



NOTICE OF 2015 ANNUAL GENERAL MEETING  
AND EXPLANATORY STATEMENT



## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of shareholders of Elanor Investors Limited ("EIL" or "the Company") and unitholders of Elanor Investment Fund ("EIF"), (together "Elanor" or "the Group") will be held:

on **Thursday 12 November 2015**

at **10 am Sydney time**

at **Computershare Investor Services, Level 4, 60 Carrington Street, Sydney NSW 2000**

for the purpose of transacting the following items of business set out below.

The attached Explanatory Statement is provided to supply shareholders and unitholders (together "Securityholders") with information to enable Securityholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.



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## Items of Business

### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual statements and reports of the Group for the financial year ended 30 June 2015.

### 2. ADOPTION OF THE REMUNERATION REPORT

#### Resolution 1

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

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Group's annual report for the financial year ended 30 June 2015."*

**Short explanation:** EIL is required to put a resolution to adopt the remuneration report of the Group at each annual general meeting. This is an advisory resolution only and does not bind the Directors or EIL.

**Voting exclusion:** A voting exclusion applies to this resolution – details are set out in the Explanatory Statement.

### 3. RE-ELECTION OF EIL DIRECTOR – MR NIGEL AMPHERLAW

#### Resolution 2

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

*"That, for the purpose of the Constitution and for all other purposes, Mr Nigel Ampherlaw, a Director who retires by rotation, and being eligible, is re-elected as a Director of the Company."*

**Short explanation:** Mr Nigel Ampherlaw is currently an independent non-executive Director and is presented for re-election in accordance with the rotation requirements of EIL's Constitution.

### 4. APPROVAL OF ADDITIONAL PLACEMENT CAPACITY

#### Resolution 3

To consider, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution** of each of EIL and EIF:

*"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Group to issue Equity Securities up to 10% of the issued capital of the Group (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*



**Short explanation:** ASX Listing Rule 7.1A permits eligible entities to obtain Securityholder approval to issue an additional 10% of the entities' issued Equity Securities during a 12 month period. Securityholder approval must be given by a special resolution (at least 75% approval) at an annual general meeting.

**Voting exclusion:** A voting exclusion applies to this resolution – details are set out in the Explanatory Statement.

## 5. ADOPTION OF THE ELANOR INVESTORS GROUP DEFERRED SHORT TERM INCENTIVE PLAN Resolution 4

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

*"That approval be given for adoption of the Elanor Investors Group Deferred Short Term Incentive Plan, and that any equity securities issued under the Elanor Investors Group Deferred Short Term Incentive Plan be approved as an exception to ASX Listing Rule 7.1 (Exception 9 of ASX Listing Rule 7.2), on the terms which are described in the Explanatory Statement, during the three years following the date of this meeting."*

**Short explanation:** Elanor Investors Group plans to put in place a Deferred Short Term Incentive Plan in order to incentivise key staff. If approved, any equity securities issued under the Plan would not be counted towards the Group's capacity to issue securities under the applicable annual issue limit.

**Voting exclusion:** A voting exclusion applies to this resolution – details are set out in the Explanatory Statement.

## 6. GRANT OF RESTRICTED SECURITIES TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER Resolution 5

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

*"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the issue of up to a maximum of 500,000 Restricted Securities to the Managing Director and Chief Executive Officer (in relation to the FY16 deferred STI award) under the Elanor Investors Group Short Term Incentive Plan, on the terms summarised in the Explanatory Statement."*

**Short explanation:** Elanor Investors Group plans to issue Restricted Securities to incentivise the Managing Director and Chief Executive Officer on the terms summarised in the Explanatory Statement.

**Voting exclusion:** A voting exclusion applies to this resolution – details are set out in the Explanatory Statement.



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## How to Vote – Voting Notes

These Voting Notes should be read together with and form part of the Notice of Meeting.

### SECURITYHOLDERS ELIGIBLE TO VOTE

In accordance with section 1074E(2)(g)(i) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations, Elanor has determined that for the purposes of the meeting, all Securities will be taken to be held by the registered holders at 7pm Sydney time on 10 November 2015.

Accordingly, Security transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

### ADMISSION TO MEETING

If you will be attending the Annual General Meeting and you will not appoint a proxy, please bring your proxy form (if you still have one) to the meeting to help speed admission. Your proxy form contains identification details that can be scanned upon entry. You will be able to register from 9:00 am on the day of the meeting. If you do not bring your proxy form with you, you will still be able to attend and vote at the Annual General Meeting, but representatives from Computershare will need to verify your identity.

