

**Sunland Group Limited**

**ACN 063 429 532**

**Notice of Annual General Meeting**

**to be held**

**Date: Thursday 6<sup>th</sup> November 2014**

**Time: 10.30am (Brisbane time)**

**Place: Ballroom 3, Sofitel Brisbane Central  
249 Turbot Street  
Brisbane Qld 4000**

**This is an important document and requires your attention**

If you are in any doubt about how to deal with this document, please consult your legal, financial or other professional adviser.

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the annual general meeting of Sunland Group Limited (the **Company**) will be held at Ballroom 3, Sofitel Brisbane Central, 249 Turbot Street Brisbane at **10.30am (Brisbane time) on Thursday 6<sup>th</sup> November 2014.**

**Agenda**

**(a) ORDINARY BUSINESS**

**Financial Statements and Reports**

1. To receive, consider and adopt the Financial Statements of the Company and of its controlled entities for the year ended 30 June 2014, and the Reports by Directors and Auditors thereon.

**Re-election of Mr Craig Carracher as a Director**

2. To consider and, if thought fit, pass the following ordinary resolution :

*"That Mr Craig Carracher, who retires as a director of the Company at this annual general meeting in accordance with the Company's Constitution, and, being eligible, offers himself for re-election, be re-elected."*

**Remuneration Report**

3. To consider, and if thought fit, to pass the following advisory resolution :

*"That the remuneration report of the Company for the financial year ended 30 June 2014 and contained in the annual report for the Company be adopted."*

Notes: (1) This resolution is advisory only and does not bind the Company or the directors.

(2) If 25% or more of the votes cast are voted against the remuneration report at two consecutive AGM's, shareholders will be required to vote at the second of those AGM's on a resolution (a 'spill resolution') that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must stand for re-election.

**Voting Exclusion Statement**

A vote on Item 3 must not be cast (in any capacity) by or on behalf of:

- a. a member of the Key Management Personnel (**KMP**) whose remuneration is included in the 2014 Remuneration Report; and
- b. a closely related party (such as close family members and any controlled companies) (**Closely Related Party**) of such a KMP.

However, such a person may cast a vote on Item 3 as a proxy for a person who is entitled to vote if:

- a. the proxy appointment is in writing and specifies how the proxy is to vote (for, against, abstain); or
- b. the vote is cast by the person chairing the meeting and:
  - i. the appointment does not specify how the proxy is to vote; and
  - ii. the appointment expressly authorises the Chair of the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

**Approval of Share Issue in respect of the Sunland Employee Retirement Fund (SERF)**

4. To consider, and if thought fit, to pass the following ordinary resolution:

*“That, for the purposes of ASX Listing Rule 7.1 and all other purposes, approval is given for the issue of up to 3,500,000 fully paid ordinary shares in Sunland Group Limited at an issue price that will be at least 80% of the volume weighted average market price of Sunland Group Limited shares as traded on the ASX for the 5 days up to the date of issue to SEIF Pty Ltd, on the terms set out in the Explanatory Memorandum which forms part of the Notice of Meeting.”*

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Item 4 by SEIF Pty Ltd (and any of its associates) and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed.

However, the Company need not disregard a vote cast on Item 4 if:

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

**Approval of Potential Termination Benefits to Relevant Executives under the SERF**

5. To consider, and if thought fit, to pass the following ordinary resolution:

*“That approval be given for all purposes, including sections 200B and 200E of the Corporations Act 2001 (Cth), for the giving of all benefits under the Sunland Employee Retirement Fund to current and/or future key management personnel of the Company or persons who hold a managerial or executive office in the Company or a related body corporate (together, “Relevant Executives”), in connection with the person ceasing to hold an office or position of employment in the Company or a related body corporate, as set out in the Explanatory Memorandum which forms part of the Notice of Meeting.”*

Voting Exclusion Statement

A vote on Item 5 must not be cast (in any capacity) by or on behalf of any person who may be entitled to receive a benefit under the SERF in connection with that person's retirement from office, or position of employment, the subject of Item 5 (**Relevant Executive**), or an associate of that Relevant Executive.

