

# CAPITOLHEALTH LIMITED

ABN 84 117 391 812

## NOTICE OF ANNUAL GENERAL MEETING

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**Venue:** InterContinental Melbourne  
495 Collins Street  
Melbourne, VIC, 3000

**Date:** Monday, 19 November 2018

**Time:** 10.00 a.m. (AEDT)

The Annual Report is now available on the Company's website at [www.capitolhealth.com.au](http://www.capitolhealth.com.au).

*This is an important document. If you are in any doubt as to how to act, you should consult your financial or legal adviser as soon as possible.*

Notice is hereby given that the Annual General Meeting of Capitol Health Limited (**Company**) will be held at:

**Venue:** InterContinental Melbourne  
495 Collins Street  
Melbourne, VIC, 3000

**Date:** Monday, 19 November 2018

**Time:** 10.00 a.m. (AEDT)

This Notice of Meeting (**Notice**) should be read in conjunction with the accompanying Explanatory Statement.

## Agenda

### Financial and Other Reports – Year Ended 30 June 2018 (no resolution required)

To receive and consider the financial report and the reports of the Directors and of the Auditor for the financial year ended 30 June 2018.

### Resolution 1 – Adoption of Remuneration Report

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

*“That the Remuneration Report of the Company (as contained in the Directors’ Report) for the year ended 30 June 2018 be adopted.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on Resolution 1 by or on behalf of the Company’s key management personnel (including the Directors), details of whose remuneration are included in the Remuneration Report (“KMP”) or their closely related parties, whether as a securityholder or as a proxy.

However, a vote may be cast on Resolution 1 by a KMP, or a closely related party of a KMP, if:

- the voter is appointed as a proxy in writing by a person who is entitled to vote and the appointment of the proxy specifies the way the proxy is to vote on the Resolution; or
- the voter is the chair of the meeting voting as proxy for a person who is entitled to vote and the appointment of the chair as proxy:
  - does not specify the way the proxy is to vote on the Resolution; and
  - expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

### Resolution 2 – Re-election of Mr Andrew Demetriou as Director

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

*“That Mr Andrew Demetriou, who retires by rotation in accordance with clause 13.2 of the Company’s Constitution, and who offers himself for re-election, is re-elected as a Director.”*

### Resolution 3 – Renewal of Capitol Health Limited Employee Incentive Plan

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

*“That approval be given to renew the Capitol Health Limited Employee Incentive Plan (EIP), and that any equity securities issued under the EIP be approved as an exception to Listing Rule 7.1 (Exception 9(b) of Listing Rule 7.2) during the three years following the date of this meeting, as described in the Explanatory Statement accompanying this Notice.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of Resolution 3 by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the entity) and any of their associates.

Further, a vote must not be cast in favour of Resolution 3 by any member of the Company’s KMP or a closely related party of any member of the KMP, that is appointed as proxy, if their appointment does not specify the way in which the proxy is to vote.

However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or by the Chairman of the meeting (who may be a KMP) as proxy for a person who is entitled to vote, and the proxy form expressly authorises the Chairman to exercise the proxy even if the Resolution is connected, directly or indirectly, with the remuneration of the KMP.

**Important:** If you appoint the Chairman as your proxy and you do not direct the Chairman how to vote, you will be expressly authorising the Chairman to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a Key Management Personnel of the Company.

### Resolution 4 – Approval to Issue 1,744,765 Performance Rights to Mr Andrew Harrison (or his nominee)

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

*“That for the purposes of Listing Rule 10.14 and for all other purposes, approval be given to grant up to 1,744,765 performance rights (being a right to acquire up to 1,744,765 fully paid ordinary shares in the Company subject to satisfaction of relevant vesting conditions) for no consideration to Mr Andrew Harrison (a Director and Chief Executive Officer of the Company), or his nominee, as described in the Explanatory Statement accompanying this Notice.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of Resolution 4 by Mr Andrew Harrison or by his associates.

In addition, the Corporations Act provides that a member of the Company’s KMP as disclosed in the Remuneration Report (which includes the Directors and the Chairman) or a closely related party of that KMP, cannot cast a vote in favour of Resolution 4 (in any capacity).

However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or by the Chairman of the meeting (who may be a KMP) as proxy for a person who is entitled to vote, and the proxy form expressly authorises the Chairman to exercise the proxy even if the Resolution is connected, directly or indirectly, with the remuneration of the KMP.

**Important:** If you appoint the Chairman as your proxy and you do not direct the Chairman how to vote, you will be expressly authorising the Chairman to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a Key Management Personnel of the Company.

### Resolution 5 – Approval of Capitol Health Limited Non-Executive Director Share Plan

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

*“That approval be given for the purposes of Listing Rule 7.2 Exception 9(b), Listing Rule 10.14 and for all other purposes, to adopt the Capitol Health Limited Non-Executive Director Share Plan (NEDSP) and the grant of share rights (and the allocation of fully paid ordinary shares in the Company on exercise of those share rights) to Non-Executive Directors in office from time to time be approved on the terms as described, in the Explanatory Statement accompanying this Notice.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of Resolution 5 by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the entity) and any of their associates.

Further, a vote must not be cast in favour of Resolution 5 by any member of the Company's KMP or a closely related party of any member of the KMP, that is appointed as proxy, if their appointment does not specify the way in which the proxy is to vote.

