

Class Limited

ACN 116 802 058

Notice of 2016 Annual General Meeting

NOTICE is hereby given that the 2016 Annual General Meeting (**Meeting** or **AGM**) of the members of Class Limited (ACN 116 802 058) (**Company**) will be held on Monday 17 October, 2016 at 10:00am, at:

Grant Thornton Australia
Level 17, 383 Kent Street
Sydney NSW 2000



Business

Financial Report, Directors' Report and Auditor's Report

To receive and consider the Financial Report, Directors' Report and Auditor's Report for the Company and its controlled entities for the financial year ended 30 June 2016.

Resolution 1 – Re-election of Mr Barry Lambert

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

“That Mr Barry Lambert, being a director who retires by rotation, being eligible and offers himself for re-election, be re-elected as a director of the Company.”

Details of the qualifications and experience of Mr Lambert are set out in the attached Explanatory Statement.

Resolution 2 – Re-election of Ms Kathryn Foster

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

“That Ms Kathryn Foster, being a director who retires by rotation, being eligible and offers herself for re-election, be re-elected as a director of the Company.”

Details of the qualifications and experience of Ms Foster are set out in the attached Explanatory Statement.

Resolution 3 – Remuneration Report

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

“That the Remuneration Report for the year ended 30 June 2016 as set out in the Company's 2016 Annual Report be adopted.”

The Remuneration Report is contained in the “Directors' Report” section of the 2016 Annual Report (pages 16 to 22). Publicly listed companies are required to submit their remuneration reports to a vote for adoption at each of their annual general meetings. Whilst the following resolution is to be determined as an ordinary resolution, it is advisory only and does not bind the Directors or the Company.

A voting exclusion statement applies to this Resolution 3.

Resolution 4 – Issue of ESOP Shares to Mr Kevin Bungard

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

“That, for the purpose of Listing Rule 10.14 and for all other purposes, approval is given for the Company to allot and issue up to a maximum of 200,000 fully paid ordinary shares to Mr Kevin Bungard, the Company's Managing Director and Chief Executive Officer, on exercise of 200,000 options (which will vest on 30 June 2019) granted to him under the Class Limited Employee Share Option Plan, in accordance with, and subject to, the terms described in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution 4.

Resolution 5 – Approval of Potential Termination Benefits

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

“That, for the purposes of sections 200B and 200E of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the giving of benefits by the Company or any of its related bodies corporate to current or future employees who are key management personnel of the Company or who hold a managerial or executive office in the Company or a related body corporate, in connection with that person ceasing to be a director or ceasing to hold a managerial or executive office in the Company or a related body corporate, as set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution 5.

By order of the Board

Glenn Day
Company Secretary

Dated: 15 September 2016

Directions regarding meeting

Entitlement to vote

For the purpose of determining a person's entitlement to vote at the Meeting and in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), shares will be taken to be held by the persons who are the registered holders at 10:00am (Sydney time) on Saturday, 15 October 2016. Any share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

How to vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

Voting in person

To vote in person, please attend the Meeting on the date, time and place set out in the Notice of Meeting.

Voting by proxy

A shareholder entitled to attend and vote at the Meeting may appoint not more than two proxies and may specify the proportion or number of the shareholder's votes each proxy is entitled to exercise. If two proxies are appointed but no proportion or number is specified, each proxy may exercise half of the shareholder's votes. Under the Corporations Act 2001 (Cth) (**Corporations Act**), if a proxy has two or more appointments that specify different ways to vote on a resolution, the proxy must not vote on a show of hands.

A proxy has the same rights as a shareholder to speak at the Meeting, to vote (but only to the extent allowed by the appointment) and to join in a demand for a poll. Shareholders who have appointed a proxy may still attend the Meeting. However, that proxy's rights to speak and vote are suspended while the shareholder is present.

A proxy need not be a shareholder of the Company and may be an individual or a body corporate.

To vote by proxy, please complete and sign the enclosed Proxy Form in accordance with the instructions on it.

Voting restrictions apply to members of the key management personnel of the Class Limited consolidated group (**KMP**) whose remuneration details are included in the Remuneration Report and their closely related parties, which affect proxy voting.

The KMP (which includes, each of the non-executive directors, the Managing Director and Chief Financial Officer) and their closely related parties will not be able to vote your proxy on Resolutions 3, 4 or 5 unless you direct them how to vote by marking the voting boxes on the Proxy Form for those items. The term "closely related party" is defined in the Corporations Act and includes the KMP's spouse, dependants and certain other close family members, as well as any companies controlled by the KMP.