### PROXIES

If you are eligible to vote but do not plan to attend the AGM, you are encouraged to complete and return a proxy form. You are entitled to appoint one or two proxies. Where two proxies are appointed, you may specify the number or proportion of votes that each may exercise, failing which each may exercise half of the votes.

A proxy need not be a Securityholder of Elanor. If you want to appoint one proxy, you can use the form provided. If you want to appoint two proxies, please follow the instructions on the proxy form. If you sign and return a proxy form and do not nominate a person to act as your proxy, the Chair will be appointed as your proxy by default.

Elanor's Constitutions provide that on a show of hands, every person present and entitled to vote has one vote. If you appoint a proxy who is also a Securityholder or is also a proxy for another Securityholder, your directions may not be effective on a show of hands. Your directions will however be effective if a poll is taken on the relevant resolution.

### WHERE TO LODGE YOUR PROXY

You may lodge a proxy by following the instructions set out on the proxy form accompanying this Notice of Meeting. To be effective the proxy must be received by Computershare ([www.computershare.com.au](http://www.computershare.com.au)) in accordance with the instructions on the proxy form at the postal address or fax number below, **not later than 10 am Sydney time on 10 November 2015:**

Computershare Investor Services Pty Limited,  
GPO Box 242,  
Melbourne VIC 3001 Australia

or to:                    fax 1800 783 447  
if overseas to: +61 (3) 9473 2555.



### CORPORATE REPRESENTATIVES

A corporate Securityholder wishing to appoint a person to act as its representative at the AGM may do so by providing that person with:

- a letter, certificate or form authorising him or her as the corporate Securityholder's representative, executed in accordance with the corporate Securityholder's Constitution; or
- a copy of the Resolution appointing the representative, certified by a secretary or director of the corporate Securityholder.

A form may be obtained from the Computershare website at [www.investorcentre.com](http://www.investorcentre.com) under the information tab "Downloadable Forms".

### APPOINTMENT OF THE CHAIR OR OTHER KEY MANAGEMENT PERSONNEL AS YOUR PROXY

Due to the voting exclusions and requirements referred to in the Notice of Meeting, if you intend to appoint any Director or Key Management Personnel or their Closely Related Parties, **other than the Chair**, as your proxy, you should direct your proxy how to vote on Resolution 1 (Adoption of the Remuneration Report), Resolution 4 (Adoption of Short Term Incentive Plan), and Resolution 5 (Grant of Restricted Securities to Managing Director and CEO) by marking either "For", "Against" or "Abstain" on the proxy form for the relevant item of business.

If you do not direct such a proxy how to vote on those Resolutions, they will **not** be able to vote an undirected proxy and your vote will not be counted on those Resolutions. This does not apply to the Chair, who is able to vote undirected proxies on all Resolutions.

### HOW THE CHAIR WILL VOTE UNDIRECTED PROXIES

The Chair intends to vote any undirected proxies in favour of all five Resolutions.

You should note that if you appoint the Chair as your proxy, or the Chair is appointed your proxy by default, you will be taken to authorise the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If you wish, you can appoint the Chair as your proxy and direct the Chair to cast your votes contrary to the above stated voting intention or to abstain from voting on a Resolution. Simply mark your voting directions on the proxy form before you return it.

### VOTING EXCLUSIONS

Certain voting exclusions apply to Resolutions 1, 3, 4 and 5 – details are set out in the Explanatory Statement.

By order of the Board

Symon Simmons  
Company Secretary  
Date: 1 October 2015



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## Explanatory Statement to the Notice of Annual General Meeting

This Explanatory Statement is intended to provide Securityholders with sufficient information to assess the merits of the Resolutions contained in the Notice.

The Directors recommend that Securityholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

### 1. FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Group for the financial year ended 30 June 2015.

The Group is not required to provide a hard copy of the Group's annual financial report to Securityholders unless a Securityholder has specifically elected to receive a printed copy.

Whilst the Group will not provide a hard copy of the Group's annual financial report unless specifically requested to do so, Securityholders may view the Group's annual financial report on its website at <http://www.elanorinvestors.com>.

Securityholders will be offered the following opportunities to:

- (a) discuss the Annual Financial Report for the financial period ended 30 June 2015;
- (b) ask questions to, and make comments on, the management of the Group; and
- (c) ask the auditor Deloitte Touche Tohmatsu questions about the conduct of the audit and preparation and content of the auditor's report.

### 2. INFORMATION RELATING TO RESOLUTION 1

#### Adoption of the Remuneration Report

##### General

The Corporations Act requires that at a listed Group's Annual General Meeting, a resolution that the Remuneration Report be adopted must be put to the Securityholders. However, such a resolution is advisory only and does not bind the Directors or the Group.