However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or by the Chairman of the meeting (who may be a KMP) as proxy for a person who is entitled to vote, and the proxy form expressly authorises the Chairman to exercise the proxy even if the Resolution is connected, directly or indirectly, with the remuneration of the KMP.

**Important:** If you appoint the Chairman as your proxy and you do not direct the Chairman how to vote, you will be expressly authorising the Chairman to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a Key Management Personnel of the Company.

#### Resolution 6 – Appointment of Auditor

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

*"That, subject to the consent of the Australian Securities and Investments Commission to the current auditor resigning, Deloitte Touche Tohmatsu, having consented in writing and been duly nominated in accordance with section 328B(1) of the Corporations Act 2001, be appointed as auditor of the Company."*

#### Resolution 7 – Approval of Financial Assistance by Radiology Tasmania Pty Ltd and Joremo Pty Ltd

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

*"That, for the purpose of section 260B(2) of the Corporations Act 2001, and for all other purposes, the giving of financial assistance by Radiology Tasmania Pty Ltd and Joremo Pty Ltd in connection with the Transaction in the manner described in the Explanatory Statement accompanying this Notice, be and is hereby approved."*

### Explanatory Statement

The Explanatory Statement is incorporated in and comprises part of this Notice. Shareholders are referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used both in this Notice and the Explanatory Statement.

### Proxies

If you are unable or do not wish to attend the meeting, you may appoint a proxy to attend and vote on your behalf. A proxy need not be a Shareholder.

If a Shareholder is entitled to two or more votes they may appoint two proxies and may specify the number or percentage of votes each proxy is appointed to exercise. If no such number or percentage is specified, each proxy may exercise half the Shareholder's votes.

If you appoint a body corporate as your proxy, the body corporate will need to appoint an individual as its corporate representative to exercise its powers at the meeting and provide satisfactory evidence of the appointment of its corporate representative prior to the commencement of the meeting.

Shareholders are able to lodge proxies by electronic means, by facsimile, or by mail.

If Shareholders wish to lodge their proxies by electronic means, they should do so through the Company's Registry website

([www.investorvote.com.au](http://www.investorvote.com.au)). Alternatively, Shareholders may complete the enclosed proxy form and return it by facsimile or by mail as follows:

Postal address: Computershare Investor Services Pty Ltd  
GPO Box 242  
Melbourne Victoria 3001

Facsimile No: (within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

To be valid, the appointment of a proxy must be received at least 48 hours prior to the meeting. The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

### Voting Entitlements

For the purposes of section 1074E(2) of the Corporations Act 2001 and regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that members holding ordinary shares as set out in the Company's share register at 10:00 a.m. (AEDT) on Saturday, 17 November 2018 will be entitled to attend and vote at the Annual General Meeting.

### Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company in advance of the meeting or handed in at the meeting when registering as a corporate representative.

BY ORDER OF THE BOARD



Melanie Leydin  
Company Secretary

12 October 2018

## EXPLANATORY STATEMENT

## Explanatory Statement

This Explanatory Statement has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of Capitol Health Limited.

The Directors recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the resolutions.

## ORDINARY BUSINESS

## Financial Statements and Report

Under the Corporations Act, the Directors of the Company must table the Financial Report, the Directors' Report and the Auditor's Report for Capitol Health for the year ended 30 June 2018 at the meeting.

These reports are set out in the 2018 Annual Report. Shareholders who elected to receive a printed copy of annual reports should have received the 2018 Annual Report with this Notice of Annual General Meeting. In accordance with section 314(1AA)(c) of the Corporations Act, the Company advises the 2018 Annual Report is available from the Company's website ([www.capitolhealth.com.au](http://www.capitolhealth.com.au)).

Shareholders will be given reasonable opportunity at the meeting to ask questions and make comments on the Financial Report, the Directors' Report and the Auditor's Report.

## Resolution 1 – Adoption of Remuneration Report

## Background

The Directors' Report for the period ended 30 June 2018 contains a Remuneration Report which sets out the policy for the remuneration of Directors and executives of the Company. In accordance with section 250R(2) of the Corporations Act the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's 2018 Annual Report.

## Voting consequences

The vote on Resolution 1 is advisory only and does not bind the Directors or the Company. However, under the Corporations Act, if at least 25% of the votes cast on the resolution at the 2018 Annual General Meeting are against adoption of the Remuneration Report, then:

- the Company's Directors' Report for the financial year ending 30 June 2019 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- at the 2019 Annual General Meeting, if at least 25% of the votes cast on a resolution that the remuneration report under consideration at that meeting be adopted are against the adoption of the report, the Company will be required to put to Shareholders a resolution proposing that a general meeting (Spill Meeting) be called (within the following 90 days) to consider the election of Directors of the Company (Spill Resolution). For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Meeting is convened, current Directors Mr Andrew Demetriou, Ms Nicole Sheffield and Mr Richard Loveridge (other than Managing Director Mr Andrew Harrison) will cease to hold office immediately before the end of the Spill Meeting and the Shareholders then vote at that meeting on the persons to be elected or re-elected as Directors.

At the Company's 2017 Annual General Meeting, the votes cast against the remuneration report considered at that Annual General Meeting were less than 25%.

## Board Recommendation

The Board abstains, in the interests of corporate governance from making a recommendation in relation to Resolution 1.

## Voting intention

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1.

## Resolution 2 – Re-election of Mr Andrew Demetriou as a Director

## Background

Clause 13.2 of the Constitution requires that at every Annual General Meeting, one third of the Directors must retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

Mr Demetriou retires by rotation and seeks re-election.

