proposed consolidation for the purposes of the Trust Deed and Note Terms.



The proposed consolidation does not affect:

- (a) the number of Notes that are the subject of a valid Conversion Notice; or
- (b) the Notes that are the subject of a valid Redemption Election Notice.

Notes the subject of a valid Conversion Notice or Redemption Election Notice will accrue interest at the rate of 6.25% p.a for the interest period ending 30 November 2021.

If Resolution 2 is approved, all holding statements for outstanding (“rolled-over”) Notes as at midnight on 30 November 2021 will cease to have any effect, except as evidence of entitlement to a certain number of Notes (on a post-consolidation basis). After the consolidation becomes effective, the Company will arrange for new holding statements for Notes to be issued to Noteholders.

The consolidation will reduce the number of Notes held by an existing Noteholder (who has elected to “roll-over”).

Assuming all existing Notes are “rolled-over” on the amended Note Terms (and not taking into account any Additional Notes issued under the Offer), the consolidation of Notes will reduce the number of existing Notes on issue in the capital of the Company, as follows:

	<b>Pre-consolidation (as at the Preparation Date)</b>	<b>Post-consolidation (not including any Additional Notes issued under the Offer)</b>
Number of Notes on issue	22,581,880 Notes	21,678,605 Notes
Aggregate Face Value of the Company’s indebtedness (excluding accrued interest)	\$21,678,605 based on a Face Value of \$0.96 per Note	\$21,678,605 based on an amended Face Value of \$1.00 per Note

### **Fractional entitlements**

Not all Noteholders will hold multiples of 25 Notes which can be evenly consolidated into 24 Notes. Where a fractional entitlement occurs as a result of the consolidation of Notes, the Company will round that fraction up to the nearest whole Note.

### **2.3. Key reasons to vote in favour of the Restructure Proposal**

### **2.4. Board recommendation**

The Board unanimously recommends that you vote in favour of both Resolutions. In reaching their recommendation, the Board has considered:

- (a) the advantages of the Restructure Proposal, as set out in Section 2.5;
- (b) the disadvantages of the Restructure Proposal, as set out in Section 2.6; and
- (c) the other relevant considerations set out in this Explanatory Memorandum.



Each of Mr. John Abernethy and Mr. Ronni Chalmers, each being a Director who owns Notes, has indicated they intend to vote all Notes controlled by them in favour of both Resolutions regarding the Restructure Proposal. Each of Mr. John Abernethy and Mr. Ronni Chalmers, as Directors of the Company, intend to maintain their existing Noteholdings and “roll-over” of their Notes on the amended Note Terms.

## 2.5. Advantages of the Restructure Proposal

**Interest payments:** You can continue holding your investment in Notes and receiving quarterly interest payments (at the amended Interest Rate of 5.25% per annum or approximately 1.3 cents per quarter based on a Face Value of \$1.00) until the Notes mature on the New Maturity Date (payable quarterly in arrears on the 10<sup>th</sup> Business Day following the end of 28 February, 31 May, 31 August and 30 November of each year).

**Market liquidity:** The liquidity in trading of the Notes on ASX may improve as a result of Additional Notes being issued under the Offer (although the Directors provide no assurances in relation to the liquidity of the Notes). While the Company will seek quotation of the Additional Notes (subject to the Resolutions being passed and the Offer proceeding) on ASX in order to facilitate on market trading of the Notes, the market for Notes may be less liquid than the market for Shares and, as such, there can be no assurance that Noteholders will be able to buy or sell Notes on ASX.

**Early redemption:** You may still elect to have all of your Notes redeemed on the Current Maturity Date (with accrued interest paid at the current Interest Rate of 6.25% per annum or approximately 1.5 cents per quarter).

**Conversion:** Prior to the Conversion Notice Date, you may still elect to have some (provided an aggregate Face Value of the Notes subject of the Conversion Notice is at least \$2,000) or all of your Notes Converted into Shares at the Conversion ratio of 1:1.025 on the Conversion Date of 24 November 2021. After 30 November 2021, the amended Face Value of \$1.00 means that the Conversion price of Notes will be approximately a 4% premium to the pre-tax NTA (based on a pre-tax unaudited (ex div) NTA per Share of \$0.960 as at 22 October 2021).

**Roll-over and participation in the Priority Offer:** The Restructure Proposal provides an opportunity for those Noteholders seeking to continue their investment on the amended Note Terms. The Board believes the Notes on the amended Note Terms provides an attractive investment opportunity for Noteholders and the Directors believe that the Restructure Proposal is more efficient than undertaking an entirely new issue of securities as it builds on existing service provider relationships. Noteholders (past and present) who are Eligible Participants will be entitled to subscribe for Additional Notes under the Priority Offer under the Offer in accordance with the terms of the Priority Offer set out in the Prospectus.

## 2.6. Reasons why you may consider voting against the Resolutions

**Disagree with the recommendation of the Board:** Despite the unanimous recommendation of the Board to vote in favour of both Resolutions, you may believe that the Restructure Proposal is not in your best interests having regard to your individual circumstances and professional advice. You are not obliged to follow the unanimous recommendation of the Board.

**Fall in the price of Notes:** You may believe that the price of the Notes could fall as a result of the Restructure Proposal.





**Lower interest rate:** The Interest Rate payable to Noteholders if the Restructure Proposal proceeds is lower than the current Interest Rate payable on the Notes. The amended Interest Rate of 5.25% per annum is approximately 1.3 cents per quarter based on a Face Value of \$1.00, compared to the current Interest Rate of 6.25% per annum which is approximately 1.5 cents per quarter based on a Face Value of \$0.96. The Board is of the view that a lower Interest Rate is consistent with a lower interest rate environment generally.

### 3. Taxation Considerations

#### 3.1. Introduction

The following taxation summary has been prepared as a general guide based on Australian tax legislation and practices of the Australian Taxation Office (**ATO**) and each state revenue authority current as at the date of this Explanatory Memorandum, both of which may change in the future (including with retrospective effect) without notice.

This section is not intended to be and should not be taken as a comprehensive taxation summary of, or advice on, the implications of the Restructure Proposal for a Noteholder, and addresses only some of the key Australian tax implications that may arise for a Noteholder as a result of the Restructure Proposal. You should seek your own professional tax advice having regard to your particular circumstances.

**This summary is for investors who are not taxed under the Taxation of Financial Arrangements (TOFA) contained in Division 230 of the Income Tax Assessment Act 1997 that apply to large taxpayers. Large taxpayers that are subject to the TOFA rules should seek their own advice.**

#### 3.2. Taxation of gains on redemption for Australian Noteholders

Noteholders who are Australian tax residents, or who are non-residents that hold the Notes in carrying on business at or through a permanent establishment in Australia, will be required to include any gain on redemption of the Notes (if applicable) in their assessable income.

Such Noteholders may be entitled to deduct any loss on redemption of the Notes.

The determination of the amount and timing of any assessable amount and deduction may be affected by specific provisions of the *Income Tax Assessment Act 1936 (Cth)* and the *Income Tax Assessment Act 1997 (Cth)*, which provide for specialised regimes for the taxation of financial instruments.

#### 3.3. Taxation of gains on redemption for offshore Noteholders

A Noteholder who is a non-resident of Australia for income tax purposes, and who has never held the Notes in the course of carrying on a business through a permanent establishment in Australia will be subject to Australian income tax on gains realised on the redemption of the Notes, if the gains will have an Australian source. The source of income for Australian taxation purposes is ultimately a question of fact. Any Noteholder in this situation should seek advice in relation to their specific circumstances.

#### 3.4. Taxation on conversion of Notes for Australian Noteholders

##### Australian resident Noteholders

Where an Australian resident Noteholder elects to convert their Notes into Shares, any assessable gain made or deductible loss incurred by the Noteholder should be disregarded under section 26BB or 70B (as applicable).

Similarly, no capital gain or loss for CGT purposes should arise at the time of conversion.



The Shares acquired pursuant to the Conversion will be treated as having a cost base that is, in broad terms, equal to the cost base of the Notes at the time of Conversion, plus any amount paid on Conversion (where applicable). The acquisition date will be taken to be the date at which the Conversion happens.

### **Non-resident Noteholders**

As with Australian resident Noteholders, non-resident Noteholders should not be subject to Australian tax on the conversion of the Notes to Shares.

However, non-resident Noteholders may be subject to tax on the conversion of the Notes to Shares in their respective tax jurisdictions.

Accordingly, non-resident Noteholders should obtain their own independent advice as to the taxation consequences of converting the Notes in their country of residence.

### **3.5. Taxation effect on consolidation of ‘rolled-over’ Notes for Australian Noteholders**

The consolidation of the Notes will effectively result in the disposal of the Notes and acquisition of new Notes. Where a Noteholder’s tax cost of their Notes is less than the value of the replacement Notes they will receive a taxable gain. Where the tax cost of their Notes is more than the value of the new replacement Notes they will incur a deductible loss. This result is the same as if the Noteholder had redeemed their Notes for the market value of the new Notes.

Noteholders are advised to seek their own tax advice on the effect of the consolidation and reorganisation of the Notes and the Company accepts no responsibility for the individual taxation implications arising from the consolidation.