The Remuneration Report sets out the Group's remuneration arrangements for the Directors and senior management of the Group. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Group for the financial year ended 30 June 2015.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

##### Voting Consequences

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



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### Proxy Restrictions

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 (Remuneration Report) by marking either "For", "Against" or "Abstain" on the Proxy Form for Resolution 1.

If you appoint a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report (who is not the Chairman) or a closely related party of that member as your proxy, and you do not direct that person on how to vote on this Resolution 1, the proxy cannot exercise your vote and your vote will not be counted in relation to this Resolution 1.

The Chairman intends to vote all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the proxy form you are giving express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

Key Management Personnel of the Group are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Remuneration Report identifies the Group's key management personnel for the financial year to 30 June 2015. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependents and companies they control.

Further details are set out in the Explanatory Statement.

### Voting Exclusion

A vote in respect of Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons (the "voter"):

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

However, the voter may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; or
- (d) the voter is the chair of the meeting and has been appointed as a proxy (expressly or by default) without being directed how to vote on the Resolution.

## 3. INFORMATION RELATING TO RESOLUTION 2

### Re-election of EIL Director – Mr. Nigel Ampherlaw

#### General

Rule 22 of the Elanor Constitution requires that, while the Group is listed, at least one of the Directors (except the Managing Director) must retire at each annual general meeting. No Director (except a Managing Director) shall hold office for a period in excess of three years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

Mr Nigel Ampherlaw is an independent non-executive Director of the Group. He was elected on 13 June 2014 and retires in accordance with these provisions and, being eligible, offers himself for re-election as a Director.





Details of the qualifications and expertise of Mr Ampherlaw are set out in the 2015 Annual Report of the Group.

The Board (other than Mr Ampherlaw) recommends the re-election of Mr Ampherlaw as a Director.

#### 4. INFORMATION RELATING TO RESOLUTION 3

##### Approval of additional placement capacity

###### General

ASX Listing Rule 7.1 permits entities to issue 15% of its issued capital without Securityholder approval in a 12 month period, subject to a number of exceptions.

ASX Listing Rule 7.1A permits eligible entities, which have obtained Securityholder approval by special resolution, to issue Equity Securities up to an additional 10% of its issued capital by placements over a 12 month period after the annual general meeting ("Additional Placement Capacity").

The Group seeks Securityholder approval under this Resolution to be able to issue Equity Securities under the Additional Placement Capacity. The exact number of Equity Securities to be issued is not fixed and will be determined in accordance the formula prescribed in ASX Listing Rule 7.1A.2 (set out below).

###### Requirements of ASX Listing Rule 7.1A

- (a) Eligible entities: An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Group is an eligible entity.
- (b) Securityholder approval: Securityholders must approve the Additional Placement Capacity by special resolution at the annual general meeting. A resolution under ASX Listing Rule 7.1A cannot be put at any other Securityholder meeting.
- (c) Equity Securities: Securities issued under the Additional Placement Capacity must be in the same class as an existing class of Securities of the Group that are quoted on ASX. As at the date of this Notice, the Securities that are quoted on ASX are fully paid ordinary shares stapled with fully paid units.
- (d) Formula for calculating number of Equity Securities that may be issued under the Additional Placement Capacity.

If this Resolution is passed, the Group may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:  $(A \times D) - E$

<b>A</b>	<p>The number of Securities on issue 12 months before the date of issue or agreement:</p> <ul style="list-style-type: none"> <li>• plus the number of fully paid Securities issued in the 12 months under an exception in ASX Listing Rule 7.2;</li> <li>• plus the number of partly paid securities that became fully paid in the 12 months, if any;</li> <li>• plus the number of fully paid securities issued in the 12 months with the approval of Securityholders under ASX Listing Rules 7.1 or 7.4;</li> <li>• less the number of fully paid Securities cancelled in the 12 months, if any.</li> </ul>
<b>D</b>	10%
<b>E</b>	The number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Securityholders under ASX Listing Rules 7.1 or 7.4.



Note: no Securities were partly paid and no Securities have been cancelled.

- (e) Interaction between ASX Listing Rules 7.1 and 7.1A: The Group has 70,644,752 Securities on issue as at the date of this Notice. If this Resolution is passed, the Group will then be permitted to issue:
- 7,064,475 Equity Securities under ASX Listing Rule 7.1A; and
  - 10,596,712 Securities under ASX Listing Rule 7.1 (after 3 December 2015)

The actual number of Securities that the Group will be permitted to issue under ASX Listing Rule 7.1A will be calculated at the date of issue or agreement to issue the Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out above).

The effect of this Resolution will be to allow the Group to issue securities under ASX Listing Rule 7.1A without using the Group's placement capacity under ASX Listing Rule 7.1.

