Collection House Limited
ABN 74 010 230 716

Notice of Annual General Meeting and Explanatory Memorandum

Date of Meeting:	**Friday, 1 November 2019**
Time of Meeting:	12:00 noon (Brisbane time)
Place of Meeting:	Hotel Pullman
	King George Square, Corner Ann & Roma Street
	Brisbane CBD, Queensland

Notice of Annual General Meeting

Collection House Limited

ABN 74 010 230 716

Notice is hereby given that the Annual General Meeting (**AGM**) of the Shareholders of Collection House Limited (the **Company**) will be held on **Friday, 1 November 2019** at **12:00 noon** (Brisbane time) at the **Hotel Pullman, King George Square, Corner Ann & Roma Street, Brisbane CBD QLD**.

The Meeting will be chaired from Brisbane and Shareholders will be able to participate in the AGM (including asking questions and voting on the matters to be considered at the AGM) at the venue. Questions received from shareholders will come through to the Chairperson via a cue. When the Chairperson accepts the question, the shareholder will have their microphone enabled.

Agenda

Ordinary Business

Financial Reports

To receive and consider the Company's 2019 Annual Report comprising:

(a) the financial report;

(b) the Directors' report; and

(c) the auditor's report,

for the financial year ended 30 June 2019.

Resolution 1 – Re-election of Mr Michael Knox as Director

1. To consider and, if thought fit, pass the following Ordinary Resolution:

   "That Mr Michael Knox, who retires by rotation in accordance with Article 17.1 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Resolution 2 – Remuneration Report – non binding advisory Resolution

2. To consider and, if thought fit, pass the following Resolution as an advisory Resolution:

   "That, for the purposes of section 250R(2) of the Corporations Act, the Remuneration Report for the year ended 30 June 2019 (as set out on pages 18 to 25 of the Directors' Report section of the Annual Report) is adopted."

   This Resolution is advisory only and does not bind the Directors or the Company.

   This Resolution is subject to voting exclusions as set out at the end of this Notice.

Resolution 3 – Approval of Performance Rights Plan

3. To consider and, if thought fit, pass the following Ordinary Resolution:

   "That for the purposes of ASX Listing Rule 7.2 (exception 9(b)) and for all other purposes, the Shareholders approve the issue of securities under the Collection House Limited Performance Rights Plan (**Plan**) approved by the Board on 19 September 2019, as an exception to Listing Rule 7.1."

   Note: In accordance with Listing Rule 7.2 (exception 9(b)), a summary of the Plan is set out in the Explanatory Memorandum.

   This Resolution is subject to voting exclusions as set out at the end of this Notice.

Resolution 4 – Approval of Performance Rights to Managing Director and Chief Executive Officer

4. To consider and, if thought fit, pass the following Ordinary Resolution:

   "That for the purposes of ASX Listing Rule 10.14 and for all other purposes (and in accordance with the Performance Rights Plan), the Shareholders approve the grant to its Managing Director and Chief Executive Officer, Anthony Rivas, 1,500,000 Performance Rights under the Collection House Limited Performance Rights Plan approved by the Board on 19 September 2019 in respect of the financial year ending 30 June 2020 on the terms set out in the Explanatory Notes which accompany this Notice of Meeting."

   This Resolution is subject to voting exclusions as set out at the end of this Notice.

General Business

To deal with any other business that may be lawfully brought forward in accordance with the Company's Constitution and the Corporations Act.

Voting Information

Voting Entitlements

Pursuant to Regulation 7.11.37 of the Corporations Regulations, the Directors have determined that the shareholding of each Shareholder for the purpose of ascertaining the voting entitlements for the Annual General Meeting will be as it appears in the Company's Share Register at 7:00 pm (Brisbane time) on Wednesday, 30 October 2019.

How to Vote

You may vote by attending the Annual General Meeting in person, by proxy or by authorised representative. If you intend to vote by proxy, in order to be valid, online proxies and proxy forms must be received no later than 12:00 noon (Brisbane time) on Wednesday, 30 October 2019.