If you intend to appoint a KMP or their closely related party as your proxy, please ensure that you direct them how to vote on Resolutions 3, 4 and 5. If you intend to appoint the Chairman of the Meeting as your proxy, you can direct him to vote by marking the relevant boxes on the Proxy Form. If you sign and return your Proxy Form and do not provide any voting directions, you will be deemed to have expressly authorised the Chairman of the Meeting (where he is appointed your proxy or becomes your proxy by default) to cast your vote on each of Resolutions 3, 4 and 5 even though each of those Resolutions is connected with the remuneration of a KMP. The Chairman of the Meeting intends to vote any undirected proxies held by him in favour of all items of business (subject to the requirements for voting directions noted above in relation to Resolutions 3, 4 and 5).

Directions regarding meeting continued

How to lodge a proxy

Proxy Forms (and if the appointment is signed by the appointor's attorney, the original authority under which the appointment was signed or a certified copy of the authority) must be received no later than 10:00am (Sydney time) on Saturday, 15 October 2016.

Proxy Forms may be lodged in one of the following ways:

Online at www.linkmarketservices.com.au

By mail to Class Limited

C/- Link Market Services Limited

Locked Bag A14

Sydney South NSW 1235 Australia

By hand at Link Market Services Limited

1A Homebush Bay Drive, Rhodes NSW 2138; or

Level 12, 680 George Street, Sydney NSW 2000

By fax to +61 2 9287 0309

Corporate representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, will need to ensure that it appoints an individual as its corporate representative in accordance with section 250D of the Corporations Act to exercise its powers at the Meeting. A Certificate of Appointment of Corporate Representative is available from the Share Registry. The instrument appointing the representative must be provided to the Company or the Share Registry before the Meeting.

Shareholder questions

If you would like a question to be put to the Chairman of the Meeting or the Auditor and you are not able to attend the Meeting, please email your question to the Company Secretary at investor@class.com.au. To allow time to collate questions and prepare answers, questions are to be received by the Company Secretary by 10am on 10 October 2016. Questions will be collated and, during the Meeting, the Chairman or the Managing Director will seek to address (or request the Company's Auditor, Grant Thornton, to respond to) as many of the more frequently raised topics as possible. Please note that there may not be sufficient time at the Meeting to respond to all topics raised and responses to individual questions will not be provided.

Shareholders should read the Explanatory Statement accompanying, and forming part of, this Notice of Meeting for more details on the Resolutions to be voted on at the Meeting.

Explanatory statement

This Explanatory Statement is included in and forms part of the Notice of Meeting. It contains an explanation of, and information about, the Resolutions to be considered at the Meeting. It is given to shareholders to help them determine how to vote on the Resolutions set out in the Notice of Meeting.

Shareholders should read this Explanatory Statement in full before making any decision in relation to the Resolutions.

If you are in doubt about what to do in relation to a Resolution, you should consult your financial or other professional advisor.

Financial Report, Directors' Report and Auditor's Report

The Financial Report, Directors' Report and Auditor's Report are contained in the 2016 Annual Report which is available on the Company's website: www.class.com.au.

Shareholders are not required to vote on this item of business. During this item of business, shareholders will have the opportunity to ask questions about and comment on the Company's management, operations, financial position, business strategies and prospects.

Shareholders will also have the opportunity for direct questions to the Auditor, to the extent relevant to the conduct of the audit of the Company, the preparation and contents of the Auditor's Report, the accounting policies adopted by the Company in the preparation of its financial statements and the independence of the Auditor.

Resolution 1 – Re-election of Mr Barry Lambert

Mr Barry Lambert, the Company's Non-Executive Chairman, was appointed to the board of directors of the Company (**Board**) in November 2008 and re-elected by shareholders at the Company's 2014 Annual General Meeting.

The Company's constitution (Constitution) provides that directors, other than the Managing Director, must retire from office no later than the longer of the third annual general meeting of the Company or three years, following that director's last election or appointment. Although this 3-year period does not expire for Mr Lambert until 2017, the Board has decided that 2 directors will retire and offer themselves for re-election at this Meeting so as to ensure an orderly re-election of directors by rotation. Mr Lambert, as the director (other than the Managing Director) who has held office for the longest period of time since his last election or appointment to the office of director, will retire from office and offers himself for re-election at this Meeting.

Details of the qualifications and experience of Mr Lambert are as follows:

Mr Lambert was appointed Chairman of Class in November 2008. He is also the Chairman of ASX listed Countplus Limited.

A former banker, in 1980 Mr Lambert was the founder of the listed accounting based financial planning group, Count Financial Ltd, which was sold to the CBA in 2011.

Mr Lambert is also the founder and Chairman of the Count Charitable Foundation.

Mr Lambert has acknowledged to the Company that he will have sufficient time to fulfil his responsibilities as a director.

Board recommendation

The Board (with Mr Lambert absent and not voting) unanimously recommends that shareholders vote in favour of Resolution 1 to re-elect Mr Lambert as a director of the Company.

Resolution 2 – Re-election of Ms Kathryn Foster

Ms Kathryn Foster, an Independent Non-Executive Director of the Company, was elected to the Board by shareholders in June 2015, with a commencement date of 1 July 2015.