However, such a person may cast a vote on Resolution 5 as a proxy for a person who is entitled to vote if:

- a. the proxy appointment is in writing and specifies how the proxy is to vote (for, against, abstain); or
- b. the vote is cast by the person chairing the meeting and the appointment expressly authorises the Chair of the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

**(b) GENERAL BUSINESS**

To transact any other business which may be brought forward in accordance with the Constitution of the Company.

**By order of the Board**

A handwritten signature in black ink, appearing to read 'Grant Harrison', followed by a period.

**Grant Harrison  
Company Secretary**

**23rd September 2014**

**Notes**

1. Nominations for the office of Director close thirty business days before the Meeting.
2. Copies of the Company's Constitution are available for inspection at the registered office of the Company or on the company website [www.sunlandgroup.com.au](http://www.sunlandgroup.com.au).
3. The Company's Annual Report 2014 is available for inspection at the registered office of the Company or on the company website [www.sunlandgroup.com.au](http://www.sunlandgroup.com.au).
4. Under regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the annual general meeting will be as it appears in the share register at 8.00pm (Brisbane time) 4 November 2014. Accordingly, those persons are entitled to attend and vote at the meeting.
5. A member entitled to attend and vote at this meeting of the Company may appoint a proxy to vote on their behalf. A member who is a body corporate may appoint a representative to attend and vote on its behalf.
6. A member who is entitled to cast two or more votes at the meeting may appoint two proxies or attorneys and must specify the proportion each proxy or attorney is entitled to exercise. If two proxies or attorneys are appointed and the appointment does not specify the proportion or number of the member's votes, then the appointment is of no effect and neither of them may vote. A proxy need not be a member.
7. The proxy form must be signed by the member or the member's attorney. Proxies given by a corporation must be executed in accordance with the Corporations Act and the constitution of that corporation.
8. To be effective, the instrument appointing a proxy (and the original power of attorney, if any, under which it is signed or a certified copy) must be received no later than 10.30am (Brisbane time) on Tuesday 4<sup>th</sup> November 2014 (48 hours before the time of the meeting). Documents may be lodged electronically, in person, by mail or by fax as follows:
  - (a) electronically: Sunland Group Limited's share registry website  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)
  - (b) in person: Registered Office – Level 26, One One One Eagle Street  
Brisbane, QLD, 4000 Australia  
Share Registry — Link Market Services Limited, Level 15  
324 Queen St, Brisbane QLD 4000 Australia
  - (c) by mail: Share Registry — Link Market Services Limited, Locked Bag A 14  
Sydney South NSW 1235
  - (d) by fax: 61 2 9287 0309
9. Any proxy form received after this deadline, including at the meeting, will be treated as invalid.
10. If you appoint a proxy, you may still attend at the meeting. However, your proxy's rights to speak and vote at the meeting are suspended while you are present and, therefore, you will be asked to revoke your proxy upon registering your presence at the meeting.
11. Voting exclusions apply to a member of the Company's Key Management Personnel whose remuneration is included in the 2014 Remuneration Report and their Closely Related Parties. Refer to voting exclusion statements contained under Items 3 and 5.

12. A person appointed as proxy may vote or abstain from voting as he or she thinks fit except in the following circumstances:
- (a) The proxy holds a Directed Proxy Form;
  - (b) Where the proxy is voting in relation to a Remuneration Resolution and the proxy is either a Key Management Personnel for the Company or a Closely Related Party and holds an Undirected Proxy Form; and
  - (c) The proxy is required by law or the Company's Constitution to vote in a certain manner or abstain from voting.
13. The voting exclusions on Key Management Personnel in Item 3, on Relevant Executives in Item 5 (as the case may be) and clause 12(b) do not apply if the Chairman of the meeting is appointed as proxy and the appointment expressly authorises the Chairman of the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a Key Management Personnel of the Company.
14. The Chairman intends to vote all Undirected Proxy Forms in favour of all resolutions including Remuneration Resolutions.
15. The following definitions apply in this document:

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

**Closely Related Party** means the closely related parties of Key Management Personnel as defined in the Act, and includes certain members of their family, dependants and companies they control.