(a) Voting in Person

To vote in person, attend the Annual General Meeting on the date and at the place set out above. Members who are a body corporate are able to appoint representatives to attend and vote at the Meeting under section 250D of the Corporations Act. If a representative of a company is appointed, a "Certificate of Appointment of Corporate Representative" should be produced prior to the Meeting. A form of the certificate may be obtained from the Company's Share Registry, Computershare Investor Services Pty Limited (**Computershare**), by contacting Computershare (details on the enclosed proxy form).

(b) Voting by Proxy

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to vote on their behalf. Where a member is entitled to cast two or more votes, they may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a member of the Company.

The proxy form must be completed and, together with the power of attorney (if any) under which the proxy form is signed, lodged at the Company's Share Registry, Computershare, GPO Box 242, Melbourne, Victoria, 3001 Australia or faxed to 1800 783 447 (within Australia) and +61 3 9473 2555 (outside Australia).

Instructions on how to sign the proxy are set out on Page 1 of the enclosed proxy form. Online proxies and proxy forms must be received no later than 12:00 noon (Brisbane time) on Wednesday, 30 October 2019 in accordance with the instructions contained in the proxy.

(c) Online Voting

To appoint a proxy online, visit www.investorvote.com.au quoting the 6 digit control number which can be found on the front of your personalised proxy form (**online voting**).

Intermediary Online Subscribers (**Custodians**) may lodge their proxy instruction online by visiting www.intermediaryonline.com.

Online voting is now mobile compatible so you can readily appoint a proxy straight from your smart phone*. To do this, enter www.investorvote.com.au directly into your smart phone and follow the instructions on your personalised proxy form. Alternatively, you can do this by scanning the QR Code on the front of your proxy form. To scan the QR code you will have needed to download and install a QR Code Scanner application for your smart phone.

* Optimised for Apple iOS and Android device.

Voting Exclusion Statements

A vote on Resolution 2

Voting exclusions apply pursuant to sections 250R(4) and 250BD of the Corporations Act.

A vote on Resolution 2 must not be cast, and the Company will disregard any votes cast:

(a) in any capacity by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of such a member, regardless of the capacity in which the votes are cast; and

(b) as a proxy by any member of the Key Management Personnel as at the time of the AGM, or by any Closely Related Party of such a member,

unless:

(a) the vote is cast by a person as a proxy and not on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and

(b) either:

(1) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or

(2) the proxy is the chair of the meeting and the appointment of the chair as proxy:

(A) does not specify the way the proxy is to vote on the resolution; and

(B) expressly authorises 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 for the Company or, if the Company is part of a consolidated entity, for the entity.

A vote on Resolution 3 or 4

Voting exclusion pursuant ASX Listing Rule 14.11 and for all other purposes.

The Company will disregard any votes cast on Resolution 3 or 4 by:

(a) any Director of the Company who is eligible to participate in the Company's Performance Rights Plan; or

(b) an associate of such a Director.

However, the Company need not disregard a vote 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.

Voting exclusion pursuant to section 250BD of the Corporations Act and for all other purposes.

As Resolutions 3 and 4 are resolutions connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 3 or 4 must not be cast by:

(a) any member of the Key Management Personnel for the Company (or, if the Company is a consolidated entity, for the entity); or

(b) a Closely Related Party of a member of the Key Management Personnel for the Company (or, if the Company is a consolidated entity, for the entity),

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on the resolution.

However, the Company need not disregard a vote if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, where the Shareholder does not specify in writing the way the proxy is to vote on the resolution, if the appointment of the proxy expressly authorises 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 for the Company (or, if the Company is a consolidated entity, for the entity).

Chairman's voting intentions

The Chairman of the AGM intends to vote all available proxies:

- **in favour** of Resolutions 1, 2, 3 and 4;

Explanatory Memorandum

An Explanatory Memorandum accompanies and forms part of this Notice of Meeting. Certain terms used in this Notice of

Meeting are defined in the "Interpretation" section of the Explanatory Memorandum.

