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## **TFS CORPORATION LTD**

ABN 97 092 200 854

### **NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 9:00 am (WST)

**DATE:** 13 November 2015

**PLACE:** Grand River Ballroom West  
Pan Pacific Hotel  
207 Adelaide Terrace  
PERTH WA 6000

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

*Should you wish to discuss the matters in this Notice of Meeting please contact the Company Secretary on (08) 9386 3299.*

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## CONTENTS

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Business of the Meeting (setting out the proposed Resolutions)	4
Explanatory Statement (explaining the proposed Resolutions)	6
Glossary	13
Schedule 1 – Key Terms of the Performance Rights Grant	14
Schedule 2 – Summary of the TFS Corporation Limited Long Term Incentive Plan	17
Proxy Form	Attached

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 9am on 13 November 2015 at:

Grand River Ballroom West  
Pan Pacific Hotel  
207 Adelaide Terrace  
Perth WA 6000

### Your vote is important

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

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4pm (WST) on 11 November 2015.

### Voting in person

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

### Voting by proxy

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder 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 the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the Directors, the Director's report, the Remuneration Report and the Auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

***“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2015.”***

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

##### **Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR GIOVANNI (JOHN) GROPPOLI

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

***“That, for the purpose of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Giovanni (John) Groppoli, a Director, retires by rotation, and being eligible, is re-elected as a Director.”***

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#### 4. RESOLUTION 3 –ELECTION OF DIRECTOR – MS GILLIAN FRANKLIN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

***“That, for the purpose of clause 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Ms Gillian Franklin, a Director who was appointed as an additional Director on 1 December 2014, retires, and being eligible, is elected as a Director.”***

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5. **RESOLUTION 4 – ELECTION OF DIRECTOR – MR MICHAEL GRAHAM DOVETON KAY**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

***“That, for the purpose of clause 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Michael Graham Doveton Kay, a Director who was appointed as an additional Director on 16 February 2015, retires, and being eligible, is elected as a Director.”***

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6. **RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHARES**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

***“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 14,416,291 Shares on the terms and conditions set out in the Explanatory Statement.”***

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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7. **RESOLUTION 6 – GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR**

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

***“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the issue of performance rights to the value of \$367,620 to Frank Wilson (or his nominee) in relation to the FY16 grant under the TFS Corporation Limited Long Term Incentive Plan, on the terms summarised in the Explanatory Statement.”***

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement**

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

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

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

**Dated: 8 October 2015**

**By order of the Board**



**Simon Storm**

**Company Secretary**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.tfsltd.com.au](http://www.tfsltd.com.au)

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the Directors of the company.

The remuneration report sets out the company's remuneration arrangements for the Directors and senior management of the company. The remuneration report is part of the Directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of Directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors of the company who were in office when the Directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the Managing Director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the company is approved will be the Directors of the company.

#### Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

### Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directed	Undirected
Key Management Personnel <sup>1</sup>	Voted as directed	Unable to vote <sup>3</sup>
Chair <sup>2</sup>	Voted as directed	Able to vote at discretion of Proxy <sup>4</sup>
Other	Voted as directed	Able to vote at discretion of Proxy

Notes:

- 1 Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.
- 2 Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).
- 3 Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.
- 4 The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

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### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR GIOVANNI (JOHN) GROPPOLI

ASX Listing Rule 14.4 provides that a Director of an entity must not hold office (without re-election) past the third AGM following the Director's appointment or 3 years, whichever is the longer.

Clause 13.2 of the Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;
- (c) A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and
- (d) In determining the number of Directors to retire, no account is to be taken of:
  - (i) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/ or
  - (ii) a Managing Director,each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

Mr Groppoli, the Director longest in office since his last election, retires by rotation and seeks re-election.

**Other Information:**

Qualifications: LLB, BJuris, FAICD

Experience: Mr Groppoli was appointed to the Board on 10 October 2014 and is an experienced lawyer. Mr Groppoli was a partner of a national law firm Deacons (now Norton Rose) from 1987 to 2004 where he specialised in franchising, mergers and acquisitions, and corporation governance. Mr Groppoli left private practice in 2004 and is currently Managing Director of RGM Equity whose business operations consist of the marketing and distribution of premium international homewares, optical products and accessories, occupational health and safety products and the provision of micro third party logistics / warehousing.

Mr Groppoli has been a Non-Executive Director of Automotive Holdings Group since July 2006 and is the Chairman of their Remuneration and Nomination Committees.