**Directed Proxy Form** means a proxy form which specifies how the proxy is to vote.

**Group** means Sunland Group Limited and its controlled entities.

**Key Management Personnel** of the Company are the directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2014.

**N&RC** means the Nomination & Remuneration Committee.

**Remuneration Resolution** means a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**Relevant Executive** means all current and/or future KMP of the Company or persons who hold a managerial or executive office in the Company or a related body corporate of the Company.

**SERF** means the Sunland Employee Retirement Fund.

**Sunland** means Sunland Group Limited.

**Undirected Proxy Form** means a proxy form which does not specify how the proxy is to vote.

## **EXPLANATORY MEMORANDUM**

This explanatory memorandum has been prepared to assist shareholders with their consideration of the resolutions to be put to the annual general meeting to be held on Thursday 6<sup>th</sup> November 2014. These explanatory notes should be read with, and form part of, the accompanying notice of annual general meeting.

### **Item 1: Financial Statements and Reports**

The Company's financial report, directors' report and auditor's report will be put before the meeting. The directors will take questions on the management of the Company and the Company's auditor will be available to take questions and receive comments on the content of the auditor's report and the conduct of the audit. The report can be viewed at [www.sunlandgroup.com.au](http://www.sunlandgroup.com.au).

### **Item 2: Re-election of Mr Craig Carracher as a Director**

Rule 6.1 of the Company's Constitution sets out the requirements for the retiring of directors and a director's rights for re-election. In accordance with rule 6.1, Mr Craig Carracher retires at this annual general meeting of the Company and, being eligible for re-election as a director of the Company, offers himself for re-election. Following is a summary of the qualifications and experience of Mr Carracher:

**Craig Carracher** - aged 48. Non Executive Director. Mr Craig Carracher has extensive transactional and management experience, having spent much of the last decade living and working in Asia as a Managing Partner of a leading Australian law firm, Group General Counsel for Consolidated Press Holdings Limited and CEO of its Asian private equity interests. Craig is a director of ASX listed Kingsgate Consolidated Limited (appointed 16 November 2007) and Managing Director of a pan-Asian private equity firm, Telopea Capital Partners.

***The non-candidate directors unanimously support the re-election of Mr Carracher.***

### **Item 3: Remuneration Report**

The Company's remuneration report for the financial year ended 30 June 2014 is set out on pages 19 to 23 of the Financial Statements for the Company (**Remuneration Report**). This Remuneration Report sets out the arrangements for the remuneration of the Company's directors and KMP.

The *Corporations Act 2001* (**Act**) requires that the members be asked to vote on the Remuneration Report. This vote, however, is of an advisory nature only and does not bind the Company or its directors. The report can be viewed via the Annual Report at [www.sunlandgroup.com.au](http://www.sunlandgroup.com.au).

Under the Act, if 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a 'spill' resolution) that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for re-election.

***As the directors have a material personal interest in the proposed Item 3, they make no recommendations as to how shareholders should vote on the Resolution.***

#### **Item 4: Approval of Share Issue in respect of the Sunland Employee Retirement Fund (SERF)**

The Company is proposing to issue 3,500,000 ordinary shares to SEIF Pty Ltd, the proposed trustee of the Sunland Employee Retirement Fund (**SERF**). An overview of the SERF is summarised below.

##### General Overview about the SERF

The Board wishes to introduce a retention program that is only available to certain core employees who have contributed significantly to the operation of the Group over an extended period through to their retirement. Accordingly and subject to shareholder approval of Item 5, the Sunland Board has approved the establishment of the SERF to genuinely recognise the contribution to the Company by long standing employees.

The Board has considered the merits of a retention program such as the SERF because in its absence, the Company's ability to align the interests of longstanding key personnel and shareholders may be impeded. This in turn may impact Sunland's ability to attract and retain executives for an extended period of tenure. Furthermore, the Board recognises that should a retention program such as the SERF not be introduced, the ongoing ability to align the interests of key staff and shareholders will be reduced which could reasonably be expected to result in directors changing Sunland's approach to remuneration.