All Shareholders should read the Explanatory Memorandum carefully. Shareholders who are in doubt regarding any part of the business of the Meeting should consult their financial or legal advisor for assistance.

By Order of the Board
COLLECTION HOUSE LIMITED



Doug McAlpine
Company Secretary
30 September 2019

Explanatory Memorandum

This Explanatory Memorandum is provided to Shareholders of the Company to explain the Resolutions to be considered by the Company's Shareholders at the Annual General Meeting which is to be held at 12:00 noon (Brisbane time / Australian Eastern Standard Time (AEST)) on Friday, 1 November 2019 at Hotel Pullman, King George Square, Corner Ann & Roma Street, Brisbane CBD QLD.

Consideration of Company's 2019 Annual Report

Section 317 of the Corporations Act requires the financial report, the Directors' report and the auditor's report to be tabled at the Annual General Meeting. There is no requirement either in the Corporations Act or in the Constitution of the Company for Shareholders to approve the financial report, the Directors' report or the auditor's report. The Company's 2019 Annual Report is placed before the Shareholders for discussion. No voting is required for this item. Shareholders can obtain a copy of the Company's 2019 Annual Report by downloading a copy from the Company's website: www.collectionhouse.com.au.

Resolution 1 – Re-election of Mr Michael Knox as Director

In accordance with the requirements of the Company's Constitution and the ASX Listing Rules, one-third of directors of the company (apart from the managing director and any director appointed since the last annual general meeting), and those who were re-elected more than three years ago must retire from office, and is eligible for re-election, at the annual general meeting of the Company.

Accordingly, this Resolution 1 seeks Shareholder approval of the re-election of Mr Michael Knox, who retires by rotation in accordance with the Company's Constitution.

Experience

Mr Michael Knox was appointed a Director of the Company by the Board effective 24 March 2017 in accordance with the Company's Constitution and was re-elected by Shareholders on 28 November 2017.

Mr Knox was an Australian Trade Commissioner serving in Saudi Arabia and Indonesia. He joined Morgans (now Morgans Financial Limited) in Sydney in 1988. He was Chief Institutional Options Dealer until moving to Brisbane in 1990 as Economist and Strategist. He joined the Board of Morgan Stockbroking in 1996. He became Director of Strategy and Chief Economist in 1998. Michael remained on the Board of Morgans until 2012.

Mr Knox has served on many Queensland Government advisory committees. He was Chairman of the Queensland Food Industry Strategy Committee in 1992, a Member of the Consultative Committee of the Ipswich Development Board in 1993, a Member of the Queensland Tourism Strategy Committee in 1994 and a Member of the Ministerial Advisory Committee on Economic Development in 1997. From 2003 to 2012, he was Chairman of the Advisory Committee of School of Economics and Finance at the Queensland University of Technology. He has been a Governor of the American Chamber of Commerce from 1997 to 2007. In 2008, Michael joined the Board of The City of Brisbane Investment Corporation Pty Ltd. Mr Knox remained on the Board until 2016. Michael was the President of the Economic Society of Australia (Qld) Inc from 2009 to 2013.

The Board considers Mr Knox to be an independent director.

Recommendation: The Directors (with Mr Knox abstaining) support the re-election of Mr Knox and recommend that you vote **FOR** Resolution 1.

Resolution 2 – Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Remuneration Report for the Company and its subsidiaries is submitted to the Meeting for adoption as a non-binding advisory resolution. The Remuneration Report is set out on pages 18 to 25 of the Directors' Report section of the Annual Report.

The Remuneration Report outlines the Company's remuneration philosophy and practices, together with details of the specific remuneration arrangements that apply to Key Management Personnel being the Non-executive Directors and Executive Management Team (**EMT**) of the Company and the Group in accordance with the requirements of the Corporations Act.