### **3.6. Collection powers**

The ATO and other revenue authorities in Australia have wide powers for the collection of unpaid tax debts. This can include issuing a notice to an Australian resident (including the Company) requiring a deduction from any payment (including a redemption amount) to a Noteholder in respect of unpaid tax liabilities of that Holder.

### **3.7. Stamp duty**

No stamp duty should be payable on the redemption, Conversion or consolidation of the Notes.

### **3.8. GST**

No GST should be payable on the redemption, Conversion or consolidation of the Notes.

## **4. Additional information**

### **4.1. Noteholder Meeting**

The Company is holding a virtual meeting of Noteholders on **18 November 2021 at 12.00pm (Sydney time)**. At the virtual Meeting, Noteholders will be asked to approve each of Resolution 1 and Resolution 2. The terms of both Resolutions to be considered at the Meeting are contained in the Notice of Meeting attached to this Explanatory Memorandum.



#### 4.2. Interests in Notes held by Directors

Details of the Directors of the Company and their respective Associates (as that term is defined in sections 12 and 15 of the Corporations Act) have in the Notes are set out below:

Name	Number of Notes held (each at current Face Value of \$0.96)
Mr. John Abernethy, Chairman, Non-Independent	2,850
Mr. Ronni Chalmers, Non-Independent Director	805,000
Mr. Marc Ariel Schwartz, Independent Director	Nil
Mr. Julian J Gosse, Independent Director	Nil

Mr. John Abernethy and Mr. Ronni Chalmers, each being a Director who controls Notes, has indicated he intends to vote all Notes controlled by him in favour of both Resolutions regarding the Restructure Proposal. None of the Directors intend to participate in the Offer but a Director may decide to purchase existing Notes.

#### 4.3. Am I able to vote at the Noteholder Meeting?

You are entitled to vote at the Meeting if you are a Noteholder as at 7:00pm (Sydney time) on 16 November 2021 (being no more than 48 hours prior to the Meeting).

Instructions on how to attend and vote at the virtual Meeting (including by proxy) are set out in the Notice of Meeting. Details of Noteholders' entitlements to vote at the Meeting are also set out in the Notice of Meeting.

Voting is not compulsory. However, the Board unanimously recommends that Noteholders vote in favour of both Resolutions. Despite the unanimous recommendation of the Board to vote in favour of both Resolutions, you may believe that the Restructure Proposal is not in your best interests having regard to your individual circumstances and professional advice. You are not obliged to follow the unanimous recommendation of the Board.

The results of the Meeting will be available as soon as possible after the conclusion of the Meeting and will be announced on the Company's ASX platform.

#### 4.4. Special Resolution approval requirements

Each of Resolution 1 and Resolution 2 are a Special Resolution which requires approval by a majority (75% or more) of votes cast on the relevant Resolution by Noteholders present and voting at the Meeting (either in person on-line virtually or by proxy or by representative). Voting will be conducted by way of a poll.

The Restructure Proposal will only proceed if **both** Resolutions are approved.

#### 4.5. How will the Company be affected if the Resolutions are passed?

If approved, the Restructure Proposal will provide the Company with greater financial flexibility to fund its growth strategies through deferring the repayment of the Notes and raising capital pursuant to the Offer, consistent with the Company's capital management strategies.



#### 4.6. What happens if the Resolutions do not pass?

If the Resolutions are not passed, unless you have delivered a Conversion Notice to the Company before the Conversion Notice Date, you will not have the option to roll-over your Notes (on a post-consolidation basis) and continue to earn interest on them at the amended Interest Rate. Instead, you will receive the redemption amount calculated by reference to the current Face Value of \$0.96 on each Note, together with accrued interest at the current Interest Rate of 6.25% p.a for the period ending 30 November 2021. See Section 1.9 for further details.

#### 4.7. Noteholder participation in the Offer?

As announced by the Company on or about 27 October 2021, the Company is seeking to conduct an Offer pursuant to the Prospectus. The Company intends to raise up to \$35,000,000 by undertaking the Offer. The number of Additional Notes the Company will issue under the Prospectus will depend on the number of Noteholders that decide to continue to hold Notes following the Restructure Proposal.

A copy of the Prospectus dated and lodged with ASIC was released to the market on or about 27 October 2021 and is available on the ASX platform at [www.asx.com.au](http://www.asx.com.au).

The Offer comprises a Priority Offer and a Broker Firm Offer.

Noteholders who hold Notes and who are Eligible Participants will be entitled to participate in the Priority Offer and subscribe for Additional Notes on the amended Note Terms with a Face Value or issue price of \$1.00 per New Note. The Priority Offer opens on 18 November 2021. The Closing Date for the Priority Offer is expected to be 24 November 2021. The Priority Offer will be open to any eligible person who has a registered address in Australia or New Zealand and who:

- (a) is a current Shareholder or Noteholder in the Company; or
- (b) any past Shareholder or Noteholder of the Company as may be determined by the Board in its absolute discretion; or
- (c) any other person as determined by the Board in its absolute discretion to be eligible to participate in the Priority Offer (in accordance with the Prospectus)

and in respect of a person in New Zealand, is a wholesale investor within the meaning of clauses 3(2) and 3(3)(a) of schedule 1 of the New Zealand Financial Markets Conduct Act 2013.

The Board intends to give priority under the Priority Offer to persons who were Noteholders and Shareholders as at 13 October 2021. A Noteholder considering participating in the Priority Offer should obtain a copy of the Prospectus (together with the relevant application form).

If you have any questions in relation to the Offer and the Prospectus, please contact David Kells of Morgans Financial Limited ABN 49 010 669 726, (AFSL 235410), by email at [david.kells@morgans.com.au](mailto:david.kells@morgans.com.au) or by telephone: +612 9043 7900.



## **5. Important Notices**

### **5.1. Currency of information**

The information contained in this Explanatory Memorandum is prepared as of the date it is issued and stated on the first page (**Preparation Date**). Neither the delivery of this Explanatory Memorandum nor any other action in respect of it at any time implies that the information contained in it (or incorporated by reference) is correct at any time subsequent to the Preparation Date or that any other information supplies in connection with the Notes is correct or that there has not been any change (adverse or otherwise) in the financial conditions or affairs of the Company as of any time subsequent to the Preparation Date.

### **5.2. Risks**

Neither this Explanatory Memorandum nor any other information supplied in connection with the Restructure Proposal describes the risks of a continued investment in the Notes.

All parties should consult their own professional, financial, legal and tax advisers about risks associated with an investment or decision in light of their particular circumstances.

The interest payments on Notes are obligations of the Company and are not guaranteed by the Trustee or any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related body corporate or any other entity. The obligation to redeem Notes in accordance with the Note Terms is a direct obligation of the Company. Neither the Trustee nor any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related body corporate or any other entity guarantees the redemption of or prepayment of any principal under the Notes.

### **5.3. Forward looking statements**

This Explanatory Memorandum and the other materials provided in connection with the Restructure Proposal may contain forward-looking statements. All statements that address expectations or projections about the future are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. Neither the Company nor the Trustee, nor their respective directors, officers, employees, agents, affiliates, advisers or representatives nor any other person guarantees that these assumptions and expectations are accurate or will be realised. The actual results could thus differ materially from those projected in any such forward-looking statements. Neither the Company nor the Trustee, nor their respective directors, officers, employees, agents, affiliates, advisers or representatives nor any other person assumes any responsibility to amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events.

Except as required by law and then only to the extent so required, neither the Company nor any of its associates, warrants or guarantees the future performance of the Company, the Notes or any Shares issued on conversion of the Notes.

Neither the Trustee, nor any of its associates, warrants or guarantees the future performance of the Company, the Notes or any Shares issued on conversion of the Notes.

### **5.4. No investment advice**

The information contained in this Explanatory Memorandum is provided by the Company.

The information contained in this Explanatory Memorandum does not constitute financial product advice however, to the extent financial product advice is provided, such advice is general advice only and has been prepared without taking into account the objectives, financial situation, taxation position or needs of any Noteholder. Before acting on any such advice or making any decision on how to vote on the Resolutions, Noteholders should consider whether the advice is appropriate for their circumstances. Where available, Noteholders should obtain a copy of, and consider, this and any other relevant disclosure documentation before making any decision in relation to Notes.



Neither the Company nor the Trustee is providing any taxation, legal or other advice regarding the proposed amendments, consolidation or Resolutions. It is important that you read this Explanatory Memorandum and the Notice of Meeting in their entirety before making any decision on how to vote on the Resolutions contained within. If you are in any doubt, you should consult your professional adviser and make (and shall be taken to have made) your own independent investigation as to the suitability of the proposed amendments in your own particular circumstances.