Material Directorships currently held in other Companies: Automotive Holdings Group Limited  
RGM Equity

Independence: The Board considers Mr Groppoli to be an independent Director and supports his re-election to the Board.

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**4. RESOLUTION 3 – ELECTION OF DIRECTOR – MS GILLIAN FRANKLIN**

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 13.4 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Ms Franklin having been appointed on 1 December 2014 will retire in accordance with clause 13.4 of the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

**Other Information:**

Qualifications: Corporate Director's Diploma

Experience: Ms Franklin, who was appointed to the Board on 1 December 2014, has extensive commercial experience and is Managing Director and founder of The Heat Group, an Australian distributor of leading cosmetic brands. Over the past 15 years, Ms Franklin has expanded The Heat Group into the largest Australian-owned cosmetics company, distributing international brands such as Max Factor and COVERGIRL as well as an expanding portfolio of its own brands. Ms Franklin has previously held Managing Director and General Management positions for some of Australia's leading consumer companies, including Creative Brands (owners of Australis and Le Tan) and Revlon.

She is also on the Board of the Cosmetic, Toiletry and Fragrance Association of Australia (CTFA), ACCORD, the Australian Formula 1 Grand Prix and is a member of their Audit and Risk Committee, and MTC (Melbourne Theatre Company). She brings a compelling track record and substantial experience in general management, sales and marketing in the cosmetics, fine fragrance and pharmaceutical industries, key markets for Indian Sandalwood oil.

Previously Ms Franklin has held Directorships in CEDA (Committee for Economic Development of Australia), Microsurgery Foundation and the Asthma Foundation. She was also the Chair for the Prime Minister's Gold Medal Access Committee under Prime Minister John Howard and on the Strategic Board for Premier Jeff Kennett for the Commonwealth Games Bid.



Material Directorships  
currently held in other  
Companies:

The Heat Group Pty Ltd

Independence:

The Board considers Ms Franklin to be an independent Director and supports her election to the Board.

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**5. RESOLUTION 4 – ELECTION OF DIRECTOR – MR MICHAEL GRAHAM DOVETON KAY**

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 13.4 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Kay, having been appointed on 16 February 2015 will retire in accordance with clause 13.4 of the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

**Other Information:**

Qualifications:

LLB

Experience:

Mr Kay, who was appointed to the Board on 16 February 2015, possesses significant commercial experience, most recently as Managing Director and Chief Executive Officer of McMillan Shakespeare Ltd, Australia's largest provider of salary packaging and novated leasing services. Before joining McMillan Shakespeare Ltd in May 2008, Mr Kay was the Chief Executive Officer of Australian Associated Motor Insurers Limited (AAMI). Mr Kay joined AAMI in 1993, and before rising to the position of Chief Executive Officer in 2006, he served as General Manager, Southern Region (comprising Victoria, Tasmania and South Australia) and Executive Chairman, Corporate Affairs and then, from 2002, as the Chief Operating Officer.

Before joining AAMI, Mr Kay practised for 10 years as a solicitor. Mr Kay is a Director of RAC Insurance and a former member of the Commonwealth Consumer Affairs Advisory Council, the Administrative Law Committee of the Law Council of Australia, the Victorian Government Finance Industry Council and the Committee for Melbourne. Mr Kay holds a Bachelor of Laws from the University of Sydney.

Material Directorships  
currently held in other  
Companies:

IMF Bentham Limited – Non-Executive Chairman (appointed 1 July 2015)  
Royal Automobile Club Insurance (WA) Pty Ltd  
Apply Direct Pty Ltd

Independence:

The Board considers Mr Kay to be an independent Director and supports his election to the Board.

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## 6. RESOLUTION 5– RATIFICATION OF PRIOR ISSUE – SHARES

### 6.1 General

On 4 August 2015 and 8 October 2015, the Company respectively issued 12,675,405 and 1,740,886 Shares, totalling 14,416,291 Shares, at an issue price of \$1.85 per Share pursuant to a transaction announced to the ASX on 18 June 2015, whereby the Company acquired its US-based pharmaceutical partners ViroXis Corporation and Santalis Pharmaceuticals. Completion of the transaction was announced to the ASX on 4 August 2015.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### 6.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 14,416,291 Shares were issued;
- (b) the issue price was \$1.85 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to shareholders of ViroXis Corporation and Santalis Pharmaceuticals pursuant to an agreement and plan of merger dated 17 June 2015. None of these subscribers are related parties of the Company; and
- (e) no funds were raised from the issue, which was made as part consideration for the acquisition of the Company's US-based pharmaceutical partners ViroXis Corporation and Santalis Pharmaceuticals.