Mr Demetriou was Chief Executive Officer of the Australian Football League from 2003 until June 2014, and has been the Managing Director of the Ruthinium Group (of which he remains a board member). Andrew has also served as Non-Executive Chairman of the Baxter Group, and is a former Chairman of the Australian Multicultural Advisory Council.

Mr Demetriou is a Non-Executive Director of Crown Resorts Limited (ASX:CWN) and is a Non-Executive Director of BetEasy Pty Ltd.

## Board Recommendation

The Board (other than Mr Demetriou) recommends Shareholders vote in favour of Resolution 2.

## Voting Intention

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 2.

## Resolution 3 – Renewal of Capitol Health Limited Employee Incentive Plan

## Background

The Capitol Health Limited Employee Incentive Plan (EIP) was initially approved by Shareholders at the Company's 2015 Annual General Meeting.

Listing Rule 7.1 provides that an ASX listed entity must not issue equity securities that total more than 15% of its fully paid ordinary securities in a 12-month period without shareholder approval.

Under Listing Rule 7.2 Exception 9(b), shareholders may approve the issue of equity securities under an employee incentive scheme as an exception to Listing Rules 7.1 and 7.1A. If such approval is obtained, any awards granted under the EIP would not be counted towards the Company's capacity to issue securities under the applicable issue limit.

At the date of this Notice of Meeting, 42,400,000 Options and 1,695,062 Performance Rights have been issued under the EIP.

This approval continues for three years, at which time it must be renewed, or it will expire. In the absence of such an approval, issues of awards under the EIP may still be made but must fall within the applicable issue limit at the time of issue. While the Board does not necessarily intend to issue new shares under the EIP, Shareholder approval will provide the Board with the flexibility to determine whether purchases on-market or newly issued shares are more appropriate at a particular time.

As the EIP was last approved by Shareholders in 2015, the Board is seeking to renew the approval of the EIP such that the Board may issue awards to eligible participants under a contemporary equity incentive scheme. Shareholder approval is not required under the Listing Rules to adopt the EIP. However, approval is being sought as a matter of good governance and to allow the Company flexibility to either issue new shares or to purchase shares on-market for allocation to participating individuals upon vesting of awards in future years.

If approved, the EIP will provide flexibility for the Company to grant equity awards to eligible participants, in the form of rights and/or options (together, **Awards**) over CAJ shares. The EIP will

## EXPLANATORY STATEMENT

be the Company's principal vehicle for granting employee equity incentive awards, forming what the Board considers a key element of the Company's total remuneration strategy.

In addition to providing incentive awards to the broader employee population, the EIP will provide a framework to award long-term incentives to key employees who the Board considers can directly contribute to achieving the Company's business strategy.

A summary of the key terms of the EIP is set out in Annexure A and a copy of the EIP Rules is available upon request from the Company.

A grant of Awards under the EIP is subject to both the terms of the EIP and the terms of the specific Award. The key objectives of the EIP, consistent with the objectives of the remuneration review being undertaken by the Board, are to:

- assist in the attraction, retention and motivation of key employees as well as the broader Company workforce;
- reward key employees and other participants for strong individual and Company performance; and
- align the interests of participating employees with those of Company shareholders by providing opportunities to build their equity holding in the Company and providing the ability to share in future growth in value.

#### **Why is Shareholder approval being sought?**

In the Board's opinion, this resolution will assist the Company in managing its capital requirements efficiently by ensuring that the Company's annual issue limit is not diminished by issues of shares under the EIP and capacity is available for capital management initiatives and acquisitions, if necessary and appropriate.

#### **Board Recommendation**

The Board (other than Mr Harrison) recommends Shareholders vote in favour of the Resolution 3.

#### **Voting Intention**

The Chairman of the Meeting intends to vote undirected proxies in favour of the Resolution 3.

#### **Resolution 4 – Approval to Issue 1,744,765 Performance Rights to Mr Andrew Harrison (or his nominee)**

##### **Background**

Resolution 4 of this Notice seeks Shareholder approval for 1,744,765 Performance Rights (**Performance Rights**) to be granted to Mr Andrew Harrison (or his nominee) as part of his revised overall remuneration package as Managing Director and Chief Executive Officer as announced on 28 August 2018.

Performance Rights are proposed to be granted to Mr Andrew Harrison to align his interests with the interests of Shareholders. The grant of the Performance Rights (and the subsequent issue of Shares) to Mr Andrew Harrison is a long-term incentive if pre-agreed performance and service conditions (**Vesting Conditions**) are achieved over a three-year performance period.

The intention is to structure executive compensation such that, depending on seniority, a significant proportion of total remuneration is 'at risk'. It should be recognised that the achievement of these pre-agreed Vesting Conditions will be to the benefit of all Shareholders, and the conversion of the performance rights can only occur if these benefits are realised.

#### **Terms of Performance Rights**

The 1,744,765 Performance Rights proposed to be issued to Mr Harrison are worth approximately \$525,000. The terms reflect a level of remuneration which is considered by the Board to be appropriate for Mr Harrison's role given the current stage of the Company's development while providing an incentive to retain and adequately motivate Mr Harrison.

The full terms of the Award are subject to the terms of the Capitol Health Limited Employee Incentive Plan (**EIP**).

The Performance Rights proposed to be issued will have a three-year performance period from 1 July 2018 to 30 June 2021 (**Performance Period**).