**Trustee**

The Trustee:

- (a) has not authorised or caused the issue, submission, dispatch or provision of this Notice of Meeting and/or the Explanatory Memorandum and does not make any statement or purport to make any statement in this Notice of Meeting and/or the Explanatory Memorandum or any statement on which a statement in this Notice of Meeting and/or the Explanatory Memorandum is based;
- (b) nor any of its directors, employees, officers, affiliates, agents, advisors, intermediaries or related body corporate (each a "related person") assumes any responsibility for the accuracy or completeness of any information contained in this Notice of Meeting and/or the Explanatory Memorandum;
- (c) to the maximum extent permitted by law expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of this Notice of Meeting and/or the Explanatory Memorandum, or any statements in, or omissions from this Notice of Meeting and/or the Explanatory Memorandum, other than the references to its name and included in this Notice of Meeting and/or the Explanatory Memorandum with its written consent;
- (d) has given, and has not, before the despatch of this Notice of Meeting and/or the Explanatory Memorandum withdrawn, its written consent to be named in this Notice of Meeting and/or the Explanatory Memorandum in the form and content in which it is named;
- (e) nor any related person makes any representation as to the truth and accuracy of the contents of this Notice of Meeting and/or the Explanatory Memorandum;
- (f) has relied on the Company for the accuracy of the contents of this Notice of Meeting and/or the Explanatory Memorandum;
- (g) nor any related person makes any representation or warranty as to the performance of the Notes or the payment of interest or redemption of the Notes; and
- (h) is not related to and has no relationship with the Registry.

**5.5. Questions and Comments at the Meeting**

In accordance with the Corporations Act, a reasonable opportunity will be given to Noteholders to ask questions or make comments about the Company at the Meeting.





## **5.6. Role of Lead Manager**

The Company and the Lead Manager have entered into the Offer Management Agreement dated 27 October 2021 pursuant to which the Lead Manager will manage and act as sole book runner for the Offer. The Company has also appointed the Lead Manager as the authorised intermediary (for the purposes of section 911A(2)(b) of the Corporations Act) in relation to the amendments to the Trust Deed and Note Terms and to make offers to arrange for the issue of the Additional Notes under the Offer.

In consideration for management services provided to the Company in relation to the Offer, the Company will pay Morgans Financial Limited as Lead Manager a flat lead manager fee of \$300,000 (exclusive of GST) on settlement of the Offer.

In addition, the Lead Manager will be paid an Application Fee of 1.25% (inclusive of GST) of the total proceeds of the Broker Firm Offer raised by the Lead Manager and Participating Brokers. Retail Clients who participate in the Broker Firm Offer will be rebated the Application Fee paid in respect of their allocation by their Broker.

No additional fee is payable to Morgans Financial Limited for providing the authorised intermediary services.

The terms of the Offer Management Agreement, including the fees disclosed above, are summarised in Section 6.4 of the Prospectus.



## Glossary

In this Explanatory Memorandum, and the Notice of Meeting:

**Additional Notes** means additional Notes issued pursuant to the Offer on the amended Note Terms.

**AGM or Annual General Meeting** means the 2021 annual general meeting of Shareholders of the Company convened under the AGM Notice and to be held on 18 November 2021 at 10am (Sydney time).

**AGM Notice** means the notice dated 18 October 2021 convening the AGM, together with the explanatory memorandum.

**Amending Deed** has the meaning given in Section 2.1 of this Explanatory Memorandum.

**Associate** has the meaning given to that term in sections 12 and 15 of the Corporations Act.

**ASX** means as the context requires, ASX Limited ACN 008 624 691 or the securities market conducted by it.

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

**Broker Firm Offer means** the Offer of Additional Notes under the Prospectus to Australian and New Zealand clients of the Lead Manager and Participating Brokers who are participating Wholesale and Sophisticated Clients and Australian Retail Clients.

**Buy-Back of Notes** means the on-market buy-back of up to 5,000,000 Notes by the Company until expiry on 30 November 2021.

**Company** means Clime Capital Limited (ACN 106 282 777).

**Conversion** means the conversion of a Note into Shares in accordance with clause 4 of the Note Terms and the words Convert or Converted bear a corresponding meaning.

**Conversion Date** means the date determined by the Company in accordance with the Note Terms on which Shares will be issued to the Noteholder on conversion of the Notes under clause 4 of the Note Terms.

**Conversion Notice** means a notice of Conversion given in accordance with clauses 4.2 and 4.3 of the Note Terms with a Conversion Date of 24 November 2021 and that is included in Annexure C accompanying the Notice of Meeting.

**Conversion Notice Date** means the date by which a Conversion Notice must be given to the Company in order to be effective, being 5.00pm (Sydney time) on 23 November 2021.

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

**Current Maturity Date** means 30 November 2021.

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



**Eligible Participant** means any eligible person who has a registered address in Australia or New Zealand and who:

- (a) is a current Shareholder in CAM or a current Noteholder of the Company; or
- (b) any past Shareholder or Noteholder of the Company as may be determined by the Board in its absolute discretion; or
- (c) any other person as determined by the Board in its absolute discretion to be eligible to participate in the Priority Offer

and in respect of a person in New Zealand is a wholesale investor within the meaning of clauses 3(2) and 3(3)(a) of schedule 1 of the New Zealand Financial Markets Conduct Act 2013.

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

**Face Value** means the principal amount of each Note as defined in the Note Terms.

**Interest Period** has the meaning given in clause 1.1 of the Trust Deed.

**Interest Rate** means the interest rate provided in clause 1.1 of the Trust Deed in respect of an Interest Period for a Note.

**Lead Manager** means Morgans Financial Limited ABN 49 010 669 726, (AFSL 235410).

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

**Meeting** means the Meeting of the Noteholders of the Company the subject of this notice of Meeting scheduled to occur on Thursday, 18 November 2021.

**New Maturity Date** means 30 November 2025.

**Noteholder** means each person who is registered on the Register of Notes as the holder of a Note.

**Notes** means the CAMG unsecured, redeemable convertible Notes issued under the Trust Deed, as amended from time to time.

**Note Terms** in relation to a Note, the terms of issue of that Note as set out in Schedule 1 of the Trust Deed, as amended from time to time.

**Notice of Meeting** means the notice of meeting of Noteholders relating to the Meeting to which this Explanatory Memorandum is attached.

**NTA** means the net tangible assets of the Company.

**Offer** means the offer to subscribe for up to 35 million Additional Notes under the Prospectus at the Offer price of \$1.00 per Note under the Prospectus, comprising the Priority Offer and the Broker Firm Offer.

**Offer Management Agreement** means the offer management agreement dated 27 October 2021 between the Company and the Lead Manager.



**Participating Broker** means any participating organisation of ASX selected by the Company in agreement with the Lead Manager to participate in the Broker Firm Offer.

**Preparation Date** means 29 October 2021.

**Priority Offer** means the offer of Additional Notes under the Prospectus to Eligible Participants and any other person as determined by the Board in its discretion.

**Prospectus** means the transaction-specific prospectus prepared in accordance with section 713 of the Corporations Act (as modified by ASIC Corporations (Offers of Convertibles) Instrument 2016/83) and dated and lodged with ASIC by the Company in respect of the Offer on or about 27 October 2021, and any supplementary or replacement prospectus.

**Proxy Form** means the form accompanying the Notice of Meeting.

**Redemption Election Notice** means, if the Resolutions are passed, a notice requesting redemption of Notes on 30 November 2021 in the form of Schedule 4 of the amended Trust Deed and that is included in Annexure B accompanying the Notice of Meeting.

**Redemption Notice Date** means the date by which a Redemption Election Notice must be given to the Company in order to be effective, being 5.00pm (Sydney time) on 23 November 2021.

**Register of Notes** means the Company's register of Notes and Noteholders maintained by the Registry.

**Registry** or Boardroom means Boardroom Pty Limited (ABN 14 003 209 836).

**Resolution 1** means the Special Resolution numbered 1 set out in the Notice of Meeting proposing amendments to the Note Terms and the Trust Deed.

**Resolution 2** means the Special Resolution numbered 2 set out in the Notice of Meeting proposing to consolidate the number of Notes on the basis that every existing 25 Notes be consolidated into 24 Notes with a Face Value of \$1.00 per Note.

**Resolutions** means both Resolution 1 and Resolution 2.

**Restructure Proposal** means the proposal to amend the Note Terms and the Trust Deed (being the subject of Resolution 1) and subject to the passage of Resolution 1, to consolidate 25 Notes into 24 Notes (being the subject of Resolution 2), as detailed in this Explanatory Memorandum.

**Retail Client** means a person who is not a Wholesale and Sophisticated Client.

**Shareholder Approval** means the approval by Shareholders being sought at the Annual General Meeting of Shareholders of the issue of a maximum of \$35 Million worth of Additional Notes for the purposes of Listing Rule 7.1 (being sought as resolution numbered 4 in the notice of Annual General Meeting).

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

**Shareholder** means a holder of Shares.

**Special Resolution** means a resolution passed at a meeting of the Noteholders duly called and held under Schedule 2 to the Trust Deed and in the case where a poll is duly demanded, then by a proportion consisting of at least 75 per cent of the votes cast.



**Trustee** means Equity Trustees Limited (ACN 004 031 298) in its capacity as trustee on behalf of the Noteholders.

**Trust Deed** means the deed entitled Convertible Notes Trust Deed executed by the Company and the Trustee dated 17 November 2017.

**Wholesale and Sophisticated Clients** means a person:

- (a) with a registered address in Australia who is either a 'professional investor' or 'sophisticated investor' within the meaning of sections 708(11) and 708(8) of the Corporations Act; or
- (b) a person with a registered address in New Zealand who is a wholesale investor within the meaning of clauses 3(2) and 3(3)(a) of schedule 1 of the New Zealand Financial Markets Conduct Act 2013.