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## 7. RESOLUTION 6 – GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR

The Company has agreed to issue Performance Rights to Mr Frank Wilson (or his nominee) under the TFS Corporation Limited Long Term Incentive Plan ('LTIP') and on the terms and conditions set out below.

The Performance Rights are being issued to Mr Wilson (or his nominee).

### ***Overview of Performance Rights grant under LTI component of remuneration***

The Company established the LTIP in November 2014 as part of its executive remuneration strategy. Under the LTIP, eligible executives are offered Performance Rights to acquire shares in the Company, subject to the satisfaction of certain vesting conditions over the relevant performance period.

The LTIP was approved by Shareholders at the Annual General Meeting held on 28 November 2014 and a summary of the key terms of the LTIP are set out on Schedule 2.

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

ASX Listing Rule 10.14 requires shareholder approval in order for a Director to be issued equity securities in the Company under an employee incentive scheme.

As the Board intends to issue new securities in satisfaction of vested Performance Rights under the LTIP, shareholders are asked to approve the grant of Performance Rights to Mr Wilson, to the value of up to \$367,620 ('LTI Grant Value'), on the terms and conditions of the LTIP. The issue price of the Performance Rights will be the volume weighted average price of the Company's Shares over the five trading days immediately prior to the date of grant ('Issue Price'). On 7 October 2015 ASX notified the Company of a waiver of 10.15 to allow the Company to state that the maximum number of Performance Rights to be issued to Mr Wilson will be determined by dividing the LTI Grant Value (at the time of grant) by the Issue Price.

Approval of this resolution will also result in the Performance Rights granted to Mr Wilson being an exception to ASX Listing Rule 7.1.

Further details of Mr Wilson's executive remuneration package can be found in the Remuneration Report in the 2015 Annual Report.

### **Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (i) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (ii) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Performance Rights constitutes giving a financial benefit and Mr Wilson is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Wilson who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Performance Rights because the agreement to grant the Performance Rights, reached as part of the remuneration package for Mr Wilson, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### **Technical information required by ASX Listing Rule 10.15**

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the proposed grant of Performance Rights:

- (a) the related party is Mr Frank Wilson and he is a related party by virtue of being a Director;
- (b) the Issue Price (defined above) of the Performance Rights will be the volume weighted average price of the Company's Shares over the five trading days immediately prior to the date of grant;
- (c) the maximum number of Performance Rights (being the nature of the financial benefit being provided) to be granted to Mr Wilson will be determined by dividing the LTI Grant Value (defined above) (at the time of grant) by the Issue Price;
- (d) the Key Terms of the Performance Rights are set out in Schedule 1;
- (e) 2,128,578 Performance Rights have previously been issued under the Plan, of which 512,667 were issued to Mr Frank Wilson at an Issue Price of \$1.50, with the balance received by Employee Participants in the Plan;
- (f) persons entitled to participate in the Performance Rights Plan are set out in the Eligible Participants explained in Schedule 2;

(g) the Performance Rights will be issued to the Related Party no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the Performance Rights will be issued on one date.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Performance Rights as approval is being obtained under ASX Listing Rule 10.14 and Exception 9(b) of ASX Listing Rule 7.2. The issue of Performance Rights to the Related Party will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

A voting exclusion statement applicable to Resolution 6 is set out in the Notice of Meeting.

#### **RECOMMENDATION**

The Board (other than Mr Frank Wilson who abstains from making a recommendation because of his interest in the resolution) unanimously recommends that shareholders vote in favour of Resolution 6.

## GLOSSARY

\$ means Australian dollars.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

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

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

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

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

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**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 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means TFS Corporation Ltd (ACN 092 200 854).

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

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

**Directors** mean the current Directors of the Company.

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

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Proxy Form** means the proxy form accompanying 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 2015.

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

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

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

**WST** means Western Standard Time as observed in Perth, Western Australia.

## SCHEDULE 1 – KEY TERMS OF THE PERFORMANCE RIGHTS

### *Key terms of the Performance Rights grant*

A brief overview of the key terms of the proposed grant to Mr Wilson is set out below.