The Vesting Date of Performance Rights to be granted to Mr Harrison is 31 August 2021.

There are no dividend or voting rights with respect to the Performance Rights until they are exercised.

#### **Vesting Conditions**

The Performance Rights will vest in accordance with the achievement of the following Vesting Conditions:

<b>Vesting Condition 1</b>	<b>Vesting Condition 2</b>
50% of the Performance Rights (Tranche 1)	50% of the Performance Rights (Tranche 2)
Total Shareholder Return (TSR) for the relevant Performance Period are met (TSR Hurdle)	Earnings per Share growth (EPS) for the relevant Performance Period are met (EPS Hurdle)

TSR incorporates capital returns as well as dividends notionally reinvested and is considered the most appropriate means of measuring the Company's performance.

EPS is calculated by taking the Company's reported net profit after tax and divided by the reported weighted average shares on issue during each year.

The TSR Hurdle and the EPS Hurdle have been chosen by the Board to focus management attention on three-year strategic and financial objectives, as well as shareholder alignment.

#### **Vesting Condition 1 – TSR Hurdle**

The achievement of the TSR Hurdle is determined by reference to the increase in CAJ share price plus dividends reinvested over the three-year Performance Period compared to a suitable comparator group, and linked to the following vesting scale:

<b>CAJ TSR performance compared to relevant comparator group</b>	<b>Percentage of Tranche 1 Performance Rights to vest</b>
<50 <sup>th</sup> percentile	No vesting
>=50 <sup>th</sup> percentile to 74 <sup>th</sup> percentile	Pro-rata straight line vesting between 50% and 74%
>=75 <sup>th</sup> percentile	100% vesting

For the purposes of calculating the TSR Hurdle, the volume weighted average price (**VWAP**) of fully paid ordinary shares of each comparator company and of CAJ in the one-month preceding the start date compared to the VWAP of fully paid ordinary shares in the one month preceding the end date of the relevant Performance Period, will be used in calculating TSR over the three-year period.

#### **Vesting Condition 2 – EPS Hurdle**

The achievement of the EPS Hurdle is determined by reference to the average growth in EPS over the three-year Performance Period. The vesting scale is as follows:

<b>CAJ EPS growth</b>	<b>Percentage of Tranche 2 Performance Rights to vest</b>
<10%	No vesting
=10%	25% vesting
=>10% to 29%	Pro-rata vesting between 10% and 29%
>=30% growth	100% vesting

## EXPLANATORY STATEMENT

The EPS Hurdle base for the Performance Rights is (1.36) cents per Share, being the Company's 2018 financial year earnings per share.

The vesting of Performance Rights is also subject to the continuing employment of Mr Harrison. Unvested Performance Rights may, in certain circumstances, vest early in accordance with the terms of the EIP Rules, and any Leaver's Policy that may apply from time to time, as approved by the Board. Performance Rights will generally lapse on Mr Harrison's resignation or dismissal.

If the Vesting Conditions are not satisfied by the Vesting Date the entitlement to Shares will lapse unless:

- (a) the Board decide exceptional circumstances justify the reduction or waiver in whole or in part of the Vesting Conditions; or
- (b) a Change of Control Event occurs (as defined in the EIP Rules).

There is no ability to re-test whether the TSR or EPS Hurdles have been satisfied after the Performance Period has ended.

### Additional Information

Listing Rule 10.14 requires shareholder approval for the issue of shares to directors under an employee incentive scheme.

If this Resolution is passed, it will also mean that the grant of Award to the Managing Director will not utilise any of the Company's placement capacity under Listing Rule 7.1. No further shareholder approval under Listing Rule 7.1 is required for that purpose.

The following disclosures are made for the purposes of Listing Rule 10.15A:

- (a) if Shareholder approval is granted, the maximum number of Performance Rights that may be granted to Mr Harrison is 1,744,765. Subject to satisfaction of Vesting Conditions described above Mr Harrison will receive one Share in the Company for each Performance Right granted;
- (b) the value of these Performance Rights, being \$0.3009 (30.09 cents) per Performance Right, was determined using the VWAP of CAJ Shares traded on the ASX during the one month preceding the change in Managing Director's remuneration package up to and including 27 August 2018. The dollar value of the Award has been determined based on 75% of the Managing Director's fixed annual remuneration. The value assessed is therefore estimated to be \$525,000;
- (c) no consideration is payable on the grant of the Performance Rights, or the conversion of each Performance Right into a Share upon satisfaction of the Vesting Conditions;
- (d) no loans will be provided to Mr Harrison in respect of any securities offered under Plan, without Shareholder approval;
- (e) Mr Harrison is the only person referred to in Listing Rule 10.14 entitled to receive an Award of Performance Rights under the Plan;
- (f) Mr Harrison is the only person referred to in Listing Rule 10.14 who has received Performance Rights and securities under the Plan since the last approval. Mr Harrison received 1,695,062 Performance Rights since the last approval with an acquisition price of nil;
- (g) details of any Performance Rights issued under the Plan will be published in each annual report of the Company relating to a period in which the Performance Rights have been issued;
- (h) any additional persons referred to in Listing Rule 10.14 who become entitled to participate in the Plan after the Resolution was approved and who were not named in the Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14;
- (i) if Shareholder approval is obtained, the Performance Rights will be granted no later than one month after the Meeting;

and

- (j) a voting exclusion statement in relation to Resolution 4 is included in the Notice of Meeting

At the date of this Notice of Meeting, 42,400,000 Options and 1,695,062 Performance Rights have been issued under the EIP.