# **Annexure A**

## Proposed amendments to the Note Terms



**Annexure ASCHEDULE 1****Note Terms****1. FORM OF NOTES****1.1 Form**

The Notes are redeemable, convertible notes of the Issuer issued under the Trust Deed. Noteholders are entitled to the benefit of and are bound by the provisions of the Transaction Documents and these Note Terms.

**1.2 Face Value and Issue Price**

- (a) The Notes are each issued fully paid with a Face Value of \$~~1.00 0.96~~ (**Face Value**).
- (b) Each Note will be issued by the Issuer at an issue price of \$~~1.00 0.96~~ (**Issue Price**). The Issue Price must be paid in full on application.

**1.3 Currency**

The Notes are denominated in Australian dollars.

**1.4 Clearing System**

For such time as the Notes are quoted on ASX, the rights of a person holding an interest in the Notes are subject to the rules and regulations of the Clearing System.

**1.5 No certificates**

No certificates will be issued to Noteholders unless the Issuer determines that certificates should be available or are required by any applicable law.

**1.6 ASX quotation of Notes**

The Issuer must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure that the Notes are, and until Redeemed or Converted remain, quoted on ASX.

**1.7 Participating in the new issues**

To the maximum extent permitted by the Corporations Act, the ASX Listing Rules and any other applicable laws, Noteholders will be eligible to participate in any future rights on the basis of Notes held at the time of any rights issue. This eligibility to participate in any rights issues is in addition to a right for a Noteholder to participate in any rights issue on the basis of Shares in the ~~Issuer Company~~ also held by a Noteholder.

**1.8 No other rights**

The Notes confer no rights on a Noteholder:

- (a) to vote at any meeting of members of the Issuer; or
- (b) to otherwise participate in the profits or property of the Issuer, except as set out in these Note Terms or the Transaction Documents.

## 2. **INTEREST**

### 2.1 **Interest**

- (a) Each Note bears interest on its Face Value from (and including) its Issue Date to (but excluding) its Maturity Date, Conversion Date or Redemption Date at the Interest Rate.
- (b) Interest is payable in arrears on each Interest Payment Date.

## 3. **GENERAL PROVISIONS APPLICABLE TO INTEREST**

### 3.1 **Calculation of Interest Rate and Interest payable**

- (a) The Issuer must, as soon as practicable in each Interest Period, calculate the amount of interest payable for that Interest Period in respect of the Face Value of each Note.
- (b) The amount of interest payable on each Note for an Interest Period is calculated according to the following formula:

$$\text{Interest Payable} = \frac{\text{Interest Rate} \times \text{Face Value} \times N}{365}$$

Where:

N means, in respect of:

- (A) the first Interest Payment Date in respect of a Note, the number of days from (and including) its Issue Date to (but excluding) that first Interest Payment Date; and
- (B) each subsequent Interest Payment Date, the number of days from (and including) the preceding Interest Payment Date to (but excluding) that Interest Payment Date or, as the case may be, the Maturity Date, Conversion Date or Redemption Date.

### 3.2 **Notification of Interest Rate, Interest payable and other items**

- (a) The Issuer must notify the Trustee and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of:
  - (i) for each Interest Period, the amount of interest payable; and
  - (ii) any amendment to the amount referred to in subparagraph (A) arising from any extension or reduction in any Interest Period or calculation period.
- (b) The Issuer must give notice under this clause 3.2 of the amount of interest on each Note for the Interest Period by no later than the 10th Business Day of that Interest Period.
- (c) The Issuer may amend its calculation or determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must notify the Trustee and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) promptly after doing so.

### 3.3 **Default Interest**

If an amount is not paid under these Note Terms on or before the due date, interest accrues on the unpaid amount at eight per cent per annum from (and including) the due date to

(but excluding) the date on which payment is made to the Noteholder of the full unpaid amount.

#### 3.4 **Determination final**

The determination by the Issuer of all amounts, rates and dates falling to be calculated or determined by it under these Note Terms is, in the absence of manifest or proven error, final and binding on the Issuer, the Trustee and each Noteholder.

#### 3.5 **Calculations**

For the purposes of any calculations required under these Note Terms:

- (a) all figures must be rounded to three decimal places (with 0.0005 being rounded up to 0.001); and
- (b) all amounts that are due and payable must be rounded to the nearest one Australian cent (with 0.5 of a cent being rounded up to 1 cent).

### 4. **CONVERSION**

#### 4.1 **Notes are Convertible**

Subject to these Note Terms and the ASX Listing Rules, the Noteholder has the right (**Conversion Right**), in accordance with this clause 4, to convert some or all of its Notes into a number of Shares determined by application of the following formula:

$\frac{A}{B}$  where:

A = the Conversion Amount; and

B = the Conversion Price.

#### 4.2 **Conversion at the Noteholder's election**

- (a) Subject to paragraph 4.2(b)(ii), a Noteholder may elect in its absolute discretion to convert some or all of its Notes into Shares by giving the Registrar notice in writing of its intention to convert some or all of its Notes (**Conversion Notice**).
- (b) In order to convert any Notes into Shares, either:
  - (i) the Face Value of the Notes the subject of a Conversion Right must be at least the lesser of \$2,000; or
  - (ii) the Noteholder must convert the entire balance of their holding of Notes.

#### 4.3 **Conversion Notice**

- (a) A Conversion Notice must:
  - (i) be in writing (in such form as the Issuer may accept or as is required by the ASX Listing Rules);
  - (ii) specify the number of Notes to be converted; and
  - (iii) be signed by the Noteholder or an authorised representative or officer of the Noteholder.
- (b) Once a Conversion Notice has been given:

- (i) the notice cannot be withdrawn without the written consent of the Issuer;
  - (ii) the Noteholder must not deal with, transfer, dispose of or otherwise encumber any Notes the subject of the Conversion Notice; and
  - (iii) the Noteholder must provide such evidence of title to the Notes the subject of the Conversion Notice as may be reasonably required by the Issuer and the Registrar.
- (c) Despite receipt by a Noteholder of a notice issued under clause 8.3, a Noteholder may still give a Conversion Notice provided the notice is given not less than five Business Days before the Redemption Date specified in the notice issued under clause 8.3.
- (d) A Conversion Notice given to the Issuer five or more Business Days before an Interest Payment Date will be effective on such date as may be determined by the Issuer (in its absolute discretion), provided that date is not later than the next Interest Payment Date following the date the notice is given.
- (e) If a Conversion Notice is given to the Issuer less than five Business Days before an Interest Payment Date (**Date 1**), the Conversion Notice will be effective on such date as may be determined by the Issuer (in its absolute discretion), provided that date is not later than the next Interest Payment Date following Date 1.
- (f) A Conversion Notice will not be effective if it is given less than five Business Days before the Maturity Date.

#### 4.4 **Effect of Conversion**

On the Conversion Date:

- (a) the Noteholder's Notes which are the subject of a Conversion Notice will be Redeemed for the Conversion Amount, and the Noteholder will be taken to have agreed to pay the Conversion Amount to the Issuer by way of subscription for new Shares (**Conversion Shares**) at an issue price per Conversion Share that is equal to the Conversion Price, with each obligation to pay the Conversion Amount to be satisfied by way of mutual set-off;
- (b) the Issuer will issue to the Noteholder, and must register the Noteholder as the holder of, the Conversion Shares;
- (c) the Noteholder agrees to be registered as the holder of the Conversion Shares in the register of Members;
- (d) a holding notice in respect of the Conversion Shares is to be sent to the Noteholder at its registered address in respect of the relevant Notes;
- (e) the Issuer must use all reasonable endeavours to procure and maintain quotation of the Conversion Shares on ASX; and
- (f) upon issue of the Conversion Shares, all other rights conferred or restrictions imposed by the Note under these Note Terms will no longer have effect.

#### 4.5 **Ranking of Shares**

Shares issued on conversion of the Notes will be fully paid and will in all respects rank *pari passu* with all other fully paid Shares on issue on the relevant Conversion Date, except that they will not be entitled to any dividend or any other distribution or entitlement that has

not been paid as at the Conversion Date but for which the record date was prior to the Conversion Date.

#### 4.6 **No fractional shares**

No fractional Shares will be issued on conversion of a Note. If the calculation under this clause results in an entitlement to a number of Shares which includes a fraction of a Share, the fraction will be disregarded.

#### 4.7 **Adjustments for reorganisation of capital**

Subject to the ASX Listing Rules, if there is a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Issuer, the basis for conversion of the Notes will be reconstructed in the same proportion as the issued capital of the Issuer is reconstructed and in a manner which will not result in any additional benefits being conferred on the Noteholders which are not conferred on Shareholders (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of Shareholders approving the reconstruction of capital) but in all other respects the terms for conversion of the Notes will remain unchanged.

### 5. **REDEMPTION**

#### 5.1 **Scheduled redemption on Maturity Date**

Each Note is Redeemable by the Issuer on the Maturity Date at its Face Value unless:

- (a) the Note has been previously Converted;
- (b) the Note has been previously Redeemed; or
- (c) the Note has been purchased by the Issuer and cancelled.