A summary of the SERF is as follows:

- The SERF will be a discretionary trust whereby employees do not have any specific entitlement to distributions or payments from the fund.
- SEIF Pty Ltd is proposed to be the trustee of the SERF (**Trustee**).
- Pursuant to the terms of its Charter, the Nomination and Remuneration Committee (**N&RC**) will have the authority to nominate employees who are eligible to benefit from the SERF from time to time (**Eligible Employees**) and also approve payments from the SERF upon the Eligible Employees' retirement from Sunland.
- When considering whether an employee is an Eligible Employee, the minimum criteria as approved by the Board that must be met includes a minimum three years' continuous service and employment on a full or part-time permanent basis as a salaried staff member. In addition, directors (executive and non-executive) of Sunland Group Limited cannot participate in the SERF.
- There is no automatic right for any Sunland employee to participate in the SERF and eligibility will be tested annually (expected to be 1 July). The N&RC has the absolute discretion to include or exclude any employee as an Eligible Employee as well as to make payments from the SERF to Eligible Employees.
- The Company will make an interest free loan (or series of loans) to the SERF in order that the SERF can acquire newly issued shares in the Company at market value (based on a volume weighted average price (or prices) at the time of subscription(s) (as the case may be).
- Any income (such as dividends) received by the SERF is proposed to be distributed to Eligible Employees but, at the discretion of the Trustee, any income may be distributed to other beneficiaries as permitted under the trust deed.
- Upon recommendation by the N&RC, the Trustee may in its absolute discretion resolve that an Eligible Employee may receive a payment from the SERF upon retirement from the Company.
- Where the SERF is to make a payment to an Eligible Employee upon retirement, the SERF will sell Sunland shares and will first apply the proceeds to repay the loan to Sunland. Any



residual proceeds will be paid to the retiring employee as a trust distribution. In the event that the market price of the shares does not exceed the issue price at the time the employee retires, there would be no payment to the employee.

Under ASX Listing Rule 7.1, a company must obtain shareholder approval to issue more than 15% of its equity securities in any 12-month period. The Company can issue 3,500,000 shares to the Trustee, under its current capacity under ASX Listing Rule 7.1. Nevertheless, the Company is requesting that shareholders approve the issue of shares on the terms set out in the Explanatory Memorandum, which forms part of the Notice of Meeting, for the purpose of ASX Listing Rule 7.1 so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 if the need or opportunity arises.

For the purposes of ASX Listing Rule 7.3, the following information is provided to allow shareholders to assess the proposed issue of ordinary shares to the Trustee:

- The Trustee will be issued 3,500,000 shares (**Shares**).
- The Shares will be issued no later than three months after the date of the AGM (i.e. no later than 6 February 2015).
- The Shares will be issued at an issue price that will be at least 80% of the volume weighted average market price of Sunland Group Limited shares as traded on the ASX for the 5 days up to the date of issue to the Trustee.
- The Shares will be issued to SEIF Pty Ltd as Trustee of the SERF.
- The Shares will be fully paid ordinary shares in the capital of the Company which will rank equally with all other existing shares from the date of issue.
- The Shares will be held on trust by SEIF Pty Ltd for the purposes of the SERF.
- A Voting Exclusion Statement is set out under Item 4 in the Notice of Meeting.
- The allotment of these Shares is not part of a public offer.

***The directors recommend shareholders vote in favour of Item 4.***

#### **Item 5: Approval of Potential Termination Benefits to Relevant Executives under the SERF**

A general overview about the SERF is outlined under Item 4 above.

#### Legislative Considerations

##### *General Overview*

Pursuant to the Act, shareholder approval is being sought for the provision of certain benefits (under the SERF) on termination of employment (such as by retirement) to current or future KMP of the Company or persons who hold a managerial or executive office in the Company or a related body corporate and who are Eligible Employees (as described above) (a “**Relevant Executive**”).

The Act restricts benefits which can be given to “relevant executives” on leaving their employment with a company. Under section 200B of the Act, a company may only give a “relevant executive” a benefit in connection with their termination of employment if it is approved by shareholders or an exception applies.