TERM	DETAIL
Details of the proposed LTI grant	<p>The total value of the proposed FY 2016 LTI grant to Mr Wilson will be in respect of the LTI component of Mr Wilson's remuneration package for FY 2016, and will total \$367,620 (<b>LTI Grant Value</b>). This amount consists of:</p> <ul style="list-style-type: none"> <li>FY 2016 opportunity of \$367,620 (50% of fixed remuneration).</li> </ul> <p>The relevant opportunity levels, as a percentage of fixed remuneration, have been approved by the Board.</p> <p>The exact number of Performance Rights proposed to be granted will be calculated at the time of grant by dividing the LTI grant value by the volume weighted average price of the company's shares over the five trading days immediately prior to the date of grant.</p>
Entitlements	<p>Each Performance Right is a right to acquire one share in the Company (or an equivalent cash amount), subject to the achievement of the performance conditions set out below.</p> <p>Performance Rights do not carry any dividend or voting rights.</p> <p>Performance Rights are non-transferable, except in limited circumstances or with the consent of the Board.</p>
Date of grant	<p>If shareholder approval is obtained, the Performance Rights will be granted to Mr Wilson as soon as practicable after the AGM, but in any event, within 3 months of the AGM.</p>
Performance hurdles	<p>The Performance Rights are subject to two performance hurdles which are independent and will be tested separately.</p> <p>(1) Earnings per share performance</p> <p>50% of the Performance Rights will be subject to a Basic cash EPS hurdle, based on the Company's growth in Basic cash EPS over the relevant performance period (EPS Hurdle) (see below for detail of the performance periods for this grant).</p> <p>Broadly, EPS measures the earnings generated by the Company attributable to each share on issue.</p> <p>The compound annual growth in the Company's EPS over the Performance Period will be measured by comparing the underlying Basic cash EPS in the base year (being 6.14 cents per Share for FY15) and final year Basic cash EPS results in FY19.</p> <p>The percentage of Performance Rights subject to the EPS Hurdle that vest, if any, will be determined by reference to the EPS achieved over the Performance Period compared to the Company's targets, as follows:</p>

TERM	DETAIL		
	<b>Compound annual growth in Basic cash EPS over the relevant period</b>		<b>Performance Rights subject to Basic cash EPS Hurdle that vest (%)</b>
	Maximum % or above	>12.5% p.a.	100%
	Between threshold % and maximum %	7.5% to 12.5% p.a.	Progressive pro rata vesting between 50% to 100% (i.e. on a straight line basis)
	Less than the threshold %	<7.5% p.a.	0%
	<p>While the Board believes the above targets and vesting schedule strike an appropriate balance between being achievable yet sufficiently challenging, given forecasted performance of the Company, the Board retains a discretion to adjust the Basic cash EPS performance hurdle as required to ensure that Mr Wilson (and all other Plan participants) are neither advantaged nor disadvantaged by matters outside management's control that materially affect Basic cash EPS (for example, by excluding one-off non-recurrent items or the impact of significant acquisitions or disposals).</p> <p>(2) Total shareholder return performance</p> <p>50% of the Performance Rights will be subject to a TSR hurdle, based on the Company's growth in TSR over the relevant performance period (TSR Hurdle) (see below for detail of the performance periods for this grant).</p> <p>Broadly, TSR measures the growth in the company's share price together with the value of dividends during the period, assuming that all dividends are re-invested into new shares.</p> <p>The percentage of Performance Rights subject to the TSR Hurdle that vest, if any, will be determined by reference to annual TSR growth over the relevant Performance Period compared to the Company's targets, as follows:</p>		
	<b>Compound annual growth in TSR performance over the relevant period</b>		<b>Performance Rights subject to TSR Hurdle that vest (%)</b>
	Maximum % or above	>12.5% p.a.	100%
	Between threshold % and maximum %	7.5% to 12.5% p.a.	Progressive pro rata vesting between 50% to 100% (i.e. on a straight line basis)
	Less than the threshold %	<7.5% p.a.	0%
	<p>While the Board believes the above targets and vesting schedule strike an appropriate balance between being achievable yet sufficiently challenging, given forecasted performance of the Company, the Board retains discretion to adjust the TSR Hurdle to ensure that Mr Wilson (and all other Plan participants) are neither advantaged nor disadvantaged by matters outside management's control that affect achievement of the hurdle.</p>		