Amongst other matters, the Remuneration Report details:

- the remuneration of Directors;
- the remuneration of the executives with the greatest authority for the strategic direction and management of the consolidated entity;
- any performance hurdles for the exercise of performance rights; and
- the reasons for the granting of any specific short and long-term incentives.

Note: For the purposes of calculating remuneration, salary and bonuses (including performance rights) are included.

Use of Independent Remuneration Consultants

In performing its role, the Remuneration and Nomination Committee may directly commission and receive information, advice and recommendations from independent, external advisers. This is done to ensure the Group's remuneration packages are appropriate, reflect industry standards and help achieve the objectives of the Group's remuneration strategy. External benchmarking of executive and director remuneration arrangements were provided by PricewaterhouseCoopers (**PwC**) during the last financial year. Recommendations of the external remuneration advisors include the hiring of high calibre non-executive directors and the performance of an independent review on the Directors and Executives remuneration package.

Pursuant to section 250SA of the Corporations Act, the Chairman will allow a reasonable opportunity for the Shareholders to ask questions about, or make comments on, the Remuneration Report.

The vote on Resolution 2 is advisory only and does not bind the Directors or the Company. However, the Company respects the views of its Shareholders and will take the outcome of the vote into account when considering remuneration policy in the future.

Recommendation: The Directors unanimously recommend that Shareholders vote **FOR** Resolution 2.

Resolution 3 – Approval of Performance Rights Plan

At the Company's 2016 annual general meeting, the Company's existing performance rights plan (**2016 PRP**) was approved by Shareholders for the purposes of ASX Listing Rule 7.2 (Exception 9(b)). In accordance with ASX Listing Rule 7.2 (Exception 9), that approval will shortly expire.

The 2016 PRP was prepared in accordance with ASIC Class Order 14/1000 (**ASIC Class Order**), which currently governs employee incentive schemes.

The Company proposes to adopt a new performance rights plan, the 2019 Collection House Limited Performance Rights Plan (**Plan**), also in reliance upon the ASIC Class Order.

Similar to the 2016 PRP, the purpose of the Plan is to:

• assist in the reward, retention and motivation of Participants;

• align the interests of Participants with the interests of the Company's Shareholders;

• promote the long-term success of the Group and provide greater incentive for Participants to focus on the Group's longer term goals;

• link the reward of Participants to the performance of the Group and the creation of Shareholder value;

• provide Participants with the opportunity to share in any future growth in value of the Company; and

• allow the Board to apply malus and / or clawback in certain circumstances.

Shareholder approval of the Plan is therefore sought for all purposes under the Corporations Act and the ASX Listing Rules, including for the purpose of ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9(b)), which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1. Accordingly, Resolution 3 seeks Shareholder approval for the adoption of the Plan in accordance with Exception 9(b) of ASX Listing Rule 7.2 as an exception to ASX Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to issue Performance Rights (as equity incentives) under the Plan without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period. The Company will seek further Shareholder approval in accordance with the Corporations Act and the ASX Listing Rules prior to issuing any Performance Rights to Directors or their associates.

For the purposes of ASX Listing Rule 7.2 (Exception 9(b)):

• a summary of the key terms of the Plan are set out in Annexure A;

• 1,141,738 securities have been issued under the Plan since the date of the last approval (please see below for a breakdown of the number of securities issued under the 2016 PRP); and

• a voting exclusion statement in relation to Resolution 3 accompanies this Notice of Meeting.

As noted above, securities have been issued under the 2016 PRP:

• 3,747,550 Performance Rights were issued in FY17 (of which 1,141,738 were exercised, resulting in the issue of 1,141,738 shares and 2,605,812 lapsed);

• 341,071 Performance Rights were issued in FY18 (of which 79,296 lapsed); and

• 398,068 Performance Rights were issued for FY19 in the FY20 reporting period.

It is considered by the Directors that the adoption of the Plan and the future grant of Performance Rights under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

A copy of the full terms and conditions of the Plan is available on the Company's website www.collectionhouse.com.au/corporate-governance.