Approval under this Item 5 does not guarantee that Relevant Executives will receive a termination benefit under the SERF, but rather preserves the discretion of the N&RC to determine that any award will be made under the SERF, within the confines of this approval. More specifically approval of Item 5 will not constitute:

- approval of any increase in the remuneration of any employee or officer outside of the Company's remuneration framework as described in the Remuneration Report;
- approval of the provision of any new benefits to any specific leaving employee or officer; or
- a sanction of any change to the underlying employment arrangements or entitlements for any individual employee or officer.

If shareholder approval is obtained, it is the Board's intention that the only termination benefits which will be provided to a Relevant Executive will be statutory benefits such as accrued annual leave and long service leave and those retirement benefits which may be delivered under the SERF and which are covered by this approval. By approving this Item 5, shareholders will enable the Company to comply with section 200B of the Act.

*Who Does This Approval Affect?*

Approval is being sought in respect of any current or future employee who at the time of his/her termination of employment, or at any time in the three years prior to that date, was a Relevant Executive.

As participation in the SERF is not open to either non-executive or executive directors, this approval does not apply to any director of Sunland Group Limited.

*Potential Termination Benefits*

Under the termination benefits provisions of the Corporation Act, termination benefits cannot be provided to Relevant Executives unless approved by shareholders or an exception applies.

Termination benefits are defined to include a range of payments or benefits in connection with a person ceasing to hold office or a position of employment, including termination payments and other benefits such as the acceleration or automatic vesting of share-based payments or entitlements at or due to retirement.

Certain benefits are excluded from the termination benefits restrictions and include:

- certain types of "deferred bonuses", including a bonus which is attributable to the release of a deferred bonus from a restriction due to death or incapacity;
- genuine superannuation contributions paid by an employer or employee on or after 24 November 2009;
- genuine accrued benefits, such as accrued untaken annual leave, payable under an Australian law or the law of another country; and
- reasonable payments made in accordance with a policy that applies to all employees as a result of a genuine redundancy having regard to a person's length of service.

There is also an exception to the prohibition of certain termination benefits where the value of all termination benefits does not exceed one year's worth of the Relevant Executive's base salary (as calculated in accordance with the Act).

The provision of any other benefit requires shareholder approval. At Sunland, this may include a payment to a Relevant Executive under the SERF.

For the purposes of seeking approval, shareholders must be provided with:

- details of the amount or value of the payment or benefit; or
- where the amount or value cannot be ascertained at the time of the disclosure:
  - the manner in which the amount or value of the benefit is to be calculated; and

- any matter, event or circumstance that will, or is likely to, affect the calculation of the amount or value.

In the case of benefits under the SERF, the amount of any payment that may be given to a Relevant Executive upon retirement depends on a number of factors. As such, it is not possible to determine in advance the monetary value of the potential benefit under the SERF that may be payable to a Relevant Executive at some point in the future. While the N&RC has the absolute discretion to make any payment from the SERF to a Relevant Executive, the following matters, events and circumstances **may** affect the calculation of the amount or value of the benefits:

- the circumstances in which the individual ceases employment (i.e. retires);
- the individual's base salary at the time they cease employment;
- the individual's length of service with the Group;
- any other factors that the N&RC considers relevant when exercising its discretions, including where appropriate its assessment of the performance of the individual up to the termination date; and
- the jurisdiction and location in which the individual is based at the time they cease employment, and the applicable laws in that jurisdiction.

Shareholder approval is being sought to allow the provision of benefits under the SERF which may be defined as termination benefits for the purposes of the termination benefits legislation and which are set out in this Explanatory Memorandum. Accordingly, the amount and value of the benefits under the SERF for which shareholder approval is sought is the maximum potential benefit that could be provided to a Relevant Executive in connection with the person ceasing to hold office or a position of employment with Sunland.

Finally, in accordance with the Act, the Board has resolved that the provision of financial assistance (i.e. the loan described above) by the Company to the Trustee (to acquire shares in the Company) will not materially prejudice either the interests of the Company or its shareholders or the Company's ability to pay its creditors.

*Approval for a Three Year Period*

If approval is obtained, it will be effective from the date the resolution is passed and expire at the conclusion of the Company's Annual General Meeting in 2017. If considered appropriate, the Board will seek a new approval from shareholders at the Company's Annual General Meeting in 2017.

***The directors recommend shareholders vote in favour of Item 5.***