#### 5.2 **Purchase**

Subject to compliance with any applicable law or requirement of ASX (and any stock exchange or other relevant authority on which the Notes are quoted):

- (i) the Issuer and any of its Related Bodies Corporate (or any third party nominated by the Issuer) may, at any time, purchase Notes in the open market or otherwise and at any price;
- (ii) if purchases are made by tender for the Notes by the Issuer or any of its Related Bodies Corporate, tenders must be available to all Noteholders alike; and
- (iii) Notes purchased under this clause 5.2 may be held, resold or cancelled at the discretion of the purchaser (and, if the Notes are to be cancelled, the Issuer).

#### 5.3 **Early Redemption**

(a) A Noteholder may require the Issuer to Redeem all of its Notes for \$0.96 per Note on 30 November 2021 by giving a Redemption Election Notice to the Issuer on or before the Redemption Notice Date. This clause 5.3 is only effective up to 30 November 2021.

(a) If a Noteholder gives a valid Redemption Election Notice in accordance with clause 5.3(a) the Issuer must pay to the Noteholder the full redemption amount and all accrued interest.

## 6. STATUS, SECURITY AND RANKING

### 6.1 Status

The Notes at all times constitute unsecured debt obligations of the Issuer.

### 6.2 No Security

The Notes are unsecured.

### 6.3 Ranking of Notes

- (a) Each Note ranks for payment in a Winding Up of the Issuer:
  - (i) equally with each other Note;
  - (ii) equally with all present and future unsubordinated and unsecured debt obligations of the Issuer (subject to the laws and principles of equity affecting creditor rights or obligations preferred by mandatory provisions of applicable law); and
  - (iii) ahead of all Shares.
- (b) Without in any way limiting the Issuer's obligations to Redeem the Notes as set out herein, in order to give effect to the ranking specified in clause 6.3, in any Winding Up of the Issuer, the Noteholders agree that their claims are limited to the extent necessary to ensure that Noteholders of the Notes receive payments on a pro-rata basis.
- (c) Without in any way limiting the Issuer's obligations to Redeem the Notes as set out herein, neither the Trustee nor any Noteholder has any right to prove in a Winding Up of the Issuer in respect of the Notes, except on the basis set out in clauses 6.1 and 6.2.
- (d) Neither the Trustee nor any Noteholder may exercise voting rights as a creditor in respect of the Notes in a Winding Up of the Issuer to defeat the subordination in this clause.
- (e) The ranking of Notes is not affected by the date of registration of any Noteholder in the Register.

## 7. NEGATIVE COVENANTS

For so long as any of the Notes remain outstanding, the Issuer must not, without the approval of an Ordinary Resolution, incur any indebtedness that would cause the Issuer's total indebtedness to exceed 40% of the Issuer's total assets.

## 8. EVENTS OF DEFAULT

### 8.1 Events of Default

An Event of Default occurs in relation to the Notes if:

- (a) **(non-issue of Shares)** the Issuer fails to issue Shares on Conversion in accordance with these Note Terms within 10 Business Days after the date on which such issue is to be made;
- (b) **(non-payment)** the Issuer fails to pay any amount payable by it under the Note Terms and such default is not remedied within 3 Business Days;

- (c) **(breach of Negative Covenants)** the Issuer fails to comply with clause 7 and such failure remains unremedied for a period of 10 Business Days;
- (d) **(breach of other obligations)** the Issuer fails to comply with any of its other obligations under the Note Terms or the Transaction Documents and such failure remains unremedied for a period of 10 Business Days after the earlier of (A) the Issuer receiving written notice from the Trustee in respect of the failure to comply and (B) the Issuer becoming aware of the failure to comply;
- (e) **(insolvency)** an Insolvency Event occurs in respect of the Issuer;
- (f) **(delisting)** a Delisting Event occurs in respect of the Issuer;
- (g) **(cessation of business)** the Issuer ceases or suspends (or threatens to cease or suspend) the conduct of all of its business or a substantial part of its business;
- (h) **(unlawfulness)** at any time, it is unlawful for the Issuer to perform any of its payment obligations under the Notes;
- (i) **(Government Agency)** all or substantially all of the assets of the Issuer are resumed or compulsory acquired by any Government Agency; or
- (j) **(vitiation)** all or any rights or obligations of the Issuer, Noteholders or the Trustee under the Trust Deed or the Note Terms are terminated or are or become void, illegal, invalid, unenforceable or of limited force and effect.

## 8.2 Notification

If an Event of Default occurs, the Issuer must, promptly after becoming aware of it but in any event no later than two Business Days after the Event of Default occurs, notify the Trustee of the occurrence of the Event of Default (specifying details of it) and use its reasonable endeavours to promptly notify the Noteholders and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of the occurrence of the Event of Default. The Trustee is taken not to have knowledge of the occurrence of an Event of Default unless the Trustee has received written notice from the Issuer or a Noteholder stating that an Event of Default has occurred and describing it. Nothing contained in the Trust Deed imposes on the Trustee an obligation to inform any Noteholder of any breach by the Issuer of any provision of the Trust Deed.

## 8.3 Consequences of an Event of Default

- (a) If an Event of Default occurs and is continuing in relation to the Notes, the Trustee may:
  - (i) declare by notice to the Issuer (with a copy to the Noteholders and the Registrar) that all the Notes are to be Redeemed at their Face Value (together with any accrued Interest) immediately (but not earlier than 10 Business Days after the date the Trustee gives notice under this clause) or on such other date specified in that notice; or
  - (ii) take enforcement action against the Issuer in relation to the Event of Default in accordance with the Transaction Documents.
- (b) The Trustee shall not be bound to take the action referred to in paragraph (i) above to enforce the obligations of the Issuer in respect of the Notes or any other proceedings or action pursuant to or in connection with the Transaction Documents unless:



- (i) it shall have been so directed by a Special Resolution of the Noteholders of the relevant Notes;
- (ii) it is indemnified, to its satisfaction, against all costs, charges, liabilities and expenses which may be incurred by it (including legal costs on a solicitor and own client basis) in connection with that action;
- (iii) it is first placed in funds sufficient to cover the costs that it may incur as a result of doing so; and
- (iv) it is not restricted or prohibited from taking such action by any order of any competent court or any applicable law.

If the Trustee forms the view that such action is or could be inconsistent with these Note Terms, the Transaction Documents or the Corporations Act or any applicable law, it must take steps to seek (and, if the court so determines, to obtain) as soon as reasonably practicable a court direction or order to set aside or vary the direction given by Special Resolution, and, while those steps are underway, the Trustee is not obliged to take any action or proceedings it has been directed to take by Special Resolution.

#### 8.4 **No enforcement by Noteholders**

Unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and these Note Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, the rights of each Noteholder to enforce the obligations of the Issuer under the Notes are limited to the exercise of its rights to enforce and seek due administration by the Trustee of the Trust Deed. In particular, unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and these Note Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, no Noteholder may, with respect to payment of any amount due under the Notes held by it:

- (a) sue the Issuer;
- (b) obtain judgment against the Issuer; or
- (c) apply for or seek Winding Up of the Issuer.

### 9. **TITLE AND TRANSFER OF NOTES**

#### 9.1 **Title**

Title to a Note passes when details of the transfer are entered in the Register.

#### 9.2 **Effect of entries in Register**

Each entry in the Register in respect of a Note constitutes:

- (a) an unconditional and irrevocable undertaking by the Issuer to the Noteholder to pay principal, interest and any other amount in accordance with these Note Terms; and
- (b) an entitlement to the other benefits given to Noteholders under these Note Terms and the Transaction Documents in respect of the Note.

For the avoidance of doubt, an entry in the Register does not make the Noteholder a Member of the Issuer or confer rights on a Noteholder to attend or vote at meetings of Members of the Issuer.

### 9.3 **Register conclusive as to ownership**

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note, subject to correction for fraud or manifest error.

### 9.4 **Non-recognition of interests**

Except as required by law, the Issuer, the Trustee and the Registrar must treat the person whose name is entered in the Register as the holder of a Note as the absolute owner of that Note. This clause 9.4 applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

### 9.5 **Joint holders**

Where two or more persons are entered in the Register as the joint holders of a Note, then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of any Note.

### 9.6 **Transfers in whole**

The Notes may be transferred in whole but not in part.

### 9.7 **Transfer**

A Noteholder may, subject to this clause 9, transfer any Notes:

- (a) by a proper ASTC transfer according to the ASX Settlement Operating Rules;
- (b) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act;
- (c) under any other method of transfer which operates in relation to the trading of securities on any securities exchange outside Australia on which the Notes are quoted; or
- (d) by any proper or sufficient instrument of transfer of marketable securities under applicable law.

The Issuer must not charge any fee on the transfer of a Note.

### 9.8 **Market obligations**

The Issuer must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of a Note.

### 9.9 **Issuer may request holding lock or refuse to register transfer**

If the Notes are quoted on ASX, and if permitted to do so by the ASX Listing Rules and the Corporations Act, the Issuer may:

- (a) request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Notes approved by and registered on the CS Facility's electronic sub-register or Notes registered on an issuer-sponsored sub-register, as the case may be; or
- (b) refuse to register a transfer of Notes.