As mentioned above, the Board has decided that 2 directors will retire and offer themselves for re-election at this Meeting so as to ensure an orderly re-election of directors by rotation. Ms Foster, as the director (other than the Managing Director) who has held office for the second longest period of time since her last election or appointment to the office of director, will retire from office and offers herself for re-election at this Meeting.

Explanatory statement continued

Details of the qualifications and experience of Ms Foster are as follows:

Ms Foster has over 20 years' experience creating and running large internet based businesses. Prior to becoming a professional director, Ms Foster was Senior Director of Microsoft Store online where she managed the sales and merchandising team for Microsoft Store online across 232 geographies. As the Senior Director, she was responsible for an annual revenue budget in the low billions of dollars.

As Senior Director of ecommerce strategy in Supply Chain, and prior to that, for the inception of the Xbox Games Marketplace, Ms Foster set business vision, strategy and drove the technical execution around digital and physical supply chain technology and operations to enable Xbox's billion dollar business globally.

Ms Foster joined the Class Board in July 2015.

Ms Foster has acknowledged to the Company that she will have sufficient time to fulfil her responsibilities as a director.

Board recommendation

The Board (with Ms Foster absent and not voting) unanimously recommends that shareholders vote in favour of Resolution 2 to re-elect Ms Foster as a director of the Company.

Resolution 3 – Remuneration Report

Section 250R(2) of the Corporations Act requires the Company to put its Remuneration Report to the vote of shareholders at each annual general meeting of the Company. However, the outcome of the shareholders vote on the Remuneration Report is advisory only. If Resolution 3 to adopt the Remuneration Report for the year ended 30 June 2016 is not passed, the directors are not obliged to alter any of the arrangements specified in the Remuneration Report. However, the directors will take into account the outcome of the vote when considering the future remuneration practices and policies.

Shareholders should also note that, if 25% or more of the votes cast are against Resolution 3, the first part of the Board spill provisions contained in the Corporations Act ("two strikes rule") will be triggered. While this would not impact on the current year's Meeting, if at next year's Annual General Meeting, more than 25% of the votes cast are against the Remuneration Report for that year, then a resolution must be put to shareholders to vote on whether to hold another meeting within 90 days of that Annual General Meeting at which all of the directors (other than the Managing Director) must stand for re-election.

Voting exclusion statement

A vote on Resolution 3 must not be cast, and the Company will disregard any votes cast on Resolution 3, by or on behalf of a member of the key management personnel for the Class Limited consolidated group (**KMP**) details of whose remuneration are included in the Remuneration Report or their closely related parties, in any capacity (including as a proxy), unless the vote is cast as proxy for a person entitled to vote on Resolution 3:

- in accordance with the directions on the Proxy Form; or
- by the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman to exercise an undirected proxy even if the Resolution is connected directly or indirectly with the remuneration of a KMP.

Board recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 3 to adopt the Remuneration Report.

Resolution 4 – Issue Of ESOP Shares To Mr Kevin Bungard

On 29 June 2016, the Company granted to the Company's Chief Executive Officer and Managing Director, Mr Kevin Bungard, 200,000 options (**Options**) under the Company's Employee Share Option Plan (**ESOP**).

Each Option entitles Mr Bungard to acquire one fully paid ordinary share in the Company (**Share**), subject to the terms of the ESOP and the grant.

The Non-Executive Directors are of the view that Mr Bungard's overall remuneration, including the grant of the Options, is reasonable having regard to the circumstances of the Company, the duties and responsibilities of Mr Bungard and market levels of remuneration for executives in his position in similar sized companies.

The terms of the grant of the Options provide that the Shares that Mr Bungard is entitled to receive on exercise of the Options will be purchased by (or on behalf of) the Company on-market and transferred to Mr Bungard (or otherwise purchased on-market on Mr Bungard's behalf). However, the terms of the grant also provide that the Company may, at its discretion, seek shareholder approval to issue the Shares to Mr Bungard rather than purchasing them on-market.

Why shareholder approval is required

Under ASX Listing Rule 10.14, shareholder approval is required for the issue of securities to directors under an employee incentive scheme. Shareholder approval is not required for the grant of options or provision of securities to directors under an employee incentive scheme where the securities to be acquired on exercise of the options are required by the terms of the scheme to be purchased on-market. Therefore, no shareholder approval was required to grant the Options to Mr Bungard.

The Board has decided to seek shareholder approval to issue up to 200,000 Shares (subject to any adjustments in accordance with the ESOP for bonus issues or other reorganisation events) to Mr Bungard on exercise of the Options (rather than purchasing the Shares on-market).

Key terms of the Options

The Options have been granted for nil cash consideration under the Company's ESOP. The Options are classified as "Series 3 Options" and have the following key terms:

Vesting

The Options will vest on 30 June 2019.