### Board Recommendation

The Board (other than Mr Harrison) recommends Shareholders vote in favour of Resolution 4.

### Voting Intention

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

### **Resolution 5 – Approval of Capitol Health Limited Non-Executive Director Share Plan**

#### **Background**

Shareholders are being asked to approve the grant of Share Rights (**Rights**) in FY2019, FY2020 and FY2021 to any Non-Executive Directors (**NEDs** or **Participant**) in office from time to time under the Capitol Health Limited Non-Executive Director Share Plan (**NEDSP**).

Following a full review by the Company's existing remuneration arrangements for its Non-Executive Directors, the Nomination and Remuneration Committee has recommended that annual remuneration paid to NEDs may be delivered in cash and/or equity. The proposed NEDSP is intended to help facilitate NEDs develop a meaningful shareholding in the Company through the diversion of current and future cash fees to equity. Structuring Non-Executive Director remuneration in this way will support NEDs in building their shareholdings in the Company and continue to enhance the alignment of interests between Non-Executive Directors and Shareholders generally.

There is no current intention to increase the total limit of current director remuneration. However, the NEDSP will facilitate delivery of increased remuneration (within the NED remuneration limit) when it becomes justified. The key element of the NEDSP for current NEDs is that it provides the opportunity for NEDs to sacrifice part or all of their cash fees in favour of equity rights under this plan to build their shareholding in the Company. The introduction of the NEDSP is also intended to remunerate individual NEDs for any material additional efforts that individual NEDs are required to deliver in progressing the Company's goals.

The NEDSP does not attach any performance measures to vesting. This is in line with best practice governance standards which recommend that non-executive directors generally should not receive equity with performance hurdles attached as it may lead to bias in decision-making and compromise their objectivity.

#### **Summary of the NEDSP**

Under the NEDSP, NEDs may be invited to elect to:

- be granted Rights as part of their remuneration (where the NED does not elect to participate, the offered Rights will be forgone); and/or
- to sacrifice part of their fees for their services as NEDs to acquire Rights.

A copy of the NEDSP Rules is available upon request from the Company.

Each NED will be provided with the number of fully paid ordinary shares in the Company equal to the amount of fees sacrificed by the Non-Executive Director in the relevant financial year, divided by the volume weighted average price of CAJ Shares on the ASX for the five trading days preceding the grant date.

Participants will have no dividend or voting rights until the Rights are exercised and the Participant holds CAJ Shares.

A service condition is attached to the vesting of the Rights with the Rights vesting on the date specified by the Board in the invitation to participate in respect of the particular financial year.

## EXPLANATORY STATEMENT

Rights will expire on the date that is 15 years from the relevant grant date, or any other date determined by the Board (**Expiry Date**). Rights that are not exercised before the Expiry Date will lapse.

In the event a NED ceases service with the Board any vested Rights may be exercised for CAJ Shares. Any unvested Rights will lapse. Under certain circumstances (e.g. Change of Control as defined in the NEDSP Rules), the Board also has sole and absolute discretion to deal with the Rights, including waiving any applicable vesting conditions and/or exercise conditions by giving notice or allowing a Participant affected by the relevant event to transfer their Rights.

Prior to the allocation of Shares to a participating NED on the exercise of Rights, and subject to the Listing Rules, in the event of a capital reconstruction or other corporate action (**Capital Event**), the Board may determine that the Rights be exercised immediately to facilitate the NEDs participation in the Capital Event, or make any adjustments appropriate to minimise any material advantage or disadvantage of a participating NED resulting from the Capital Event (and in accordance with the Listing Rules as applicable).

Exercised Rights will be satisfied by either issuing Shares or arranging for Shares to be acquired on-market on a one-for-one basis, subject to the Company's Securities Trading Policy and the Corporations Act.

If at any time the Board determines that the allocation of Rights would result in the Company breaching its Constitution, any policy, any law, the Listing Rules or is otherwise inappropriate in the circumstances, the Board may defer the allocation of Rights or Shares until a more suitable time or, in the case of Rights, pay a NED their fee in an equivalent cash amount.

### Additional Information

The Company provides the following additional information in respect of the proposed grant of equity to NEDs under the NEDSP for the purposes of Listing Rule 10.15A.

- (a) The maximum number of securities that may be acquired by current and future NEDs cannot be precisely calculated as it depends on:
  - o the amount of remuneration the Board determines to be paid in the form of Rights and, if applicable, any additional amount a NED elects to sacrifice to acquire Rights;
  - o the Share price at the time when Rights are granted to NEDs; and
  - o the number of NEDs in office from time to time.
- (b) There have been no prior awards made under the NEDSP;
- (c) No persons to which Listing Rule 10.14 applies have previously received securities under the NEDSP;
- (d) Non-Executive Directors in office from time to time may participate in the NEDSP. Current Non-Executive Directors being Mr Demetriou, Ms Sheffield and Mr Loveridge are entitled to participate in the NEDSP;
- (e) No loans will be made available in relation to the acquisition of Rights or Restricted Shares under the NEDSP;
- (f) Details of any securities issued under the NEDSP will be published in each annual report of the Company relating to a period in which securities have been issued and that approval for the issue of securities was obtained under Listing Rule 10.14;
- (g) If Resolution 5 is approved, it is anticipated that NEDs will be able to participate in the NEDSP from the time shareholder approval is granted. This approval continues for three years, at which time it must be renewed, or it will expire;
- (h) If approval is given by shareholders under Listing Rule 10.14, approval will not be required under Listing Rule 7.1;

- (i) If approval is given by shareholders under Listing Rule 10.14, any securities issued to a NED will be calculated as a directors' fee for the purposes of the total NED fees payable in accordance with Listing Rule 10.17; and
- (j) a voting exclusion statement in relation to Resolution 5 is included in the Notice of Meeting

### Board Recommendation

Each Non-Executive Director abstains from providing a recommendation in respect of Resolution 5 due to their interest in the outcome of the Resolution.