**9.10 Issuer must request holding lock or refuse to register transfer**

- (a) The Issuer must request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Notes approved by and registered on the CS Facility's electronic sub-register or Notes registered on an issuer-sponsored sub-register, as the case may be, if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Issuer to do so.
- (b) The Issuer must refuse to register any transfer of Notes if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Issuer to do so.
- (c) During a breach of the ASX Listing Rules relating to Restricted Securities, or a breach of a Restriction Agreement, the Noteholder of the Restricted Securities is not entitled to any Interest (or other distribution on), or voting rights in respect of, the Restricted Securities.

**9.11 Notice of holding lock and refusal to register transfer**

If, in the exercise of its rights under clauses 9.9 and 9.10, the Issuer requests the application of a holding lock to prevent a transfer of Notes or refuses to register a transfer of Notes, it must, within five Business Days after the date the holding lock is requested or the refusal to register a transfer, give written notice of the request or refusal to the Noteholder, to the transferee and the broker lodging the transfer, if any. Failure to give such notice does not, however, invalidate the decision of the Issuer.

**9.12 Delivery of instrument**

If an instrument is used to transfer the Notes according to clause 9.7, it must be delivered to the Registrar, together with such evidence (if any) as the Issuer and/or the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Notes.

~~(a)~~

**9.13 Transferor to remain Noteholder until registration**

A transferor of a Note remains the Noteholder in respect of that Note until the transfer is registered and the name of the transferee is entered in the Register.

**9.14 Effect of transfer**

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under the Transaction Documents and the Note Terms in respect of the transferred Notes and the transferee becomes so entitled in accordance with clause 9.2.

**9.15 Estates**

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.

**9.16 Transfer of unidentified Notes**

Where the transferor executes a transfer of less than all the Notes registered in its name, and the specific Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Notes registered in the name of the transferor as the

Registrar thinks fit, provided the aggregate of the Face Value of all the Notes registered as having been transferred equals the aggregate of the Face Value of all the Notes expressed to be transferred in the transfer.

## 10. PAYMENTS

### (a) Summary of payment provisions

Payments in respect of the Notes will be made in accordance with this clause 10.

### (b) Record Date

All payments under or in respect of a Note will be made only to those persons registered as the holder of that Note at the nominated time on the relevant Record Date.

### (c) Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of clause 11.

### (d) Payments on Business Days

If a payment:

- (i) is due on a Note on a day which is not a Business Day then the due date for payment will be postponed to the first following day that is a Business Day; or
- (ii) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and, in either case, the Noteholder is not entitled to any additional payment in respect of that delay.

### (e) Payments to accounts

Moneys payable by the Issuer to a Noteholder may be paid in any manner the Issuer decides, including by direct credit into a nominated account of the Noteholder at an Australian branch of a financial institution.

### (f) Payments by cheque

- (i) The Issuer may decide that payments in respect of the Notes will be made by cheque sent by prepaid post on the payment date to the Noteholder (or to the first named joint holder of the Notes) at its address appearing in the Register.
- (ii) Cheques sent to the nominated address of a Noteholder will be at the risk of the registered Noteholder and will be taken to have been received by the Noteholder on the payment date and, no further amount will be payable by the Issuer in respect of the Notes as a result of the Noteholder not receiving payment on the due date.

### (g) Unsuccessful attempts to pay

Subject to applicable law and the ASX Listing Rules, where the Issuer:

- (i) decides that an amount is to be paid to a Noteholder by a method of direct credit and the Noteholder has not nominated an account to which amounts are to be paid by that method;
- (ii) attempts to pay an amount to a Noteholder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful;
- (iii) has made reasonable efforts to locate a Noteholder but is unable to do so; or
- (iv) has issued a cheque which has not been presented within six months of its date and, as a consequence, the Issuer has cancelled such cheque,

then, in each case:

- (v) the amount will be taken to have been duly paid to the Noteholder and will not bear Interest; and
- (vi) the amount will be held by the Issuer for the Noteholder in a non-interest bearing deposit with a bank selected by the Issuer until the Noteholder (or any legal personal representative of the Noteholder) nominates an account for payment or otherwise claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed moneys.

**(h) Payment to joint Noteholders**

A payment to any one of the joint Noteholders of a Note will discharge the Issuer's liability in respect of the payment.

**11. DEDUCTIONS**

**(a) No set-off, counterclaim or deductions**

All payments in respect of the Notes must be made in full without set-off or counterclaim, and without any withholding or deduction for or in respect of Taxes, unless such withholding or deduction is required by law.

**(b) Withholding and other taxes**

- (i) The Issuer may withhold or deduct from any amount payable to a Noteholder in respect of the Notes an amount in respect of any Tax which a qualified legal or taxation advisor advises that it is required by law to withhold or deduct from that payment.
- (ii) The Issuer must pay the full amount required to be withheld or deducted to the relevant revenue authority within the time allowed for such payment (without incurring penalty under the applicable law) and must, if required by a Noteholder, deliver to that Noteholder a copy of the relevant receipt issued by the relevant revenue authority without unreasonable delay after it is received by the Issuer.
- (iii) If an amount is deducted or withheld under clause 11(b)(i) from a payment to a Noteholder in respect of any Tax, the full amount payable to the Noteholder will be deemed to have been duly paid and satisfied by the Issuer, and the Issuer will have no obligation to pay any additional amount to the Noteholder on account of the deduction or withholding.

## 12. AMENDMENT OF THE NOTE TERMS

### 12.1 Amendment without the approval of the Noteholders

At any time, and from time to time, the Note Terms (which, for the avoidance of doubt include this clause) may be modified, altered, cancelled, amended or added to (collectively **Modified**), without the consent of the Noteholders, if:

- (a) such modification, alteration, cancellation, amendment or addition (collectively Modification) is:
  - (i) of a formal or technical nature or made to cure any ambiguity or correct any manifest error;
  - (ii) necessary or expedient for the purpose of listing the Notes on ASX or to comply with the applicable ASX Listing Rules or the listing or quotation requirements of any other any securities exchange on which the Issuer may propose to seek a listing of the Notes;
  - (iii) necessary or expedient for the purpose of enabling the Notes to be offered for issue or for sale under the laws for the time being in force in any place;
  - (iv) necessary or expedient to comply with the provisions of any law or regulation or the requirements of any statutory authority; or
  - (v) necessary or advisable following the introduction of, or any amendment to, clarification of, or change (including any announced prospective change) in, any law or regulation of the Commonwealth of Australia or an announcement, action or decision or a proposal to introduce, amend, clarify or change any such law or regulation or any official administrative pronouncement or action or judicial decision interpreting or applying any such law or regulation which is likely to cause the Notes to cease to be treated as debt for tax or accounting purposes; and
- (vi) in respect of a Modification sought by a party in reliance on:
  - (A) any one of clauses 12.1(a)(i) to 12.1(a)(iv) above - the Issuer and the Trustee have either jointly or separately obtained a legal opinion from legal advisers of recognised standing in New South Wales, which opinion is in a form satisfactory to the Issuer and the Trustee, as applicable (each acting reasonably) and is addressed to or is otherwise able to be relied on by each of the Issuer and the Trustee, as applicable, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:
    - (aa) a Modification within the scope of any one or more of clauses 12.1(a)(i) to 12.1(a)(iv); and
    - (bb) not materially prejudicial to the interests of Noteholders of the Notes (taken as a whole); or
  - (B) clause 12.1(a)(v) above - the Issuer and the Trustee have either jointly or separately obtained an opinion from an accountancy or taxation adviser of recognised standing in New South Wales, which opinion is in a form satisfactory to the Issuer and the Trustee, as applicable (each acting reasonably) and is addressed to or is otherwise able to be relied on by each of the Issuer and the Trustee, as applicable, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:

- (aa) a Modification within the scope of clause 12.1(a)(v); and
- (bb) not materially prejudicial to the interests of Noteholders of the Notes (taken as a whole).

## 12.2 **Amendment with the approval of the Noteholders**

- (a) At any time, and from time to time, but subject to clauses 12.2(b), 12.2(c) and 12.3 of the Note Terms, the Note Terms (which, for the avoidance of doubt, includes this clause) may be Modified if such Modification is authorised by an Ordinary Resolution.
- (b) If the Trustee considers the Modification will materially and adversely affect the rights of all Noteholders, then the Modification must be authorised by a Special Resolution.
- (c) If a clause in the Note Terms provides for Noteholders to give a direction to the Trustee by a Special Resolution, then that clause may only be Modified if such Modification is authorised by a Special Resolution.

## 12.3 **Amendment with the approval of the Noteholders but not the Trustee**

If a Modification to the Note Terms (which, for the avoidance of doubt includes this clause) is proposed by the Issuer under clause 12.2 and the Trustee will not consent to the Modification, the Note Terms may be Modified in the manner proposed by the Issuer if such Modification is authorised by a Special Resolution, provided that such amendment does not adversely affect the rights and obligations of the Trustee.

## 13. **GENERAL**

### 13.1 **Reporting**

In addition to any requirements of the Corporations Act and the ASX Listing Rules, each Noteholder (if requested by that Noteholder) will be provided with copies of all annual and half-yearly reports and financial statements provided to holders of Shares.