Recommendation: The Directors (with Mr Rivas abstaining) recommend that Shareholders vote **FOR** Resolution 3.

Resolution 4 – Approval of Performance Rights to Managing Director and Chief Executive Officer

The Company is seeking Shareholder approval for the grant of 1,500,000 Performance Rights (**FY20 Performance Rights**) to Mr Anthony Rivas (the Managing Director and Chief Executive Officer of the Company) under his long term incentive (**LTI**) package pursuant to the Performance Rights Plan.

The FY20 Performance Rights have a 3 year performance period which aligns with the further 3 year term of Mr Anthony Rivas' re-appointment as Managing Director and Chief Executive Officer announced on 25 June 2019.

The LTI program has the objective of delivering long-term Shareholder value by incentivising members of the executive management team to achieve sustained financial performance over a three-year period.

FY20 Performance Rights

The FY20 Performance Rights have a nil exercise price subject to a three year performance period (commencing 1 July 2019) (**Performance Period**) and will vest (and be automatically exercised on vesting) depending on the Group achieving certain Performance Hurdles as at 30 June 2022.

Upon exercise, each FY20 Performance Right will convert into one Share. The Shares allocated upon exercise will be subject to a Trading Restriction, being a restriction on the transfer and disposal of those Shares over a Restriction Period (being one-year period from the date of vesting, subject to the terms of the Plan).

The Performance Hurdles comprise a financial hurdle and a non-financial hurdle, details of which are set out below. The financial hurdle carries a 60% weighting in the vesting of FY20 Performance Rights. The non-financial hurdle carries a 40% weighting.

For the 60% of FY20 Performance Rights subject to the financial hurdles, vesting will be proportionate to achievement of CLH earnings per share (**EPS**) growth (calculated on a compound basis) over the Performance Period of 1 July 2019 to 30 June 2022:

EPS Growth (on a compound basis)	Vesting to be applied to those FY20 Performance Rights
0% to 5.00%	Nil
5.01% to 7.50%	Pro-rata vesting from 1/3 to 2/3
7.51% to 10.00%	Pro-rata vesting from 2/3 to 100%
More than 10.01%	100%

(Where EPS growth is between 5% and 10%, vesting of those FY20 Performance Rights will be assessed on a sliding scale basis up to a maximum of 100% of those FY20 Performance Rights)

For the 40% of FY20 Performance Rights subject to the non-financial hurdles, vesting will be on a sliding scale based on the Board's assessment of non-financial performance by Mr Anthony Rivas over the Performance Period relating to customer and staff engagement, leadership, culture and reputation.

The Company will report on the FY20 Performance Rights hurdles and achievement against them in the Company's FY20 Remuneration Report.

ASX Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit a director (or an associate of a director) of an entity to acquire securities under an employee incentive scheme without the approval of holders of ordinary securities of the acquisition.

As such, Resolution 4 seeks Shareholder approval for the grant of 1,500,000 Performance Rights to Mr Anthony Rivas pursuant to the Performance Rights Plan.

As approval is being sought under Listing Rule 10.14, in accordance with Listing Rule 7.2 (Exception 14) approval will not be required under Listing Rule 7.1 and in accordance with Listing Rule 10.12 (Exception 4) approval will not be required under Listing Rule 10.11.

For the purposes of Listing Rule 10.15, the Company advises as follows:

(a) the FY20 Performance Rights will be issued to Mr Anthony Rivas, the Managing Director and Chief Executive Officer of the Company [LR 10.15.1];

(b) the maximum number of Performance Rights to be issued to Mr Anthony Rivas is 1,500,000 (as set out above and referred to as the FY20 Performance Rights) [LR 10.15.2];

(c) no amount will be payable by Mr Anthony Rivas to the Company for the issue of the FY20 Performance Rights. The exercise price of the FY20 Performance Rights is nil [LR 10.15.3];