Accelerated vesting

If an Accelerated Vesting Event occurs while Mr Bungard is employed with the Company or its related bodies corporate (together, **Group** and each, a **Group Company**) and before the vesting date, all of the Options will immediately vest.

An "Accelerated Vesting Event" means the occurrence of a Control Event. A "Control Event" includes:

- the occurrence of a change in Control of the Company ("Control" means having the right to vote 50% or more of the votes that can be cast on the election or removal of the directors, the right to appoint or remove directors who possess 50% or more of the votes exercisable by all directors, or the right to 50% or more of the profits or distributions of the Company or of its net liquidation proceeds);
- unless the Board (or a committee of the Board) (**Plan Committee**) determines otherwise, a takeover bid by a person is recommended by the Board, or a scheme of arrangement which would have a similar effect to a full takeover bid is announced by the Company; or
- any other event which the Plan Committee reasonably considers should be regarded as a "Control Event".

Continued vesting

Unvested Options lapse on Mr Bungard ceasing to be an employee, unless a Special Circumstance occurs or applies before the vesting date of the Options. "Special Circumstance" means any of the following in respect of Mr Bungard:

- total and permanent disablement;
- death;
- redundancy; or
- any other circumstance determined at the discretion of the Plan Committee.

Lapse

Vested Options lapse on 30 June 2021.

Vested Options can lapse earlier in the following circumstances:

- the Plan Committee determines that the Options should lapse because Mr Bungard has, amongst other things, been dismissed or removed from office for a reason which entitles the Company to dismiss Mr Bungard without notice, or he has committed an act which brings the Group into disrepute; or
- on a date determined by the Plan Committee (which will be no more than 12 months) after the date of termination of employment of Mr Bungard (other than due to the occurrence of a Special Circumstance).

Explanatory statement continued

Exercise price

Each Option has an exercise price of \$3.81 (subject to adjustment in accordance with the ESOP rules if there is a pro rata issue of Shares).

Dealing restrictions

Other than in certain circumstances (such as a transfer approved by the Board), Mr Bungard is not permitted to dispose of, grant a security interest over or otherwise deal with the Options or any interest in the Options.

Shares acquired as a result of the exercise of the Options must not be sold, transferred or otherwise disposed of before the earlier of:

- 3 years from the date that the Options are granted; and
- Mr Bungard's employment with the Group ceases.

A holding lock may be applied to the Shares to enforce the above disposal restrictions. Shares may be released from the holding lock in certain circumstances, such as where:

- Mr Bungard demonstrates to the satisfaction of the Plan Committee that he is experiencing severe financial hardship;
- Mr Bungard's employment terminates (if the termination is for reasons other than a Special Circumstance, only 50% of the Shares will be released from the holding lock, with the remaining 50% subject to a holding lock until the earlier of 12 months after the date of termination and expiry of the original holding lock period); or
- a Control Event occurs.

Shares issued on exercise of Options

Subject to the restrictions referred to above, all Shares allotted on the exercise of the Options rank *pari passu* in all respects with Shares previously issued, and will entitle Mr Bungard to participate fully in dividends declared by the Company after the date of allotment and all issues of securities made or offered pro rata to holders of Shares.

Information required by ASX Listing Rules

The Company provides the following information for the purposes of ASX Listing Rules 10.15A and 7.2, exception 14:

- (a) Mr Bungard is a director of the Company.
- (b) The maximum number of securities that may be acquired by Mr Bungard under this approval is 200,000 Shares (being the maximum number of Shares that the Options are exercisable into), provided that if there is a bonus issue of Shares by Class, the number of Shares will be increased by the number of Shares which Mr Bungard would have received if the Options had been exercised before the record date for the bonus issue.

In the event that, prior to the exercise of the Options, there is a reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, then the number of Options (and therefore, the number of Shares that the Options are exercisable into) may be reconstructed in a manner permitted by the ASX Listing Rules.

- (c) The price payable by Mr Bungard for acquiring each Share on exercise of the Options is \$3.81 per Share (**Exercise Price**). However, if there is a pro rata issue of Shares (other than a bonus issue), the Exercise Price will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (d) Mr Bungard is the only person referred to in ASX Listing Rule 10.14 who has received securities under the ESOP. The securities that Mr Bungard has received comprise the following:
- (i) 495,860 Series 1 Options granted for nil cash consideration, which have a vesting date of 1 January 2017 and an exercise price of \$1.10 per Option;
 - (ii) 280,000 Series 2 Options granted for nil cash consideration, which have a vesting date of 30 September 2018 and an exercise price of \$1.33 per Option; and
 - (iii) 200,000 Series 3 Options, with the terms described in this Explanatory Statement.

The Series 1 Options and Series 2 Options were granted to Mr Bungard prior to the Company being listed on the ASX. This is the first time the Company is seeking approval under ASX Listing Rule 10.14.