### 13.2 **Time limit for claims**

A claim against the Issuer for a payment under a Note is void unless made within 5 years from the date on which payment first became due.

### 13.3 **Voting**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests including certain variations of these Note Terms which require the consent of the Noteholders.

### 13.4 **Notices**

The Trust Deed contains provisions for the giving of notices.

### 13.5 **Further documents**

The Issuer may require the Trustee to execute, on behalf of all Noteholders, such documents as the Issuer considers necessary or desirable (provided that the Trustee is indemnified to its satisfaction, acting reasonably, against any Taxes, fees, costs, charges, expenses or liabilities (including solicitor and client as well as party and party costs) which it may suffer or incur as a result of doing so, and provided that the Trustee will only be required to execute such documents if the Noteholders give a direction to the Trustee by a Special Resolution passed in favour of such execution to do so).

### 13.6 **Governing law and jurisdiction**

- (a) The Note Terms and the Notes are governed by the laws of New South Wales.
- (b) The Issuer and each Noteholder submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in New South Wales in connection with matters concerning the Notes or these Note Terms.
- (c) The Issuer and each Noteholder waives any right they have to object to an action being brought in those courts, or to claim that the action has been brought in an inconvenient forum, or to claim those courts do not have jurisdiction.

## 14. **INTERPRETATION AND DEFINITIONS**

### 14.1 **Interpretation**

In these Note Terms, except where the context otherwise requires:

- (a) if there is inconsistency between the Note Terms and, the Trust Deed, then, to the maximum extent permitted by law, the Note Terms will prevail;
- (b) a reference to a clause or paragraph is to a clause or paragraph of the Note Terms;
- (c) the Directors may exercise all powers of the Issuer under these Note Terms as are not, by the Corporations Act or by the Constitution of the Issuer required to be exercised by the Issuer in a general meeting;
- (d) if a calculation is required under these Note Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places;
- (e) calculations, elections and determinations made by the Issuer under these Note Terms are binding on Noteholders in the absence of manifest error;
- (f) if an event under these Note Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day;
- (g) the singular word includes the plural, and vice versa;
- (h) a word which suggests one gender includes the other genders;
- (i) if a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning;
- (j) if an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing;
- (k) a reference to "**dollars**", or "**\$**" is to an amount in Australian currency;

### 14.2 **Non Business Days**

If the day on or by which a person must do something under this document is not a Business Day:

- (a) if the act involves a payment that is due on demand, the person must do it on or by the next Business Day; and
- (b) in any other case, the person must do it on or by the previous Business Day.



### 14.3 Definitions

~~Note~~—Terms defined in the Trust Deed have the same meanings in these Note Terms. In addition, the following terms have the following meanings unless the contrary intention appears:

**Applicable Regulations** means such provisions of the ASX Listing Rules, the ASX Settlement Operating Rules, the Corporations Act and any regulations or rules pursuant under or pursuant to any such provisions as may be applicable to the transfer of a Note.

**Change of Control Event** means each of:

- (a) a takeover bid is made to acquire all of the Shares and the offer under the takeover bid is, or becomes, unconditional and:
  - (i) the bidder has acquired at any time during the offer period a relevant interest in more than 50% of the Shares on issue; or
  - (ii) the Directors of the Issuer unanimously recommend acceptance of the offer under the takeover bid, and acceptance of that offer would result in the bidder having a relevant interest in 100% of the Shares on issue; or
- (b) a court approves a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in 100 per cent of the Shares on issue.

**Constitution** means the constitution of the Issuer, as amended from time to time.

**Conversion Amount** means the aggregate Face Value of the total number of Notes the subject of the relevant Conversion Notice plus, at the option of the Issuer, such amount of the Interest accrued but unpaid on those Notes (as determined by the Issuer) on the Conversion Date.

**Conversion Price** means an amount equal to the Face Value of the Note.

**CS Facility** has the same meaning as 'prescribed CS Facility' in the *Corporations Act*.

**CS Facility Operator** means the operator of a CS Facility.

**Delisting Event** will occur if:

- (a) the Shares cease to be quoted on ASX;
- (b) the Notes cease to be quoted on ASX; or
- (c) trading of the Shares or Notes on the ASX is suspended for a period of more than 20 consecutive Business Days.

**Directors** means some or all of the directors of the Issuer acting as a board.

**Face Value** means the nominal principal amount of each Note, being ~~\$1.000-96~~.

**Interest** means the interest payable from time to time in respect of a Note, including interest payable under in clause 3.1 and, as applicable, default interest payable under clause 3.3.

**Interest Rate** means, in respect of an Interest Period for a Note, 5.25% per annum.

**Issue Price** means the issue price of each Note, being ~~\$1.000-96~~.

**Issuer** means Clime Capital Limited ACN 106 282 777.

**Maturity Date** means 30 November 2025.

**Meeting Provisions** means the rules relating to meetings of Noteholders contained in Schedule 2.

**Member or Shareholder** means a person entered in the register of members as a member, for the time being, of the Issuer.

**Ordinary Resolution** means:

- (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions:
  - (i) by at least 50 per cent of the persons voting on a show of hands (unless paragraph (ii) below applies); or
  - (ii) if a poll is duly demanded, then by a majority consisting of at least 50 per cent of the votes cast; or
- (b) a resolution passed by postal ballot or circular written resolution by Noteholders representing (in aggregate) at least 50 per cent of the principal amount then outstanding of all of the Notes.

**Record Date** means, in relation to any payment to be made under or in respect of the Notes:

- (a) subject to sub-paragraphs (b) and (c), the date which is eight calendar days before the applicable due date for payment; or
- (b) such other date as is determined by the Issuer in its absolute discretion, and communicated to ASX not less than eight calendar days before the record date which would have been determined under paragraph (a) above; or
- (c) such other date as may be required by, or agreed with, ASX.

**Redemption Election Notice** means a notice of redemption given in accordance with clause 5.3 of the Note Terms and in the form prescribed in Schedule 4 of the Trust Deed.

**Redemption Notice Date** means 5pm, (Sydney time) on 23 November 2021.

**Restriction Agreement** means an agreement which is required to be concluded under Chapter 9 of the ASX Listing Rules or in voluntarily concluded between the Issuer and one or more Noteholders.

**Restricted Securities** has the same meaning as in the ASX Listing Rules and extends to Notes which are subject to voluntary restrictions by agreement between the Issuer and one or more Noteholders.

**Trust Deed** means the trust deed entitled 'Convertible Notes Trust Deed' between the Issuer and the Trustee and dated ~~on or about~~ 17 November 2017, as amended from time to time.

**VWAP** means the average of the daily volume weighted average sale prices of the Shares sold on ASX during the period specified in these Note Terms, excluding any transaction defined in the ASX Settlement Operating Rules as 'special', crossings prior to the commencement of normal trading, crossings during the after hours adjust phase and any overseas trades or exchange traded option exercises, subject to the following adjustments:

- (a) where, on some or all of the Business Days in the relevant period, Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement which is not extended to the Noteholder, and the Notes will convert into Ordinary Shares after the date those Shares no longer carry that entitlement, then the VWAP on the Business Days on which those shares have been quoted cum dividend, or cum any other distribution or entitlement shall be reduced by an amount (**Cum Value**) equal to:
- (b) in the case of a dividend or other distribution, the amount of that dividend or distribution (with no value included for any franking credits);
- (c) in the case of an entitlement which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the relevant period on the Business Days on which those entitlements were traded; or
- (d) in the case of an entitlement not traded on ASX during the relevant period, the value of the entitlement as reasonably determined by the Directors; and
- (e) where, on some or all of the Business Days in the relevant period, Shares have been quoted ex dividend, ex distribution or ex entitlement, and Notes will convert into ~~Ordinary~~ Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Shares have been quoted ex dividend, ex distribution or ex entitlement shall be increased by the Cum Value.



# **Annexure B**

## Redemption Election Notice



Clime Capital Limited  
ABN 99 106 282 777

All correspondence to:

BoardRoom

Smart Business Solutions

ABN 14 003 209 836  
GPO Box 3993  
Sydney NSW 2001

Level 12, 225 George Street  
Sydney NSW 2000

Tel: 1300 737 760 (within Aust)  
Tel: + 61 2 9290 9600 (outside Aust)  
Fax: + 61 2 9279 0664

www.boardroomlimited.com.au  
enquiries@boardroomlimited.com.au

«NameAddress\_1»  
«NameAddress\_2»  
«NameAddress\_3»  
«NameAddress\_4»  
«NameAddress\_5»  
«NameAddress\_6»

Reference Number:

Current Notes Held:

## NOTEHOLDER REDEMPTION ELECTION NOTICE

### Unsecured, Redeemable Convertible Notes

#### A Number of Notes to be redeemed

I/We the holder(s) of Unsecured, Redeemable Convertible Notes ("Notes") which were issued by Clime Capital Limited ("Issuer"), hereby give notice that I/we wish to exercise my/our right to redeem ALL of my/our holding of Notes as set out below (each Note having a face value of \$0.96).

**Note:** Noteholders may only redeem all of their Notes (i.e..you cannot redeem only some of your Notes)

I/We declare that all statements and details in this Noteholder Redemption Election Notice are complete and accurate.

