

Carlton Investments Limited
ABN 85 000 020 262

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the shareholders of Carlton Investments Limited will be held at Rydges World Square Hotel, 389 Pitt Street, Sydney NSW 2000 on Wednesday, 22 October 2014 at 10.00am (AEDT).

ORDINARY BUSINESS

Annual Report

1. To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2014 and the related Directors' Report, Directors' Declaration and Audit Report.

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

Remuneration Report

2. To adopt the Remuneration Report on pages 10, 11 and 12 of the Annual Report.
"That the Remuneration Report for the financial year ended 30 June 2014 (as set out in the 2014 Annual Report on pages 10, 11 and 12) be adopted."

Note: The vote on the proposed resolution in item 2 is advisory only and will not bind the directors or the Company, however, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

Voting Exclusions on Item 2

Section 250R (4) of the Corporations Act 2001, requires the Company to disregard any votes cast on item 2 (in any capacity) by or on behalf of either a member of the key management personnel, details of whose remuneration are included in the remuneration report; or a closely related party of such a member (together "prohibited persons").

However, the Company will not disregard a vote if:

- *The prohibited person does so as a proxy appointed by a person who is entitled to vote by writing that specifies how the proxy is to vote on the proposed resolution; or*
- *A vote is cast by a Director chairing the Meeting as a proxy for a person entitled to vote and who has given an undirected proxy on the proposed resolution.*

Directors

3. **To re-elect a Director.**

"To re-elect as a Director, Mr G L Herring, who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election."

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Notice of Annual General Meeting (cont.)

4. ***To approve the maximum aggregate amount out of which directors' fees may be paid.***

"That the maximum aggregate amount out of which director's fees may be paid to all directors be increased by \$100,000 from a total not exceeding \$250,000 per annum to a total not exceeding \$350,000 per annum to be divided amongst them as they agree."

Voting Exclusion on Item 4

The Company will disregard any votes cast on Item 4 by any Director of the Company or a closely related party of a Director. However, the Company will not disregard a vote cast by a Director as a proxy appointed by a person who is entitled to vote by writing that specifies how the proxy is to vote on the proposed resolution or if it is cast by a Director chairing the Meeting as a proxy for a person who is entitled to vote and who has given an undirected proxy on the proposed resolution.

Refer to the attached Explanatory Notes for further details regarding this resolution.

SPECIAL BUSINESS

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

Proportional Takeover Provisions

5. ***To renew the Proportional Takeover Provisions in the Company's Constitution***

"That the proportional takeover provisions in the form of clauses 55 to (and including) 57 of the Constitution of the Company (as last approved by shareholders) be re-inserted for a further period of three (3) years, with effect from 22 October 2014".

Refer to the attached Explanatory Notes for details on the Proportional Takeover Provisions.

OTHER BUSINESS

6. To consider any other business that may be brought forward in accordance with the Constitution and the Corporations Act 2001.

By order of the Board



Peter Horton
Company Secretary
17 September 2014

Explanatory Notes

Item 4 - To approve the maximum aggregate amount out of which directors' fees may be paid

The maximum aggregate amount out of which directors' fees may be paid in any one financial year is currently \$250,000. This current aggregate limit was approved by shareholders at the Annual General Meeting held in 2005.

Aggregate fees paid to directors in the year ended 30 June 2014 were \$208,000 and it is anticipated that aggregate fees paid to directors for the current year ending 30 June 2015 will be \$220,000.

Shareholder approval is sought to increase the maximum aggregate amount that can be paid in any financial year by \$100,000 to \$350,000 to allow for some future increases in fees to maintain market competitiveness and to continue able to attract directors with the appropriate experience and skills.

Item 5 – To renew the Proportional Takeover Provisions in the Company's Constitution

The Proportional Takeover Provisions set out in clauses 55 to (and including) 57 of the Company's Constitution were adopted by shareholders of the Company at the 2011 Annual General Meeting for a period of three years.

The Provisions prohibit the registration of transfers of shares acquired under a proportional takeover bid unless a resolution is passed by shareholders approving the bid. As provided in clause 57, the provisions cease to have effect on the third anniversary of their last renewal unless renewed. Accordingly, it is appropriate to consider renewing the Proportional Takeover Provisions by reinserting clause 55 to 57 of the Company's Constitution, in the form last approved by shareholders at the 2011 Annual General Meeting. The relevant clauses of the Company's Constitution currently state as follows:

"PROPORTIONAL TAKEOVERS

Prohibition on registration

Until the expiry of the Takeover Provisions, the Company will not register any transfer not entered on the ASX Settlement Subregister which would give effect to the acceptance of an offer under a proportional takeover ASX scheme under Chapter 6 of the Law unless and until an Approval Resolution is passed or deemed to be passed in accordance with this Constitution.

Approval of proportional takeovers

- (a) If an offer is made for the purchase of shares under a proportional takeover scheme, the directors will call a general meeting to pass an Approval Resolution. The general meeting to consider the Approval Resolution will be held at least 14 days before the end of the period for acceptance of the offer under the proportional takeover scheme.*
- (b) The general meeting to consider an Approval Resolution will be convened and conducted in accordance with the requirements of this Constitution and the Relevant Law concerning general meetings.*
- (c) The offeror and any associates of the offeror under the proportional takeover scheme will be prohibited from voting on the Approved Resolution.*
- (d) Subject to the above paragraph, the persons who hold shares included in a class of shares, at the end of the day when the offer was made, in respect of which the offer under the proportional takeover scheme relates, will be entitled to vote on the Approval Resolution.*

Explanatory Notes (cont.)