- (e) All directors are eligible under the terms of the ESOP to participate in the ESOP, although there is no intention to make any grants to Non-Executive Directors. The current directors of the Company are Mr Barry Lambert, Mr Kevin Bungard, Mr Anthony Fenning, Ms Kathryn Foster, Mr Roderick Kibble, Mr Matthew Quinn and Mr Rajarshi Ray. Mr Bungard is the only Executive Director.
- (f) A voting exclusion statement for Resolution 4 is contained below.
- (g) No loan has been advanced by the Group in relation to the acquisition of securities the subject of Resolution 4.
- (h) Details of any securities issued under the ESOP will be published in each Annual Report of the Company relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under ASX Listing Rule 10.14.
- (i) Any additional persons to whom ASX Listing Rule 10.14 apply who become entitled to participate in the ESOP after Resolution 4 is approved and who were not named in this Explanatory Statement will not participate until approval is obtained under ASX Listing Rule 10.14.
- (j) Subject to the terms of the ESOP and grant of the Options, the Options vest on and can be exercised from 30 June 2019. No Shares will be issued under this approval on any date which is later than 3 years after the date of this Meeting (being 17 October 2019). If Mr Bungard exercises his Options on a date which is later than 17 October 2019, any Shares that Mr Bungard is entitled to on exercise of those Options will be purchased on-market, unless shareholder approval under the ASX Listing Rules (or an ASX waiver or modification of the ASX Listing Rules) has been obtained to permit the issue of Shares to Mr Bungard after 17 October 2019.
- (k) If approval is given by shareholders under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1.

Consequence of approval not being obtained

If approval of Resolution 4 is not obtained, this will not affect the terms of the Options or Mr Bungard's entitlement to Shares on exercise of the Options. However, the Shares that Mr Bungard will be entitled to will be purchased on-market by (or on behalf of) the Company for Mr Bungard.

Voting exclusion statement

A vote on Resolution 4 must not be cast, and the Company will disregard any votes cast on Resolution 4 by:

- any director of the Company who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any associate of the director; or
- by a KMP, or a closely related party of a KMP, as a proxy,

unless the vote is cast as proxy for a person entitled to vote on Resolution 4:

- in accordance with a direction on the Proxy Form; or
- by the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman to exercise an undirected proxy even if the Resolution is connected directly or indirectly with the remuneration of a KMP.

Board recommendation

The Board (with Mr Bungard absent and not voting) unanimously recommends that shareholders vote in favour of Resolution 4.

Resolution 5 – Approval of Potential Termination Benefits

Background

Under section 200B of the Corporations Act, the Company must not give a person a benefit in connection with the person's retirement from an office, or position of employment, in a Group Company if:

- the office or position is a managerial or executive office; or
- the person has, at any time during the last three years before their retirement, held a managerial or executive office in a Group Company,

unless shareholder approval is obtained under section 200E of the Corporations Act for the giving of the benefit (or if a specified exception applies).

Explanatory statement continued

A “benefit” is defined broadly in the Corporations Act to include a payment or other valuable consideration. It also includes the accelerated or automatic vesting of share-based payments on or as a result of retirement from an office or position, a payment made in lieu of giving of notice of termination and a payment that is made as part of a restrictive covenant, restraint-of-trade clause or non-compete clause.

There are exceptions for the provision of certain kinds of benefits, such as statutory entitlements to accrued annual and long service leave and certain benefits within a monetary cap. This monetary cap is, in broad terms, equivalent to one year’s annual average base salary of the relevant person over the period during which that person held a managerial or executive office (up to a period of three years).

If a termination benefit is given in excess of what is permitted under the Corporations Act, a breach of the Corporations Act can occur even if the person receiving the benefit is entitled to the benefit under their contractual arrangements with a Group Company.

Having regard to the potentially wide application of the restriction under section 200B of the Corporations Act, the Board considers it to be appropriate and prudent to seek shareholder approval under sections 200B and 200E of the Corporations Act, so that termination benefits may be paid or provided to relevant executives without breach of the Corporations Act.

Who does the approval relate to?

Approval is being sought in respect of any current or future director or employee who, at the time of his or her cessation from his or her office or employment, or at any time during the last three years before his or her cessation from his or her office or employment, held a managerial or executive office in a Group Company (**Relevant Executives**). These include members of the Company’s KMP and directors of the Company’s subsidiaries.

As at the date of this Explanatory Statement, the Relevant Executives include:

- the KMPs of the Company, who are currently:
 - Mr Kevin Bungard, Managing Director and Chief Executive Officer; and
 - Mr Glenn Day, Chief Financial Officer and Company Secretary.