The remaining Director recommends that Shareholders vote in favour of Resolution 5.

### Voting intention

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 5.

## Resolution 6 – Appointment of Auditor

### Background

RSM Australia Partners (**RSM**) is the current auditor of the Company. The Board is satisfied with the services provided by the current auditor, and thanks RSM for their services rendered to the Company. Nevertheless, the Company's size, scope and nature of operations has changed since RSM's initial appointment, and on that basis the current auditor has tendered a notice of resignation to the Australian Securities and Investments Commission (**ASIC**) under section 329(5) of the Corporations Act.

If ASIC consents to this resignation before the date of this Meeting, the change of auditor will take effect with the passing of this Resolution at this Meeting.

The Board has selected Deloitte Touche Tohmatsu (**Deloitte**) as the Company's auditor based on the outcome of an audit tender process. In accordance with section 328B of the Corporations Act which requires a member of the Company to nominate the auditor, Mr Andrew Harrison has nominated Deloitte. A copy of the nomination of Deloitte is included in this Notice of Meeting as required by the Corporations Act at Annexure B. Deloitte has given its consent to act as the Company's auditor.

Deloitte confirms that it does not provide any services to the Company and the Company confirms that it is unaware of any matter or circumstances that would give rise to a conflict of interest situation, as defined in section 324CD of the Corporations Act, in relation to the Company.

The Board has also noted that Deloitte is registered as an auditor under section 1280 of the Corporations Act and is a well-established firm with the necessary expertise and skill necessary to meet the Company's requirements. Consequently, subject to the Company receiving all necessary approvals from ASIC and Shareholder approval at this Meeting, Deloitte has been nominated and selected to become the new auditor of the Company.

### Board Recommendation

Subject to ASIC's consent of the current auditor's resignation, the Board recommends that Shareholders vote in favour of Resolution 6.

If ASIC does not consent to the current auditor's resignation, the current auditor will continue to be the Company's auditor and this Resolution will not be put to this Meeting.

### Voting Intention

The Chairman of the Meeting intends to vote undirected proxies in favour of the Resolution 6.

## EXPLANATORY STATEMENT

**Resolution 7 – Approval of financial assistance by Radiology Tasmania Pty Ltd and Joremo Pty Ltd****Background**

Under the facility agreement (Facility Agreement) dated 8 May 2018 between Capitol Health Limited ACN 117 391 812 and National Australia Bank Ltd ABN 12 004 044 937 (NAB), each newly acquired wholly owned subsidiary of Capitol Health or an obligor under the Facility Agreement must, among other matters, become a guarantor under the Facility Agreement, (by acceding to the Facility Agreement); and grant to NAB a general security interest over all of its assets (collectively the Transaction).

By becoming a guarantor and acceding to the Facility Agreement, the newly acquired subsidiary will guarantee all amounts owing to NAB under and in connection with the finance documents (as defined in the Facility Agreement) and provide certain undertakings, representations and warranties to NAB.

Since the Company's last Annual General Meeting, Radiology Tasmania Pty Ltd ACN 123 131 760 and Joremo Pty Ltd ACN 613 347 596 (each a Target) have been acquired by and are now wholly owned subsidiaries of Capitol Health Holdings Pty Ltd.

In accordance with the terms of the Facility Agreement, the above requirements must be satisfied within 30 days of the Company's next Annual General Meeting.

By acceding to the Facility Agreement (and thereby becoming a guarantor and providing certain undertakings, representations and warranties) and granting security, each Target will provide financial assistance for the purposes of the Corporations Act 2001.

The reason for the giving of the financial assistance described above is to enable the Company to comply with certain obligations under the Facility Agreement. If such obligations are not complied with, an "Event of Default" will occur under the Facility Agreement and the funding under the Facility Agreement may be required to be repaid.

Where Resolution 7 is passed the financial assistance under the proposed Transaction is that each of Radiology Tasmania Pty Ltd and Joremo Pty Ltd will:

- (a) become a guarantor under the Facility Agreement (by acceding to the Facility Agreement);
- (b) grant to NAB a general security interest over all of its assets;
- (c) grant to NAB a mortgage over any land it holds which has a book value of more than \$2 million; and
- (d) grant to NAB security over any share it holds in Capitol or any of its subsidiaries.

**Explanation of the principle of financial assistance**

Under section 260A of the Corporations Act a company may financially assist a person to acquire shares in that company or a holding company of that company only if:

- (a) giving the assistance does not materially prejudice:
  - I. the interests of the company or of its shareholders; or
  - II. the company's ability to pay its creditors; or
- (b) the assistance is approved by shareholders under section 260B of the Corporations Act, or
- (c) the assistance is exempted under section 260C of the Corporations Act.