Item 5 – Approval of the Proportional Takeover Provisions for a Further Three Years (cont.)

- (e) *Each person entitled to vote will be entitled to one vote for each share held by the person in the class of shares, at the end of the day when the takeover was made, in respect of which the takeover offer relates.*
- (f) *An Approval Resolution will be taken to be passed if the proportion of the number of votes in favour of the resolution to the total number of voters entitled to vote on the resolution is greater than one half. The resolution will be considered to be rejected if not passed.*
- (g) *An Approval Resolution will be deemed to be passed in accordance with this Constitution if a vote on the Approval Resolution is not taken before the end of the 15th day before the end of the offer under the proportional takeover scheme.*

Expiry of Takeover Provisions

The Takeover Provisions will cease to have effect on the day that is three years after the latter of:

- (a) *the date when the Takeover Provisions first became binding on the Company; or*
- (b) *the date when the Takeover Provisions are last renewed by a special resolution of the Company.”*

What is a Proportional Takeover bid, and why do we need the Proportional Takeover Approval Provisions?

In a Proportional Takeover bid, the bidder offers to buy a proportion only (i.e. less than 100%) of each shareholder's shares in the Company. This means that control of the Company may pass without members having the chance to sell all of their shares to the bidder. It also means that the bidder may take control of the Company without paying an adequate amount for gaining control.

In order to deal with this possibility, the Company may provide in its Constitution that:

- in the event of a Proportional Takeover bid being made for shares in the Company, members are required to vote by ordinary resolution and collectively decide whether to accept or reject the offer; and
- the majority decision of the Company's members will be binding on all individual members.

The directors consider that members should be able to vote on whether a proportional takeover bid ought to proceed given such a bid might otherwise allow control of the Company to change without members being given the opportunity to dispose of all of their shares for a satisfactory control premium. The directors also believe that the right to vote on a proportional takeover bid may avoid members feeling pressure to accept the bid even if they do not want it to succeed.

What is the effect of the Proportional Takeover Approval Provisions?

If a Proportional Takeover bid is made, the directors must ensure that shareholders vote on a resolution to approve the bid more than 14 days before the bid period closes.

The vote is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote, but the bidder and its associates are not allowed to vote. If the resolution is not passed, transfers which would have

Explanatory Notes (cont.)

Item 5 – Approval of the Proportional Takeover Provisions for a Further Three Years (cont.)

resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid is approved (or taken to have been approved) the transfers must be registered, if they comply with the Corporations Act and the Company's Constitution.

The proportional takeover approval provisions do not apply to full takeover bids and only apply for three years after the date of approval. The provisions may be renewed, but only by special resolution.

Potential advantages and disadvantages

The directors consider that the Proportional Takeover Provisions have no potential advantages or disadvantages for them, other than in their capacity as shareholders. They remain free to make a recommendation as to whether an offer under a proportional takeover bid should be accepted.

The potential advantages and disadvantages for shareholders of the Company are set out below.

The Provisions will ensure that all members have an opportunity to study a proportional bid proposal and vote on the bid at a general meeting. This is likely to ensure a potential bidder structures its offer in a way which is attractive to a majority of members, including appropriate pricing. Similarly, knowing the view of the majority of members may help individual members assess the likely outcome of the proportional takeover when determining whether to accept or reject the offer. In addition, shareholders may avoid being locked in as a minority shareholder.

However, it is also possible that the reinsertion of the proportional takeover provisions may discourage proportional takeover bids and may reduce any speculative element in the market price of the Company's shares arising from the possibility of a takeover offer being made. The inclusion of the provisions may also be considered to constitute an unwarranted additional restriction of the ability of members to freely deal with their shares, and could reduce the likelihood of a proportional takeover succeeding.

While the proportional takeover provisions of the Company's Constitution have been in effect, there have been no full or proportional takeover bids for the Company. Therefore, there has been no example against which to review the advantages or disadvantages of the provisions for the directors and the shareholders, respectively, during this period.

The Board considers that the potential advantages for members of the proportional takeover approval provisions outweigh the potential disadvantages.

Director knowledge of any proposals to acquire or increase a substantial interest

As at the date this statement was prepared, no director is aware of a proposal by a person to acquire, or to increase, a substantial interest in the Company. This circumstance has had no impact on the Board's decision to propose this resolution.

Board recommendation

The Board recommends that shareholders vote in favour of the reinsertion of the Proportional Takeover Provisions.

Lodge your vote:



Online:
www.investorvote.com.au



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

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

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

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form



Vote and view the annual report online

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

Your access information that you will need to vote:

Control Number:

SRN/HIN:

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

 **For your vote to be effective it must be received by 10.00am (AEDT) on Monday 20 October 2014**

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

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

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

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

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

Attending the Meeting

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

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

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



☐

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 Carlton Investments 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 Carlton Investments Limited to be held at Rydges World Square Hotel, 389 Pitt Street, Sydney NSW 2000 on Wednesday, 22 October 2014 at 10.00am (AEDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2 and 4 (except where I/we have indicated a different voting intention below) even though Items 2 and 4 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 Items 2 and 4 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.

ORDINARY RESOLUTIONS

	For	Against	Abstain
Item 2 To adopt the Remuneration Report	☐	☐	☐
Item 3 To re-elect Mr G L Herring as a Director	☐	☐	☐
Item 4 To approve the maximum aggregate amount out of which directors' fees may be paid	☐	☐	☐

SPECIAL RESOLUTION

Item 5 To renew the Proportional Takeover Provisions in the Company's Constitution	☐	☐	☐
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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 / /