Details about the remuneration of these executives are included in the Remuneration Report;

- Mr Richard Barber who was a director of the Company until June 2015 and therefore has held a “managerial or executive office” in the Company at some time during the last three years; and
- other executives who hold a “managerial or executive office” in the Company or a related body corporate. Executives who may fall into this category include those who are not KMPs but who hold a management position and also serve as a director of one or more of the Company’s subsidiaries. No person currently falls within this category, but there could be in the future.

It is important to note that Resolution 5 seeks approval, not just for the persons identified above, but also for any other current or future director or employee who, at the time of his or her termination or at any time in the three years prior to that date, was a KMP of the Company or held a managerial or executive office in a Group Company.

What is the Company seeking approval for?

Shareholder approval is sought for the purposes of sections 200B and 200E of the Corporations Act for termination benefits that may be provided to Relevant Executives under the following agreements or plans:

- individual employment agreements or service contracts (**Employment Agreements**);
- the ESOP;
- insurance policies; and
- other practices and policies described in Annexure A.

Further information about these potential termination benefits is set out in Annexure A.

What is the value of the potential termination benefits?

Under section 200E of the Corporations Act, when seeking shareholder approval of a termination benefit, shareholders must be given details of the amount or value of the proposed payment or benefit, or if that amount or value cannot be ascertained at the time of disclosure, the manner in which that amount or value is to be calculated and any matter, event or circumstance that will, or is likely to, affect the calculation of that amount or value.

The amount and value of the termination benefits that may be provided to each Relevant Executive cannot be ascertained in advance. This is because various matters, events and circumstances (including the manner in which the individual retires from their role, the length of time they have been in their role, fluctuations in the Company's share price and the exercise of discretions by the Board or committee of the Board), some of which are not within the Company's control, will or are likely to affect the calculation of the amount or value.

Annexure B sets out the manner in which the amount or value of the potential benefits will be calculated, and the matters, events and circumstances that will affect the calculation of that amount or value.

Shareholder approval is being sought to allow the provision of all benefits under Company's remuneration framework which may be defined as termination benefits for the purposes of the Corporations Act and which are set out in this Explanatory Statement. Therefore, the amount and value of the benefits for which shareholder approval is being sought under Resolution 5 is the maximum amount or value of the benefit that could be provided to the Relevant Executive in connection with that person ceasing to hold an office, or position of employment, in the Company or a related body corporate.

Approval is sought for a three year period

If approval of Resolution 5 is obtained, it will be effective from the date of this Meeting until the conclusion of the Company's 2019 Annual General Meeting. This means that the approval will apply in respect of any termination of a Relevant Executive during that period. If considered appropriate, the Board will seek a new approval from shareholders at the Company's 2019 Annual General Meeting.

Aspects of the Employment Agreements, ESOP and other employment practices and policies may be varied from time to time by the Company in line with market practice, changing governance standards and needs of the Company and its subsidiaries. Where relevant, these changes will be reported in the Company's Remuneration Report. However, it is intended that the approval set out in Resolution 5 will remain valid despite such variation, as long as the termination benefits continue to be within the scope of benefits set out in this Explanatory Statement.

Effect of the approval

If shareholder approval is given to Resolution 5, then the Company will be able to provide termination benefits to Relevant Executives up to the maximum scope, amount and value described in this Explanatory Statement (including in Annexures A and B). In particular, the Board (or relevant Board committee) will be able to exercise the discretions described in Annexure A.

If approved by shareholders, these benefits may be given to current or future Relevant Executives, and under existing, varied or new arrangements.

Shareholder approval to Resolution 5 will also:

- enable the Company to remunerate Relevant Executives and generally operate a remuneration framework in a way that the Board considers is in the interests of the Company, within the scope set out in this Explanatory Statement (including, in particular, Annexures A and B); and
- increase certainty for staff regarding their current and future remuneration arrangements.

If Resolution 5 is not passed, the ability of the Company to attract and retain high quality staff may be affected.

Voting exclusion statement

A vote on Resolution 5 must not be cast, and the Company will disregard any votes cast on Resolution 5:

- (in any capacity) by or on behalf of any person who may be entitled to receive a benefit in connection with that person's retirement from office or position of employment, the subject of Resolution 5, or an associate of such a person; or
- by a KMP, or a closely related party of a KMP, as a proxy,

unless the vote is cast as proxy for a person entitled to vote on Resolution 5:

- in accordance with the directions on the Proxy Form; or
- by the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman to exercise an undirected proxy even if the Resolution is connected directly or indirectly with the remuneration of a KMP.

Board recommendation

The Board (with Mr Bungard absent and not voting) unanimously recommends that shareholders vote in favour of Resolution 5.

Annexure A

Summary of potential termination benefits for which approval is being sought.