TERM	DETAIL
Performance period and vesting	<p>The grant will be made in one tranche. For each performance condition, the tranche will be as follows:</p> <ul style="list-style-type: none"> <li>4 year performance period, commencing 1 July 2015 and ending on 30 June 2019.</li> </ul> <p>However, as the Company's full-year results are not typically announced to the market until September each year, Performance Rights vesting will not be tested until or after this time.</p> <p>Any Performance Rights that do not vest following testing of the performance hurdles at the end of the performance period will lapse.</p>
Allocation of shares upon vesting	<p>Following testing of the applicable performance conditions and determination of the level of vesting of Performance Rights, one fully paid share in the Company will be allocated in relation to each Performance Right which vests.</p> <p>The Company's obligation to allocate shares on vesting may be satisfied by issuing new shares, acquiring shares on market or transferring shares from an employee share trust.</p>
Trading restrictions	<p>Shares allocated on vesting of Performance Rights will not be subject to any further trading restrictions, subject to complying with the Company's Share Trading Policy.</p>
Price payable for securities	<p>No amount will be payable in respect of the allocation of Performance Rights, nor in respect of any shares granted upon vesting of the Performance Rights.</p>
Cessation of employment	<p>If Mr Wilson ceases employment with the Company before the end of the performance period, the treatment will depend on the date as well as the circumstances of cessation.</p> <p>Where Mr Wilson ceases employment before his Performance Rights vest due to resignation, termination for cause or gross misconduct, all of his unvested Performance Rights will lapse at cessation.</p> <p>Where Mr Wilson ceases employment for any other reason, a pro-rata portion of unvested Performance Rights (ignoring any service related conditions) will generally continue on-foot and be tested at the end of the original vesting date against the relevant vesting conditions. However, where Mr Wilson ceases employment prior to 12 months of the start of the Performance Period for any reason, all of his unvested Performance Rights will lapse.</p> <p>The Board also has a broader discretion to apply any another treatment that it deems appropriate in the circumstances.</p>
Other information	<p>No other Director of the Company is eligible to participate in the Plan or any other employee incentive scheme of the Company.</p> <p>2,128,578 Performance Rights have been granted under the Plan to eligible participants.</p> <p>There is no loan scheme in relation to the grant of Performance Rights under the Plan.</p>



## SCHEDULE 2 -SUMMARY OF THE TFS CORPORATION LIMITED LONG TERM INCENTIVE PLAN

A summary of the key terms of the Plan (approved by Shareholders 28 November 2014) are set out below.

TERM	DETAIL
Purpose	The Plan will operate to allow the Board to grant equity awards in the form of Performance Rights as part of the long term incentive component of remuneration, as determined by the Board from time to time.
Performance Rights	Each Performance Right is a right to acquire one ordinary share in the Company (or an equivalent cash amount) upon satisfaction of the vesting conditions, as determined by the Board. Each grant will specify the minimum and maximum number or value of shares in the Company that the participant may receive if the vesting conditions are satisfied.
Eligible participants	<p>The Board may grant Performance Rights to executives and other selected employees of the Company. In general, the Board will invite those executives and employees who have capacity to impact the long term performance of the Company.</p> <p>However, for the avoidance of doubt, eligible participants may include executive Directors, full-time and part-time employees, and any other person the Board considers eligible, as determined appropriate by the Board (other than non-executive Directors who will not be eligible to participate in the Plan).</p> <p>The individual participants will be selected on the basis that their role enables them to influence the achievement of the Company's long-term strategic objectives.</p> <p>The Company will seek shareholder approval for participation of any executive Directors in the Plan.</p>
Vesting conditions	<p>The Board may determine vesting conditions, which may include performance and/or service conditions that must be satisfied before the Performance Rights vest.</p> <p>The vesting conditions will be measured and tested over a vesting period determined by the Board. For the first grant under this Plan, it is intended that grants will be made in two equal tranches, one with a vesting period of three years and the other with a vesting period of four years.</p> <p><u>Performance conditions for this grant</u></p> <p>After careful consideration of both shareholder feedback and the strategy direction of the Company over the relevant performance period (above), the Board determined the performance conditions for this grant to be as follows:</p> <ol style="list-style-type: none"> <li>(1) 50% of the grant will vest based on Basic cash earnings per share (EPS) performance, based on the Company's growth in Basic cash EPS over the performance period and measuring the earnings generated by the Company attributable to each share on issue (50%).</li> <li>(2) 50% of the grant will vest based on total shareholder return (TSR) performance based on the Company's growth in TSR over the performance period and measuring the growth in the Company's share price together with the value of dividends during the relevant performance period, assuming that all dividends are re-invested into new shares (50%).</li> </ol> <p>The performance conditions are independent and will be tested separately.</p> <p>The applicable Basic cash EPS and TSR performance targets and relevant vesting</p>