#### **Information for Securityholders as required by ASX Listing Rule 7.3A**

- (a) Minimum price: The issue price of the new Equity Securities will be no lower than 75% of the volume weighted average price (VWAP) for securities in the relevant quoted class calculated over the 15 trading days on which trades in that class were recorded immediately before:
- the date on which the price of the Equity Securities are to be issued is agreed; or
  - if the Equity Securities are not issued within 5 trading days of the date above, the date on which the Equity Securities are issued.
- (b) Risk of economic and voting dilution: If this Resolution is passed and the Group issues Securities under the Additional Placement Facility, existing Securityholders' voting power in the Group will be diluted. There is a risk that:
- the market price for the Group's existing Securities may be lower or significantly lower on the date of issue of the new Securities than on the date of the Meeting; and
  - the new Securities may be issued at a price that is at a discount to the market price of the Group's existing Securities on the issue date or the new Securities may be issued as part of the consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the new Securities.

The table below shows the dilution of existing Securityholders on the basis of the current market price of Securities and the current number of Securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice. The hypothetical table also illustrates:

- two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of Securities the Group has on issue. The number of Securities may increase as a result of issues of Securities that do not require Securityholder approval (for example a pro-rata entitlement issue) or future placements under ASX Listing Rule 7.1 that are approved by Securityholders in the future;
- two examples of where the issue price of Equity Securities has decreased by 50% and increased by 100% as against the current market price.



Variable 'A' in ASX Listing Rule 7.1A.2		Dilution		
		85 cents 50% decrease in Issue Price	\$1.70 Issue Price	\$3.40 100% increase in Issue Price
<b>Current Variable A</b>	10% Voting Dilution	7,064,475 Securities	7,064,475 Securities	7,064,475 Securities
70,644,752 Securities	Funds raised	\$6,004,803	\$12,009,607	\$24,019,214
<b>50% increase in current Variable A</b>	10% Voting Dilution	10,596,712 Securities	10,596,712 Securities	10,596,712 Securities
105,967,128 Securities	Funds raised	\$9,007,205	\$18,014,411	\$36,028,823
<b>100% increase in current Variable A</b>	10% Voting Dilution	14,128,950 Securities	14,128,950 Securities	14,128,950 Securities
141,289,504 Securities	Funds raised	\$12,009,607	\$24,019,215	\$48,038,431

This table has been prepared on the following assumptions:

- The Group issues the maximum number of Securities available under the Additional Placement Capacity;
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
- The table does not show an example of dilution that may be caused to a particular Securityholder by reason of placements under the Additional Placement Capacity, based on that Securityholder's holding at the date of the Meeting;
- The table shows only the effect of issues of Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1. The Group's ability to issue securities under ASX Listing Rule 7.1A is in addition to its ability to issue securities under ASX Listing Rule 7.1;
- The issue of Equity Securities under the Additional Placement Capacity consists only of Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those Options are exercised into Securities for the purpose of calculating the voting dilution effect on existing Securityholders; and
- The issue price is \$1.70, being the closing price of the Securities on ASX on 23 September 2015.



- (c) Placement Period: Securityholder approval of the Additional Placement Capacity under ASX Listing Rule 7.1A is valid from 12 November 2015 (the date of this Meeting) and expires on the earlier of:
- 12 November 2016, which is 12 months after this AGM; or
  - the date that Securityholders approve a transaction under ASX Listing Rule 11.1.2 (significant change to nature or scale of activities) or ASX Listing Rule 11.2 (disposal of the main undertaking),
- or such longer period as allowed by ASX (the "Placement Period").

The Group will only issue and allot new securities during the Placement Period. The approval will cease to be valid in the event that Securityholders' approve a transaction under ASX Listing Rules 11.1.2 or 11.2.

- (d) Purposes for which the new Equity Securities may be issued: The Group may seek to issue new Equity Securities for the following purposes:
- cash consideration to raise funds for the acquisition of new assets or investments (including the expenses associated such acquisition), continued expenditure on the Group's current assets and for general working capital; or
  - non-cash consideration for acquisition of new assets and investments or for the payment of goods or services provided to the Group. In such circumstances the Group will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.
- (e) Allocation Policy: The Group's allocation policy for the issue of new Securities under the Additional Placement Capacity will depend on the market conditions existing at the time of the proposed issue. The allottees will be determined at the relevant time having regard to factors such as:
- the methods of raising funds that are available to the Group, including but not limited to, a placement or a rights issue;
  - the effect of the issue of new Securities on the control of the Group;
  - the financial situation and solvency of the Group;
  - advice from corporate, financial and broking advisers (as relevant).