Agreement / Plan	Potential benefits / treatment on cessation of employment
<p>Employment Agreements</p> <p>All of the Relevant Executives are employed under Employment Agreements. Further details about the Employment Agreements of those Relevant Executives who are KMP are contained in the Remuneration Report.</p>	<p>Payment in lieu of notice</p> <p>The Employment Agreements typically contain or will contain the ability for the Company or the relevant Group Company that is the employer to make a payment to the Relevant Executive in lieu of some or all of the applicable termination notice period (which may be up to 12 months).</p> <p>Where payment in lieu of notice is made, the payment will be calculated by reference to the Relevant Executive's base remuneration.</p>
	<p>Accrued benefits</p> <p>Accrued, but untaken base remuneration, annual leave, long service leave and other leave, and reimbursement for incurred expenses will be paid out on cessation of employment.</p> <p>Leave will be accrued and paid out in accordance with contractual obligations and the law, as well as any applicable Group policy.</p> <p>Although genuine accrued benefits payable under a law are excluded from the termination benefits provisions and no shareholder approval is required to pay such benefits, some Relevant Executives may accrue benefits under Group policy which are in excess of what is strictly required by the law.</p>
	<p>Pro-rata bonus</p> <p>Some Relevant Executives are entitled to participate in the Company's Employee Bonus Program. The Board may determine to make pro-rata payment of a bonus under this Program where the Relevant Executive's employment terminates part way through a bonus year.</p>
	<p>Payment for restrictive covenants</p> <p>The Company may elect to impose a non-compete covenant on Relevant Executives of up to 12 months, in which case, the Company will make a payment calculated on the Relevant Executive's base remuneration in consideration for such covenant.</p>

Agreement / Plan	Potential benefits / treatment on cessation of employment
<p>Employee Share Option Plan</p> <p>Under the Company's Employee Share Option Plan (ESOP), Relevant Executives may be granted options, which vest according to a time based vesting schedule and may be subject to performance conditions. Further details about the ESOP are contained on page 18 of the Company's Remuneration Report.</p>	<p>Relevant Executives may be entitled to participate in the Company's ESOP.</p> <p>Generally, unvested options granted under the ESOP will lapse if the Relevant Executive ceases to be an employee before the vesting date of the options. However, this does not apply if the Relevant Executive is the subject of "Special Circumstances".</p> <p>A Special Circumstance is where the Relevant Executive suffers a total and permanent disablement, dies or is made redundant. The Board (or the relevant committee of the Board) (Plan Committee) also has the discretion to determine that any other circumstance constitutes a Special Circumstance and therefore, the unvested options of the Relevant Executive will not lapse.</p> <p>Vested options of a Relevant Executive will lapse on a determination of the Plan Committee that the options should lapse because, in the Plan Committee's opinion, the Relevant Executive (amongst other circumstances) has been dismissed or removed from office for a reason which entitles a Group Company to dismiss the Relevant Executive without notice. The Plan Committee may exercise its discretion not to determine that the vested options of a Relevant Executive who has been dismissed in these circumstances should lapse.</p> <p>The vested options of a Relevant Executive will also lapse on the date determined by the Plan Committee (which in no event will be more than 12 months) after the date of termination of employment of the Relevant Executive with the Group (other than due to the occurrence of a Special Circumstance). The Plan Committee has the discretion to determine that a Relevant Executive is the subject of a Special Circumstance and therefore, their vested options should not lapse.</p> <p>The vesting of options granted to a Relevant Executive may be subject to one or more performance conditions. The Board (or Plan Committee) may have discretion as to whether to waive any of those performance conditions on termination of the Relevant Executive's employment.</p> <p>The Plan Committee has the discretion to specify that a holding lock may be applied to shares provided on exercise of options for up to 3 years from the grant date of the options. The shares may be released from the holding lock if the Relevant Executive's employment terminates. If the termination is for reasons other than a Special Circumstance, only 50% of the shares will be released from the holding lock, with the remaining 50% subject to a holding lock until the earlier of 12 months after the date of termination and expiry of the original holding lock period. If the termination is due to a Special Circumstance, all of the shares will be released from the holding lock upon the date of cessation of the Relevant Executive's employment (or as soon as practicable thereafter). The Plan Committee has the discretion to determine that a circumstance constitutes a Special Circumstance and therefore, that all of the Relevant Executive's shares should be released from the holding lock.</p> <p>The exercise of any of the discretions by the Board or Plan Committee referred to above may be a termination benefit.</p>