Under section 260B(2) of the Corporations Act if, immediately after the Transaction, a company will be a subsidiary of a listed Australian corporation, the financial assistance to be provided by such company must also be approved by a special resolution passed at a general meeting of that listed corporation. This approval is to be proposed as Resolution 7.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by corporate representative).

**Effect of the proposed financial assistance**

As the Company is already liable for the amounts payable under the Facility Agreement, the giving of the financial assistance described in this Explanatory Statement by the Target is unlikely to have any adverse effect on the Company, except that the operations of the Target will be restricted by the representations and undertakings given by them under the Facility Agreement.

The substantial effect of the financial assistance on the Target is that each Target will have guaranteed all amounts payable under the Facility Agreement and granted security for such obligations over its assets and undertaking. The operations of the Target will also be restricted by the representations and undertakings given by them under the Facility Agreement. This equally applies to any company which is a subsidiary of the Facility Agreement from time to time that is not a Target but later provides financial assistance by acceding as a guarantor to the Facility Agreement and as a security provider to the Facility Agreement and providing security.

The Board does not currently believe that either the Company or the Targets are likely to default in their obligations under the Facility Agreement; nor that the giving of the financial assistance as described above likely to have any adverse effect on the Company or any of the Targets.

**Advantages of the proposed financial assistance**

The provision of the financial assistance as detailed above within 30 days of this Annual General Meeting will enable the Company to comply with their obligations under the Facility Agreement, thereby preserving the benefit of all of the facilities available to the Company and its subsidiaries as defined under the Facility Agreement.

Where the financial assistance is provided Radiology Tasmania Pty Ltd and Joremo Pty Ltd will then have access the financial support of the Facility Agreement.

**Disadvantages of the proposed financial assistance**

Radiology Tasmania Pty Ltd and Joremo Pty Ltd will be providing guarantees and security to NAB as outlined above.

**Notice to ASIC**

In accordance with section 260B(5) of the Corporations Act, copies of the Notice of Meeting (including this Explanatory Statement) of the proposed Resolution were lodged with the Australian Securities and Investments Commission before being sent to Shareholders.

**Board Recommendation**

The Board recommends Shareholders vote in favour of Resolution 7.

**Voting Intention**

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 7.

**Disclosure**

The Company considers this Explanatory Statement to contain all material information known to it that could reasonably be required by a Shareholder in deciding how to vote on the proposed Resolution other than information that would be unreasonable to require the Company to disclose because it has previously disclosed that information to Shareholders.



## EXPLANATORY STATEMENT

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### Glossary

**AEDT** means Australian Eastern Daylight Time.

**AGM, Annual General Meeting or Meeting** means the 2018 Annual General Meeting convened by the Notice.

**ASX** means ASX Limited (ACN 008 624 691).

**ASIC** means the Australian Securities & Investments Commission.

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

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations.

**Company or Capitol Health** means Capitol Health Limited (ACN 117 391 812).

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

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

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

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** means those persons details of whose remuneration are included in the Remuneration Report having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (executive or otherwise), as defined in the Corporations Act.

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

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Notice** means this notice of the 2018 Annual General Meeting

**Performance Right** means a right to acquire a Share, subject to conditions specified by the Board.

**Option** means a right to acquire a Share, subject to conditions specified by the Board.

**Proxy Form** means the proxy form attached to the Notice.

**Resolution** means a resolution referred to in the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2018.

**Rights** means a right to acquire a Share, subject to conditions specified by the Board.

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

**Shareholder** means a member of the Company, as defined in the Constitution of the Company.

**VWAP** means the volume weighted average price.

## ANNEXURE A

### Capitol Health Limited Employee Incentive Plan (Plan)

The following is a summary of the key terms of the Plan:

TERM	DETAIL
Purpose	The Plan will operate to allow the Board to grant equity awards in the form of Awards to participating individuals, delivering an equity incentive component of remuneration on the terms determined by the Board from time to time.
Awards	<p>Each Award is a right to acquire one ordinary share in the Company (or receive an equivalent cash amount) upon satisfaction of the vesting conditions, as determined by the Board, and valid exercise of the Award.</p> <p>No exercise price will apply in respect of a grant of performance rights and the Board may specify circumstances or an event upon which a performance right may be automatically exercised.</p> <p>For a grant of options, an exercise price will apply, as determined by the Board and, ordinarily, automatic exercise will not apply.</p> <p>Each grant will specify the minimum and maximum number or value of shares in the Company that the participant may receive upon vesting and exercise of Awards.</p> <p>Unless the Board determines otherwise, no consideration is payable by the participant for a grant of Awards under the Plan.</p>
Eligible participants	<p>The Board may grant Awards to selected eligible participants.</p> <p>Eligible participants may include Directors, full-time and part-time employees, and any other person the Board considers appropriate.</p>
Allocation of shares upon vesting and exercise	<p>The Company may issue new shares or procure the acquisition of shares on-market to satisfy vested Awards upon exercise.</p> <p>The Company may also operate an employee share trust to acquire, hold or provide shares for the purposes of the Plan.</p> <p>Unless the Board determines, no trading restriction will be placed on shares allocated following vesting and exercise of Awards, subject to the Company's Securities Trading Policy.</p>
Vesting conditions and performance period	<p>The Board may determine vesting conditions, which may include performance and/or service conditions that must be satisfied before Awards vest. The vesting conditions will be measured and tested over a performance period determined by the Board.</p> <p>Note that the Plan provides the Board with the ability to review and adjust the vesting conditions, targets and vesting schedules (as applicable) on a grant-by-grant basis, ensuring the conditions remain appropriate for the particular grant.</p>
Other terms	The Board may determine the terms of the Awards, including the exercise price in respect of options, any exercise restrictions as well as any other vesting or lapsing conditions.
Entitlements	<p>Unless the Board determines otherwise, Awards do not carry any dividend or voting rights prior to vesting and exercise.</p> <p>The Awards are non-transferable, except in limited circumstances (such as death) or with the consent of the Board.</p>
Cessation of employment / engagement	<p>Where a participant ceases to be an employee (or otherwise engaged) by the Company (or any subsidiary of the Company) prior to the end of the applicable performance period, the treatment of Awards will depend on the circumstances of cessation.</p> <p>Generally, where a participant ceases due to resignation or termination for cause (including gross misconduct), all unvested Awards will lapse at cessation.</p> <p>Where the individual ceases for any other reason prior to the end of the relevant performance period, the participant's unvested Awards will continue "on-foot" and will be tested at the end of the applicable performance period, vesting only to the extent that any performance conditions have been satisfied (ignoring any service related conditions).</p>