(d) the Performance Rights Plan is proposed for approval at this Meeting. For completeness, the Company notes that under the 2016 PRP, 3,000,000 performance rights were issued to Mr Anthony Rivas prior to his appointment as Managing Director. On 25 June 2019, Mr Rivas had forgone 2,000,000 of his performance rights leaving a balance of 1,000,000. No amount was payable for the issue of those performance rights which have now vested and were exercised and converted into ordinary shares on 12 September 2019. All of those performance rights had a nil exercise price [LR 10.15.4];

(e) the persons entitled to participate in the Performance Rights Plan are any employee (including any executive director) of the Group (or any other person) who the Board designates in its absolute discretion. As at the date of this Notice, Mr Anthony Rivas is the only person referred to in LR 10.14 to whom the Board has resolved to provide Performance Rights under the Performance Rights Plan [LR 10.15.4A];

(f) a voting exclusion statement is set out above in the Notice [LR 10.15.5.];

(g) no loan has been or will be given to Mr Anthony Rivas relating to the grant of the FY20 Performance Rights under the Performance Rights Plan [LR 10.15.6]; and

(h) subject to receiving Shareholder approval, the Company will issue the FY20 Performance Rights as soon as practicable after the date of the Meeting and in any event no later than 12 months after the date of the Meeting [LR 10.15.7].

The proposed long term incentive applicable to Mr Anthony Rivas has been formulated having regards to external benchmarking of executive and director remuneration. The requirement for shareholder approval to grant the FY20 Performance Rights under ASX Listing Rule 10.14 is a result of the Company seeking the proposed flexibility to settle the vested Performance Rights by the issue of new Shares. If approval is not given for the grant of the FY20 Performance Rights, the Board may consider other appropriate forms of long term incentive to incentivise Mr Rivas to achieve sustained long term performance. This may include consideration of performance rights or other incentives that are settled by the on-market acquisition of Shares or by payment of cash-equivalent amounts and that do not require shareholder approval for their adoption in accordance with the ASX Listing Rules.

Corporations Act

The Company has formed the view that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in relation to the grant of FY20 Performance Rights to Mr Anthony Rivas. Chapter 2E of the Corporations Act prohibits the giving of a financial benefit to a related party of a public company, unless the public benefit has been approved by shareholders, or the giving of that benefit falls within an exception set out in Chapter 2E of the Corporations Act. Section 211 of the Corporations Act provides an exception for a benefit that comprises remuneration to a related party as an officer or employee of a public company, where such remuneration is reasonable in the circumstances of the company and that officer or employee's particular circumstances (for example having regard to the responsibilities of or involved in such office). Accordingly, the Company considers that the exception in section 211 of the Corporations Act applies to the proposed grant of the FY20 Performance Rights to Mr Anthony Rivas.

Recommendation: The Directors (with Mr Rivas abstaining) recommend that Shareholders vote **FOR** Resolution 4.

Interpretation

In this Notice of Meeting and Explanatory Memorandum:

ASIC means the Australian Securities and Investments Commission;

ASIC Class Order or **Class Order** or **CO 14/1000** means ASIC Class Order 14/1000 as amended or replaced;

ASX means ASX Limited ABN 98 008 624 691;

Award means a right, being an entitlement to acquire a Share on the basis of one Share for each right (or to receive a Cash

Equivalent Value, at the discretion of the Board) subject to satisfaction of the applicable Condition and compliance with the applicable exercise procedure (including payment of any applicable Exercise Price), granted to a Participant under the Plan on the terms and conditions determined by the Board;

Board means the board of directors of the Company;

Chairman means the chairman of the Company;

Change of Control Event means in relation to the Company:

(a) a 25% Change of Control occurs (as defined in the Plan Rules);

(b) a Takeover Bid is made for the Company and the Board resolves to recommend the bid to Shareholders of the Company;

(c) a court convenes a meeting of Shareholders to be held to vote on a proposed scheme of arrangement pursuant to which control of the majority of the Shares in the Company may change;

(d) a notice is sent to Shareholders of the Company proposing a resolution for the winding up of the Company; or