Annexure A continued

Agreement / Plan	Potential benefits / treatment on cessation of employment
Insurance premiums and pay-outs	<p>The Company (or a Group Company) pays insurance premiums to obtain death and disability cover for Relevant Executives.</p> <p>The types of insurance policies that the Group currently takes out and pays the premiums for include:</p> <ul style="list-style-type: none">• travel and transportation insurance policies, which may include a death and disability benefit; and• statutory workers' compensation arrangements, which include a death and disability benefit. <p>The Group may also from time to time take out and pay the premium for death and disability policies for certain Relevant Executives.</p> <p>The payment of these insurance premiums by the Group to an insurer so that the insurer pays an amount upon the death or disablement of a Relevant Executive could potentially result in the premium and/or the pay-out to be considered a termination benefit.</p> <p>Under some of these policies, the pay-out by the insurer will be made to the Company (or Group Company) by the insurer and that amount is then paid to the insured Relevant Executive or his or her beneficiaries by the Company (or Group Company).</p>
Other benefits	<p>At the discretion of the Board, the Company or a Group Company may pay or give other reasonable termination benefits under the Group's policies from time to time or in accordance with the Relevant Executive's Employment Agreement, such as relocation benefits and payment of reasonable professional fees (such as for legal or tax advice). In some cases, after cessation of their employment, Relevant Executives may also be permitted to keep the mobile phones, computers, tablets or other electronic devices that had been provided to them by the Company (or a Group Company) or acquire their company vehicle.</p>

Annexure B

Matters, events and circumstances which will, or are likely to, affect the calculation of the amount or value of the benefits.

Agreement / Plan	Matter, event or circumstance
Employment Agreements	<p>The following are the matters, events and circumstances which will, or are likely to, affect the calculation of the amount or value of the potential termination benefits that may be given under the Employment Agreements for the Relevant Executives:</p> <ul style="list-style-type: none"> • The circumstances of the Relevant Executive's cessation of employment (for example, whether the employment is terminated immediately or with notice, or by the Group Company or the Relevant Executive, and for what reason). • The Relevant Executive's length of service. • The length of the notice period and whether the Group's operational requirements at the time require the Relevant Executive to work through all or part of their notice period. • The amount of annual and other leave accrued by the Relevant Executive at the time of cessation of employment. • The Relevant Executive's base remuneration at the time of cessation of employment. • The Group's policies as applicable at the relevant time. • The duration of the non-compete covenant that the Company elects to impose. • The manner in which the Board (or a committee of the Board) exercises its discretion (for example, in relation to payment of a pro-rata bonus or for non-compete covenants). • To the extent that the Employment Agreement provides for any termination benefits which are awards under the ESOP, the matters, events and circumstances referred to in this table below in relation to the ESOP are also relevant.
ESOP	<p>The following are the matters, events and circumstances which will, or are likely to, affect the calculation of the amount or value of the potential termination benefits that may be given under the ESOP:</p> <ul style="list-style-type: none"> • The circumstances of the Relevant Executive's cessation of employment (for example, whether the cessation of employment arises due to termination by the Group Company or the Relevant Executive, and for what reason). • The Relevant Executive's entitlement under the ESOP at the time of cessation of employment and the conditions of such entitlement. • The number of options held by the Relevant Executive at the time of cessation of employment, and the conditions (if any) of vesting of such options. • Any applicable performance measures and the achievement of such measures. • If any performance measures are applicable, the personal performance of the Relevant Executive. • The portion of the performance period served by the Relevant Executive up to the cessation of employment. • The market price of the Company's shares on the ASX at the relevant time. • The exercise price of the Relevant Executive's options. • The manner in which the Board or the Plan Committee exercises its discretion.

Annexure B continued

Agreement / Plan	Matter, event or circumstance
Insurance premiums and pay-outs	<p>The following are the matters, events and circumstances which will, or are likely to, affect the calculation of the amount or value of the potential termination benefits that may be given in respect of the insurance policies:</p> <ul style="list-style-type: none">• The type of insurance policy and the coverage under that policy.• The role, age, salary and any pre-existing condition of the insured Relevant Executive.• The circumstances of the Relevant Executive's cessation of employment (for example, due to accidental death, workplace injury or health disability).
Other benefits	<p>The following are the matters, events and circumstances which will, or are likely to, affect the calculation of the amount or value of the potential termination benefits that may be given in respect of the other benefits described in the last row of the table in Annexure B:</p> <ul style="list-style-type: none">• The Group's policies as applicable at the relevant time.• The applicable market practice.• The value of the services, benefits and items that the Relevant Executive is provided or entitled to keep.• The circumstances of the Relevant Executive's cessation of employment.• The manner in which the Board exercises its discretion.



Class Limited
ACN 116 802 058

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Class Limited
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; or
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: 1300 554 474 Overseas: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Class Limited 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 **10:00am on Monday, 17 October 2016 at Grant Thornton Australia, Level 17, 383 Kent Street, Sydney NSW 2000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 3, 4 and 5: 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 3, 4 and 5, 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 Re-election of Mr Barry Lambert	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval of Potential Termination Benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Ms Kathryn Foster	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Issue Of ESOP Shares to Mr Kevin Bungard	<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).



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:

- 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
- 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.

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 **10:00am on Saturday, 15 October 2016**, 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

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 MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Class Limited
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

or

Level 12
680 George Street
Sydney NSW 2000

* 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.**