As at the date of this Notice the potential allottees are not known and there is no current intention to issue any new Securities under the Additional Placement Capacity but the Group wishes to maintain maximum flexibility. Potential allottees could include existing substantial Securityholders and/or new Securityholders. No allottee under the Additional Placement Capacity will be a related party or associate of a related party. Existing Securityholders may or may not be entitled to subscribe for any Equity Securities issued under the Additional Placement Capacity and it is possible that their Securityholding will be diluted.

If the Additional Placement Capacity is used to acquire new assets or investments then it is likely that the allottees will be the vendors of the new assets. The Group will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A on the issue of any new Securities.

- (f) Details of Equity Securities issued in the 12 months preceding the date of Meeting Pursuant to Listing Rule 7.3A.6 the following information is provided to Securityholders:
- The total number of Equity Securities issued in the 12 months before this Meeting (that is, since 11 July 2014) is 9,844,752,
  - details for the issue of Equity Securities issued during the 12 months preceding the date of the Meeting are:



<b>Date of issue:</b>	(a) 3 December 2014	(b) 30 December 2014
<b>Number of Equity Securities:</b>	(a) 9,120,000	(b) 724,752
<b>Class of Equity Securities issued and summary of terms of that class:</b>	(a) and (b) – fully paid Securities	
<b>Names of persons or basis on which allottees were determined:</b>	(a) sophisticated, professional and other investors exempt from disclosure requirements under Chapter 6D of the Corporations Act (b) Securityholders under a Securityholder Purchase Plan	
<b>Price:</b>	(a) and (b) – both \$1.38 per Security	
<b>Discount to market price on the date of issue:</b>	(a) 8%	(b) 8%
<b>Total cash consideration:</b>	(a) \$12,585,600	(b) \$1,000,158
<b>Amount of cash spent and use of cash and intending use of remaining cash:</b>	(a) and (b) – to fund investment in the Bell City Syndicates and to provide working capital.	

#### Voting Exclusion

EIL and EIF will disregard any votes cast on this Resolution 3 by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Securityholder, if the Resolution is passed and any associates of those persons. However, the Group need not disregard a vote cast on this Resolution 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.

## 5. INFORMATION RELATING TO RESOLUTION 4

### Adoption of Elanor Investors Group Deferred Short Term Incentive Plan

#### Background

The Group currently operates a cash-based short-term incentive (STI) plan, structured as a profit share scheme for eligible participants, including the Managing Director and Chief Executive Officer.

The Group is proposing to adopt the new Elanor Investors Group Deferred Short Term Incentive Plan (the Plan), under which a portion of the annual profit share payable to each participant will be delivered as equity, in the form of Restricted Securities that vest based on pre-determined vesting conditions over the relevant vesting period (for the initial grant, vesting will be subject to continued employment over a two year vesting/deferral period). The Group's intention is for the Plan to be operated for the first time in respect of the FY16 STI plan, so that 50% of STI awards earned for FY16 can be delivered in Restricted Securities.

Details on the Plan can be found below under "Key terms of the Plan".

The primary objectives of the Plan are to:

- assist in the attraction, retention and motivation of key individuals;
- reward KMP and other participating individuals for strong annual profit results; and
- align the interests of participating individuals with those of Securityholders by building their equity holding in the Group and providing the ability to share in future growth in value.



### Why is Securityholder approval being sought?

ASX Listing Rule 7.1 provides that an ASX listed entity must not issue equity securities that total more than 15% of its fully paid ordinary Securities in a 12 month period without Securityholder approval. Subject to passing Resolution 3, the annual issue limit for Elanor Investors Group has however, been increased by 10% of the Group's fully paid ordinary securities under ASX Listing Rule 7.1A.

Under ASX Listing Rule 7.2, Securityholders may approve the issue of equity securities under an employee incentive scheme as an exception to ASX Listing Rules 7.1 and 7.1A. If such approval is obtained, any Restricted Securities granted under the Plan would not be counted towards the Group's capacity to issue securities under the applicable annual issue limit.

This approval continues for three years, at which time it must be renewed, or it will expire. In the absence of such an approval, issues of securities under the Plan may still be made, but must fall within the applicable annual issue limit at the time of issue.

While the Board does not necessarily intend to issue securities under the Plan, Securityholder approval will provide the Board with the flexibility to determine whether purchases on-market or newly issued securities are more appropriate at a particular time.

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

### Key terms of the Plan

A summary of the key terms of the Plan are set out below.