TERM	DETAIL
	<p>schedules will be the same for all participants in the Plan, including the Managing Director. Details in respect of the performance targets and vesting schedules for the initial grant are therefore contained within the Explanatory Notes to Resolution 6 – Grant of Performance Rights to the Managing Director.</p> <p>Note that the Plan provides the Board with the ability to review and adjust the performance conditions, targets and vesting schedules on a grant-by-grant basis, ensuring they remain appropriate and sufficiently challenging.</p>
Other terms	The Board may determine the terms of the Performance Rights, including whether any price is payable for the grant or upon exercise, and any other lapsing conditions.
Entitlements	<p>Performance Rights do not carry any dividend or voting rights.</p> <p>Performance Rights are non-transferable, except in limited circumstances or with the consent of the Board.</p>
Allocation of shares upon vesting	<p>The Company may issue new shares or procure the acquisition of shares on-market to satisfy vested Performance Rights.</p> <p>The Company may operate an employee share trust to acquire, hold or provide shares for the purposes of the Plan.</p> <p>No trading restriction will be placed on shares allocated following vesting, subject to the Company Share Trading Policy, unless the Board determines otherwise.</p>
Cessation of employment	<p>Where a participant ceases employment with the Company prior to Performance Rights vesting, the treatment will depend on the circumstances of cessation.</p> <p>Where the participant ceases employment due to resignation or termination for cause (including gross misconduct), all unvested Performance Rights will lapse at cessation.</p> <p>Where a participant ceases employment for any other reason prior to Performance Rights vesting, a pro-rata portion of unvested Performance Rights (based on the period of time employed during the vesting period) will generally continue on-foot and be tested at the original vesting date against the relevant vesting conditions.</p> <p>However, where a participant ceases employment within 12 months of the start of the relevant performance period for any reason, all unvested Performance Rights granted in respect of that performance period will lapse upon cessation, subject to Board discretion to determine otherwise.</p> <p>The Board also has a broader discretion to apply any another treatment that it deems appropriate in the circumstances (including that another number of Performance Rights may vest either at cessation or at the end of the original vesting date, or that some or all of the Performance Rights lapse).</p>
Change of control	<p>Where a change of control event occurs, the Board has discretion to determine whether any unvested Performance Rights should ultimately vest, lapse, become subject to different vesting conditions, or be settled in Shares, cash or securities other than Shares.</p> <p>In making such a determination, the Board may have regard to any factors that the Board considers relevant, including the performance period elapsed at the time of the event, the extent to which the vesting conditions have been satisfied at the time of event and the circumstances of the event.</p> <p>The Company also has specific rules in relation to divestments, with the Board having the discretion to determine an appropriate treatment for participants in</p>

TERM	DETAIL
	the event of the divestment of a “material” part of the business.
Clawback	In the event of fraud, dishonesty or material misstatement of financial statements, the Board may make a determination, including lapsing unvested Performance Rights or ‘clawing back’ shares allocated upon vesting, to ensure that no unfair benefit is obtained by a participant.
Adjustment of awards	The Board has discretion to adjust the number of Performance Rights in the event of a variation of capital or other corporate transaction to ensure participants do not enjoy a windfall gain or suffer a material detriment as a result of the variation, and in accordance with the ASX Listing Rules.
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 Performance Rights granted under it as it considers appropriate.</p>

A copy of the Plan Rules will be available for inspection at the Company’s registered office during normal business hours.

## LODGE YOUR VOTE



### ONLINE

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



### BY MAIL

TFS Corporation Ltd  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



### BY FAX

+61 2 9287 0309



### BY HAND

Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138



### ALL ENQUIRIES TO

Telephone: +61 1300 554 474



**X99999999999**

## PROXY FORM

I/We being a member(s) of TFS Corporation Ltd and entitled to attend and vote hereby appoint:

### APPOINT A PROXY



the Chairman of the Meeting (mark box)

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

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **9:00am (WST) on Friday, 13 November 2015 at Grand River Ballroom West, Pan Pacific Hotel, 207 Adelaide Terrace, Perth WA 6000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1 and 6:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 and 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

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

### VOTING DIRECTIONS

**Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.**

**Please read the voting instructions overleaf before marking any boxes with an ☒.**

#### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Ratification of Prior Issue – Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Mr Giovanni (John) Groppoli	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Grant of Performance Rights to the Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Director – Ms Gillian Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Election of Director – Mr Michael Graham Doveton Kay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



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

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

**TFC PRX501C**

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **9:00am (WST) on Wednesday, 11 November 2015**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

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

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



#### BY MAIL

TFS Corporation Ltd  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138

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

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