TERM	DETAIL
	<p>However, the Board has a broad discretion to apply any other treatment it deems appropriate in the circumstances (including that another number of Awards may vest and be exercised either at cessation or at the end of the original performance period, or that some or all of the Awards will lapse).</p> <p>In making this determination, the Board may have regard to any factors the Board considers relevant, including the performance period elapsed and the extent to which the vesting conditions have been satisfied.</p>
Change of control	<p>Where a change of control event occurs prior to vesting of Awards, a pro-rata number of the Awards will generally vest based on the performance period elapsed and the extent to which the vesting conditions have been met at the time of the event.</p> <p>However, the Board has discretion to determine a different treatment, either at the time of grant or prior to the change of control event, including that another number of unvested Awards should vest or be subject to substitute or varied vesting conditions and/or periods.</p> <p>The Company also has specific rules in relation to divestments of a “material” part of the business or asset, with the Board having the discretion to determine an appropriate treatment for participants in the event of such a divestment.</p>
Clawback	<p>In the event of fraud, dishonesty or material misstatement of financial statements (or other specific circumstances described in the Plan), the Board may make a determination in respect of the Awards, or Shares allocated following exercise, to ensure that no unfair benefit is obtained by a participant (including lapse of unvested Awards).</p>
Adjustment of number of Awards granted	<p>The Board has discretion to adjust the number of Awards granted in the event of a variation of capital or other corporate transaction, to ensure that participants do not enjoy a windfall gain or suffer a material detriment as a result of the variation. Any adjustment will be made in accordance with the ASX Listing Rules.</p>
Administration of Plan	<p>The Plan may be administered either by the Board or an external party, including using a trust to acquire, hold, or provide shares to satisfy the Awards.</p> <p>The Board is given the power to make all required determinations under the Plan and to waive or modify the application of the terms of the Plan and the Awards granted under it, as the Board considers appropriate.</p>

## ANNEXURE B

12 October 2018

Board of Directors  
Capitol Health Limited  
Level 3, 81 Lorimer Street  
Docklands Vic 3008

Dear Sirs/Madam

**CAPITOL HEALTH LIMITED | NOTICE OF NOMINATION OF NEW AUDITOR IN ACCORDANCE WITH SECTION 328B OF THE CORPORATIONS ACT 2001**

I, the undersigned, being a shareholder of Capitol Health Limited, understand that the current auditor of the Company has tendered a notice of resignation to the Australian Securities and Investments Commission (**ASIC**) in accordance with section 329 of the Corporations Act 2001, with the resignation to take place at the next shareholders' meeting, subject to the approval of ASIC.

Consequently, I hereby give written notice pursuant to section 328B of the Corporations Act 2001, of the nomination of Deloitte Touche Tohmatsu for appointment as auditor of the Company at the forthcoming shareholders' meeting.

Yours faithfully



Mr Andrew Harrison

# CAPITOLHEALTH LIMITED

ABN 84 117 391 812

## Lodge your vote:



### Online:

[www.investorvote.com.au](http://www.investorvote.com.au)



### By Mail:

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

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

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

## For all enquiries call:

(within Australia) 1300 653 342  
(outside Australia) +61 3 9946 4404

## Proxy Form



### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

Control Number: 181763

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



 **For your vote to be effective it must be received by 10.00a.m. (AEDT) Saturday, 17 November 2018**

## How to Vote on Items of Business

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

### Appointment of Proxy

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

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

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

**A proxy need not be a securityholder of the Company.**

## Signing Instructions for Postal Forms

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

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

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## Attending the Meeting

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

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

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

☐

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

# Proxy Form

Please mark ☒ to indicate your directions

## STEP 1

### Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Capitol Health Limited hereby appoint

☐

the Chairman  
of the Meeting **OR**



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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Capitol Health Limited to be held at InterContinental Melbourne, 495 Collins Street, Melbourne, Victoria on Monday, 19 November 2018 at 10.00 a.m. (AEDT) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 3, 4 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 3, 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 3, 4 and 5 by marking the appropriate box in step 2 below.

## STEP 2

### Items of Business



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

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Andrew Demetriou as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Renewal of Capitol Health Limited Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to issue 1,744,765 Performance Rights to Mr Andrew Harrison (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Capitol Health Limited Non-Executive Director Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of Financial Assistance by Radiology Tasmania Pty Ltd and Joremo Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

## SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_