Term	Detail
<b>Purpose</b>	The Plan will operate to allow the Board to grant equity awards in the form of Restricted Securities as part of delivering the deferred short term incentive component of remuneration, as determined by the Board from time to time.
<b>Restricted Securities</b>	<p>Each Restricted Security is a security in the Group that is subject to trading restrictions and applicable vesting conditions at the time of allocation.</p> <p>A Security in the Group is a stapled security comprising one fully paid ordinary share in Elanor Investors Limited and one unit in Elanor Investment Fund.</p> <p>Restricted Securities will vest and become eligible to have trading restrictions lifted, upon satisfaction of the applicable vesting conditions, as determined by the Board. Each grant will specify the minimum and/or maximum number or value of Securities in the Group that the participant may receive if the vesting conditions are satisfied.</p>
<b>Eligible participants</b>	<p>The Board may grant Restricted Securities to executives and other selected employees of the Group. In general, the Board will select those executives and employees who are considered to have made a significant contribution towards annual profit performance of the Group.</p> <p>However, for the avoidance of doubt, eligible participants may include executive directors, full-time and part-time employees, and any other person the Board</p>



	<p>considers eligible, as determined appropriate by the Board.</p> <p>The Group will seek Securityholder approval for participation of any executive directors in the Plan (refer Resolution 5 for approval to grant Restricted Securities to the Managing Director and Chief Executive Officer).</p>
<b>Allocation of securities</b>	<p>The Group may issue new Securities or procure the acquisition of Securities on-market in making grants of Restricted Securities.</p> <p>The Group may operate an employee security trust to acquire, hold or provide securities for the purposes of the Plan.</p> <p>Trading restrictions will be placed on the Restricted Securities allocated to eligible participants on grant. Following vesting, no trading restrictions will remain on the securities, subject to the Securities Trading Policy that applies to the Group, unless the Board determines otherwise.</p>
<b>Vesting conditions</b>	<p>The Board may determine vesting conditions, which may include performance and/or service conditions that must be satisfied before the Restricted Securities vest. The vesting conditions will be measured and tested over a vesting period determined by the Board.</p> <p>For the first grant under this Plan, it is intended that 50% of the profit share payable to participants will be delivered in the form of Restricted Securities which will vest, and no longer be subject to trading restrictions, two years after grant subject to ongoing employment during this period.</p> <p>Note that the Plan provides the Board with the ability to review and adjust the vesting conditions, targets and vesting schedules (as applicable) on a grant-by-grant basis, ensuring they remain appropriate for the particular grant.</p>
<b>Other terms</b>	<p>The Board may determine the terms of the Restricted Securities, including whether any price is payable for the grant and any other lapsing conditions.</p>
<b>Entitlements</b>	<p>Participants will be entitled to receive distributions and dividends on the Restricted Securities from the date of grant, including during the vesting period.</p> <p>Restricted Securities are non-transferable, except in limited circumstances or with the consent of the Board.</p>
<b>Cessation of employment</b>	<p>Where a participant ceases employment with the Group prior to Restricted Securities vesting, the treatment will depend on the circumstances of cessation.</p> <p>Where the participant ceases employment due to resignation or termination for cause (including gross misconduct), all unvested Restricted Securities will be forfeited upon cessation, subject to Board discretion to determine otherwise.</p> <p>Where a participant ceases employment for any other reason prior to Restricted Securities vesting, all unvested Restricted Securities will generally continue on-foot and remain subject to restrictions.</p> <p>However, the Board has a broader discretion to apply any other treatment it deems appropriate in the circumstances (including that another number of Restricted Securities may vest either at cessation or at the end of the original vesting date, or</p>



that some or all of the Restricted Securities will be forfeited).

In making this determination, the Board may have regard to any factors the Board considers relevant, including the vesting period elapsed and the extent to which the vesting conditions have been satisfied.

**Change of control**

Where a change of control event occurs, all unvested Restricted Securities will vest based on the extent to which any applicable vesting conditions have been satisfied (or are estimated to be satisfied) at the time of completion of the change of control event, other than service conditions which will be deemed to have been satisfied. Trading restrictions will cease immediately on any vested Restricted Securities.

However, the Board has a broader discretion to make a different determination, including that an additional number of unvested Restricted Securities should vest or be subject to substitute or varied vesting conditions and/or periods.

The Group also has specific rules in relation to divestments of a “material” part of the business or asset, with the Board having the discretion to determine an appropriate treatment for participants in the event of such a divestment.

**Clawback**

In the event of fraud, dishonesty or material misstatement of financial statements, the Board may make any determination in respect of the Restricted Securities grant, including forfeiture of unvested Restricted Securities, to ensure that no unfair benefit is obtained by a participant.

**Adjustment of number of Restricted Securities granted**

The Board has discretion to adjust the number of Restricted Securities granted in the event of a variation of capital or other corporate transaction, to ensure participants do not enjoy a windfall gain or suffer a material detriment as a result of the variation, and in accordance with the ASX Listing Rules.