#### B Contact Details – (Please provide your contact details below)

Contact Name

Telephone No – Business Hours

Email

Telephone No – After Hours

#### C Sign Here – (This section MUST be signed for your instructions to be executed)

Individual or Holder 1

Individual/sole director and sole  
company secretary

Holder 2

Director

Holder 3

Director/company secretary

**Note:** Notices signed under power of attorney must be accompanied by a certified copy of that document unless previously lodged for noting.

Day	Month	Year
<input type="text"/>	<input type="text"/>	<input type="text"/>

**IMPORTANT NOTE:** This Noteholder Redemption Election Notice can be provided if Noteholders approve the note restructure proposal on 18 November 2021. The terms and conditions applicable to the Notes are available on request from the Issuer.

Please complete all sections of this form USING BLOCK LETTERS.  
These instructions are cross referenced to each section of the form.

## A. Number of Notes to be redeemed

Please enter in box A the number of Notes you hold. You may only redeem ALL of your Notes and not some of your Notes. This Noteholder Redemption Election Notice is irrevocable once given. You may not deal with, transfer, dispose of or create any encumbrances in Notes the subject of a Noteholder Redemption Election Notice.

## Contact Details

Enter your contact details include telephone number and email address so that the Issuer and/or the Issuer's share registry Boardroom Pty Limited may contact you should there be any queries regarding this Noteholder Redemption Election Notice.

## B. Sign Here

Please enter the signature(s) of the registered Noteholder(s).

- Individual or joint Noteholders – each joint Noteholder must sign;
- Company – either 2 directors or a director and a company secretary must sign. Alternatively, where the company has a sole director and, pursuant to the Corporations Act there is no company secretary, that director may sign alone. Delete titles as applicable;
- Power of Attorney – a person appointed by a power of attorney from the holder (if signed under power of attorney, a certified copy of the power of attorney must accompany this Noteholder Redemption Election Notice if it has not already been noted by the Issuer). The attorney is to declare that he/she has no notice of revocation of the power of attorney.

# Lodgement Instructions

If you wish to redeem all of your Notes on 30 November 2021, this completed Noteholder Redemption Election Notice must be received **no later than 5.00pm (AEDT) on 23 November 2021** at:

### BY MAIL:

Clime Capital Limited  
C/- Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2001

### IN PERSON:

Clime Capital Limited  
C/- Boardroom Pty Limited  
Level 12  
225 George Street  
SYDNEY NSW 2000

### BY email:

corporateactions@boardroomlimited.com.au

## Privacy Statement:

The personal information provided in this form is collected by Boardroom Pty Limited, as registrar for the Issuer of the securities you hold. Boardroom Pty Limited's privacy policy can be viewed on our website ([www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)).

Your personal information is required for the administration of the register of securityholdings. Should some or all of the requested information not be provided correct administration of your securityholding may not be possible. Your personal information may be disclosed to the Issuer of the securities you hold, its or our related bodies corporate, external services companies such as print or mail service providers or otherwise as permitted by law. If in accordance with the provisions of the Corporations Act the Issuer of the securities you hold approves, you may be sent marketing material in addition to general corporate communications. You may elect not to receive marketing material by contacting Boardroom Pty Limited.



# **Annexure C**

## Conversion Notice



Clime Capital Limited  
ABN 99 106 282 777

All correspondence to:

BoardRoom

Smart Business Solutions

ABN 14 003 209 836  
GPO Box 3993  
Sydney NSW 2001

Level 12, 225 George Street  
Sydney NSW 2000

Tel: 1300 737 760 (within Aust)  
Tel: + 61 2 9290 9600 (outside Aust)  
Fax: + 61 2 9279 0664

www.boardroomlimited.com.au  
enquiries@boardroomlimited.com.au

«NameAddress\_1»  
«NameAddress\_2»  
«NameAddress\_3»  
«NameAddress\_4»  
«NameAddress\_5»  
«NameAddress\_6»

Reference Number:

Current Notes Held:

## NOTEHOLDER CONVERSION NOTICE

### Unsecured, Redeemable Convertible Notes

#### A Number of Notes to be converted

I/We the holder(s) of Unsecured, Redeemable Convertible Notes ("Notes") which were issued by Clime Capital Limited ("Issuer"), hereby give notice that I/we wish to exercise my/our right to convert all/part of my/our holding of Notes as set out below (each Note having a face value of \$0.96).

**Note:** Noteholders must convert at least \$2,000 Notes at face value or if the total number held is less than \$2,000, the number held.

I/We request you to issue such shares to me/us and agree to accept them subject to the Issuer's constitution and I/we authorise you to place my/our name on the register. I/We declare that all statements and details in this Noteholder Conversion Notice are complete and accurate and I/we agree to be bound by the Issuer's constitution.

#### B Contact Details – (Please provide your contact details below)

Contact Name

Telephone No – Business Hours

Email

Telephone No – After Hours

#### C Sign Here – (This section MUST be signed for your instructions to be executed)

Individual or Holder 1

Individual/sole director and sole  
company secretary

Holder 2

Director

Holder 3

Director/company secretary

**Note:** Notices signed under power of attorney must be accompanied by a certified copy of that document unless previously lodged for noting.

Day	Month	Year
<input type="text"/>	<input type="text"/>	<input type="text"/>

**IMPORTANT NOTE:** The terms and conditions applicable to the Notes are available on request from the Issuer.



# Guide to the Notice

Please complete all sections of this form USING BLOCK LETTERS.  
These instructions are cross referenced to each section of the form.

## A. Number of Notes to be converted

Please enter in box A the number of Converting Notes you wish to convert. If you only wish to convert a portion of your Notes, such conversion must be for a minimum of \$2,000 at face value. If you hold less than \$2,000 worth of notes at face value, your application will be treated as a request to convert your entire holding. This Noteholder Conversion Notice is irrevocable once given. You may not deal with, transfer, dispose of or create any encumbrances in Notes the subject of a Noteholder Conversion Notice.

## B. Contact Details

Enter your contact details include telephone number and email address so that the Issuer and/or the Issuer's share registry Boardroom Pty Limited may contact you should there be any queries regarding this Noteholder Conversion Notice.

## C. Sign Here

Please enter the signature(s) of the registered Noteholder(s).

- Individual or joint Noteholders – each joint Noteholder must sign;
- Company – either 2 directors or a director and a company secretary must sign. Alternatively, where the company has a sole director and, pursuant to the Corporations Act there is no company secretary, that director may sign alone. Delete titles as applicable;
- Power of Attorney – a person appointed by a power of attorney from the holder (if signed under power of attorney, a certified copy of the power of attorney must accompany this Noteholder Conversion Notice if it has not already been noted by the Issuer). The attorney is to declare that he/she has no notice of revocation of the power of attorney.

# Lodgement Instructions

If you wish to convert all or a portion of your Converting Notes into fully paid ordinary shares in the Issuer, this completed Notice must be received **no later than 5.00pm (AEDT) on 23 November 2021** at:

### BY MAIL:

Clime Capital Limited  
C/- Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2001

### IN PERSON:

Clime Capital Limited  
C/- Boardroom Pty Limited  
Level 12  
225 George Street  
SYDNEY NSW 2000

### BY EMAIL:

corporateactions@boardroomlimited.com.au

## Privacy Statement:

The personal information provided in this form is collected by Boardroom Pty Limited, as registrar for the Issuer of the securities you hold. Boardroom Pty Limited's privacy policy can be viewed on our website ([www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)).

Your personal information is required for the administration of the register of securityholdings. Should some or all of the requested information not be provided correct administration of your securityholding may not be possible. Your personal information may be disclosed to the Issuer of the securities you hold, its or our related bodies corporate, external services companies such as print or mail service providers or otherwise as permitted by law. If in accordance with the provisions of the Corporations Act the Issuer of the securities you hold approves, you may be sent marketing material in addition to general corporate communications. You may elect not to receive marketing material by contacting Boardroom Pty Limited.



All Correspondence to: 57

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

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** 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 12:00pm (AEDT) on Tuesday, 16 November 2021.**

### 🖨 TO VOTE ONLINE

### 📱 BY SMARTPHONE

**STEP 1: VISIT** <https://www.votingonline.com.au/camggm2021>

**STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**

**STEP 3: Enter your Voting Access Code (VAC):**



Scan QR Code using smartphone  
QR Reader App

### 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 **12:00pm (AEDT) on Tuesday, 16 November 2021.** 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:

💻 **Online** <https://www.votingonline.com.au/camggm2021>

📠 **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

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**Your Address**

This is your address as it appears on the company's Note 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 holder of unsecured, redeemable convertible notes (**Notes**) issued by **Clime Capital Limited (Company)** and entitled to attend and vote hereby appoint:

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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 Meeting of the Noteholders to be held **virtually on Thursday, 18 November 2021 at 12:00pm** 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.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

**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. Voting will be conducted by way of a poll.

		For	Against	Abstain*
Resolution 1	Special Resolution to Amend the Note Terms and Trust Deed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Special Resolution to consolidate the number of Notes	<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. A Securityholder is a holder of Notes issued by the Company.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2021