**Administration of Plan**

The Plan may be administered either by the Board or an external party, including using a trust to acquire, hold, or provide Securities to satisfy the awards.

The Board is given the power to make all required determinations under the Plan and to waive or modify the application of the terms of the Plan and the Restricted Securities granted under it as it considers appropriate.

**Other information**

No Director of the Group, other than the Managing Director and Chief Executive Officer, is eligible to participate in the Plan or any other employee incentive scheme of the Company.

Separate Securityholder approval is being sought for the grant of Restricted Securities to the Managing Director and Chief Executive Officer (refer Resolution 5 below).

As this is a new Plan, no Restricted Securities have been allocated under it to date.

**Recommendation**

The Board (other than Mr Glenn Willis who abstains from making a recommendation because of his interest in the Resolution) recommends that Securityholders vote in favour of Resolution 4.





### **Voting Exclusion**

EIL and EIF will disregard any votes cast:

- In relation to Resolution 4, by any Director of EIL or any Director of Elanor Funds Management Limited ("EFML"), in each case who is eligible to participate in any employee incentive scheme in relation to the Group, and their respective associates.

Further, a vote must not be cast on Resolution 4 by any member of the Key Management Personnel (KMP) of the Group, or a Closely Related Party of any member of the KMP, that is appointed as proxy, if their appointment does not specify the way in which the proxy is to vote.

However, EIL and EIF need not disregard a vote on Resolution 4 (and that person is not prohibited from voting) if the vote is cast by:

- a person identified above as proxy for a person who is entitled to vote on Resolution 4 and the vote is cast in accordance with the directions on the proxy form; or
- the Chairman of the Meeting (who may be a KMP) as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **6. INFORMATION RELATING TO RESOLUTION 5**

### **Grant of Restricted Securities to the Managing Director and Chief Executive Officer**

The Group has agreed, subject to receiving Securityholder approval and the passing of Resolution 4, to grant Restricted Securities to the Managing Director and Chief Executive Officer, Mr Glenn Willis, under the Elanor Investors Group Deferred Short Term Incentive Plan (Plan) on the terms and conditions outlined below.

#### **Overview of the Plan**

The Group established the Plan to enable a portion of executives' annual cash bonus to be delivered as a grant of Restricted Securities in the Group, subject to satisfaction of the relevant vesting conditions over the vesting period.

A summary of the Plan can be found in the Explanatory Statement relating to Resolution 4 above.

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

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

In order to provide the Board with the flexibility to make the grant to Mr Glenn Willis using either securities acquired on-market or newly issued securities, as considered appropriate at the time of grant, approval is being sought for the proposed grant of Restricted Securities to Mr Glenn Willis.

Securityholders are therefore being asked to approve the grant of Restricted Securities, up to a maximum of 500,000 Restricted Securities, to Mr Glenn Willis under the Elanor Investors Group Deferred Short Term Incentive Plan, on the terms and conditions set out in the Explanatory Statement.

Approval of this resolution will also result in the Restricted Securities granted to Mr Glenn Willis being an exception to ASX Listing Rule 7.1 (refer Resolution 4).

Further details of Mr Glenn Willis' total remuneration package can be found on pages 82 to 85 of the Annual Report.



### Key terms of the grant to Mr Glenn Willis

A brief overview of the key terms of the proposed Restricted Securities grant to Mr Glenn Willis is set out below.

Term	Detail
<b>Details of the proposed Restricted Securities grant</b>	<p>The total maximum number of Restricted Securities proposed to be made to Mr. Glenn Willis in relation to the FY16 STI award, is 500,000.</p> <p>The actual number of Restricted Securities that will be granted to Mr Glenn Willis will be calculated by dividing 50% of his actual FY16 STI award by the volume weighted average price (<b>VWAP</b>) of the Group's securities over the 5 trading days immediately prior to the date of grant. The actual FY16 STI award will be determined by the Board based on their assessment of the Group's profit performance for FY16. Mr. Glenn Willis' actual FY16 STI award has not been determined.</p> <p>The Group may issue new Securities, procure the acquisition of securities on-market or transfer Securities from an employee share trust, in making the grant of Restricted Securities.</p>
<b>Entitlements</b>	<p>Each Restricted Security is a security in the Group that is subject to trading restrictions from the time of allocation until satisfaction of the vesting conditions set out below. Upon vesting, the securities will not be subject to any further restrictions, subject to compliance with the Securities Trading Policy that applies to the Group.</p> <p>Mr. Glenn Willis will be entitled to receive distributions and dividends on the Restricted Securities from the date of grant, including during the vesting period.</p> <p>Restricted Securities are non-transferable, except in limited circumstances or with the consent of the Board.</p> <p>Trading restrictions may be imposed either by way of a holding lock or through use of an employee share trust.</p>
<b>Date of grant</b>	<p>If Securityholder approval is obtained, the Restricted Securities will be granted to Mr. Glenn Willis as soon as practicable after the Board has determined Mr. Glenn Willis' actual FY16 STI award and, in any event, not later than 12 months after the meeting.</p>
<b>Vesting period and conditions</b>	<p>Restricted Securities will vest, and no longer be subject to trading restrictions, if Mr. Glenn Willis remains employed by the Group until the end of the two year vesting period, which commences on the date the securities are granted.</p>
<b>Price payable for securities</b>	<p>No amount will be payable in respect of the allocation of Restricted Securities to Mr. Glenn Willis, or on lifting of the trading restrictions.</p>
<b>Cessation of employment</b>	<p>Where Mr. Glenn Willis ceases employment with the Group prior to his Restricted Securities vesting, the treatment will depend on the circumstances of his cessation.</p>



Where employment ceases due to resignation or termination for cause (including gross misconduct), all unvested Restricted Securities will lapse at cessation.

Where employment ceases for any other reason prior to vesting, all unvested Restricted Securities will generally continue on-foot and remain subject to restrictions (i.e. remain restricted until two years from grant).

However, the Board has a broader discretion to apply any other treatment it deems appropriate in the circumstances (including that another number of Restricted Securities may vest either at cessation or at the end of the original vesting date, or that some or all of the Restricted Securities will be forfeited).

#### **Other information**

No Director of the Group, other than the Managing Director and Chief Executive Officer, is eligible to participate in the Plan or any other employee incentive scheme of the Company.

As this is a new Plan, no Restricted Securities have been allocated under it to date.

There is also no loan scheme in relation to the grant of Restricted Securities under the Plan.

#### **Recommendation**

The Board (other than Mr Glenn Willis who abstains from making a recommendation because of his interest in the resolution) recommends that Securityholders vote in favour of Resolution 5.

#### **Voting Exclusion**

EIL and EIF will disregard any votes cast:

- In relation to Resolution 5, by the Managing Director and Chief Executive Officer (being the only Director of either EIL or EFML who is eligible to participate in the Elanor Investors Group Short Term Incentive Plan), and any of his associates.

Further, a vote must not be cast on Resolution 5 by any member of the Key Management Personnel (KMP) of the Group, or a Closely Related Party of any member of the KMP, that is appointed as proxy, if their appointment does not specify the way in which the proxy is to vote.

However, EIL and EIF need not disregard a vote on Resolution 5 (and that person is not prohibited from voting) if the vote is cast by:

- a person identified above as proxy for a person who is entitled to vote on Resolution 5 and the vote is cast in accordance with the directions on the proxy form; or
- the Chairman of the Meeting (who may be a KMP) as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **Enquiries**

Securityholders may contact Computershare on 1300 850 505 (or, if overseas, on +61 (3) 9415 4000) if they have any queries in respect of the matters set out in these documents.



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## Defined Terms

In the Notice of Meeting and in this Explanatory Statement, unless the context otherwise requires:

**Annual General Meeting** or **AGM** means the general meeting to be held at Computershare, Level 4, 60 Carrington Street Sydney, NSW, 2000 on Thursday 12 November 2015 at 10 am.

**ASX** means ASX Limited or the securities market which it operates, as the case may be.

**Board** or **Board of Directors** means the board of Directors of Elanor.

**Closely Related Party** means, as defined in the Corporations Act, a closely related party of a member of the Key Management Personnel being:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependent of the member or of the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

**Constitution** means the constitution of EIL or EIF (as applicable).

**Director** means a Director of Elanor.

**Dollar** or **\$** means Australian dollars, the lawful currency of the Commonwealth of Australia.

**Elanor** or **Group** means, together, Elanor Investors Limited and Elanor Investment Fund.

**Equity Securities** has the meaning given in the Listing Rules.

**Financial Statements** means the financial statements of Elanor for the year ended 30 June 2015.

**Key Management Personnel** or **KMP** are those people described as Key Management Personnel in Elanor's Remuneration Report and includes all Directors.

**Listing Rule** means a listing rule of the ASX.

**Notice of Meeting** or **Notice** means the notice of meeting for the Annual General Meeting which accompanies this Explanatory Statement.

**Security** means a fully paid ordinary stapled security in Elanor, comprising a fully paid ordinary share in Elanor Investors Limited and a fully paid unit in Elanor Investment Fund.

**Securityholder** means a holder of Securities.

**Singular** includes plural and vice versa.

**VWAP** means the volume weighted average price of Elanor's securities.