(e) any transaction or event is proposed that, in the opinion of the Board, may result in a person becoming entitled to exercise control over the Company;

Clawback Policy means the clawback policy that applies to Employees of the Group from time to time in respect of the Shares;

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

(a) a spouse or child of the member; or

(b) a child of the member's spouse; or

(c) a dependant of the member or 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 regulation under the Corporation Act for the purposes of the definition of closely related party under the Corporations Act;

Company means Collection House Limited ABN 74 010 230 716;

Corporations Act means the *Corporations Act 2001* (Cth) as amended from time to time;

Corporations Regulations means the *Corporations Regulations 2001* (Cth) as amended from time to time;

Directors means directors of the Company;

EMT means the Executive Management Team of the Company;

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting;

FY17 means the 2017 financial year for the Company, being the 12 month period ended 30 June 2017;

FY18 means the 2018 financial year for the Company, being the 12 month period ended 30 June 2018;

FY19 means the 2019 financial year for the Company, being the 12 month period ended 30 June 2019;

FY20 means the 2020 financial year for the Company, being the 12 month period ending 30 June 2020;

Group means the Company and its Subsidiaries;

Key Management Personnel or **KMP** has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity;

Listing Rules or **LR** means the official listing rules of the ASX;

Meeting or **Annual General Meeting** or **AGM** means the Annual General Meeting of Shareholders of the Company;

Notice of Meeting or **Notice** means the notice of meeting convening the Meeting and the Explanatory Memorandum;

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders by members entitled to vote on the resolution;

Participant means an Employee who has been granted Awards under the Plan;

Performance Hurdles means, in respect of a Performance Right, any condition set out in the offer which must be satisfied (unless waived in accordance with the Plan) before that Performance Right can be exercised or any other restriction on exercise of that Performance Right specified in the offer or in the Plan;

Performance Right means a right granted in accordance with the Performance Rights Plan;

Plan or **Performance Rights Plan** means the 2019 Collection House Limited Performance Rights Plan the subject of Resolution 3 and summarised in Annexure A;

Remuneration Report means the Remuneration Report of the Company for the year ended 30 June 2019 (as set out on pages 18 to 25 of the Directors' Report section of the Annual Report);

Resolution means a resolution to be proposed at the Meeting;

Share means an ordinary fully paid share in the issued capital of the Company;

Shareholder means a holder of Shares in the Company;

Subsidiary has the meaning given to that term in the Corporations Act;

Takeover Bid has the meaning given to that term in section 9 of the Corporations Act;

Trading Restriction means a restriction on dealing in Shares allocated under the Performance Rights Plan;

Vest means a Participant becoming entitled to:

(a) have the Cash Equivalent Value or Shares underlying their Awards paid or allocated to him or her subject to the Rules of the Plan; or

(b) if applicable, exercise the Awards, and upon valid exercise, have the Cash Equivalent Value or Shares underlying their Awards paid or allocated to him or her subject to the Rules of the Plan,

and **Vested** or **Vesting** shall be construed accordingly.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Mr Doug McAlpine, the Company Secretary:

PO Box 2247
Fortitude Valley BC QLD 4006
Australia
Tel: +61 7 3292 1015
Email: Doug.McAlpine@collectionhouse.com.au

ANNEXURE A - SUMMARY OF PERFORMANCE RIGHTS PLAN

The key terms of the Plan are as follows:

Element	Summary
1. Eligibility	➢ Executives will be invited to participate in the Plan including the Managing Director and CEO (Anthony Rivas). The Board and CEO may exercise discretion to invite other employees or persons to participate in the Plan.
2. Award vehicle	➢ Participants will be granted rights (**Rights**), being an entitlement to receive one Share (or the Cash Equivalent Value), subject to satisfaction of the performance and service-related vesting Conditions. ➢ To the extent that the Conditions are satisfied, Rights will Vest (and be automatically exercised) and Shares will be allocated to the Participant as soon as practicable, in accordance with the Company's Securities Trading Policy. ➢ No consideration is payable on the grant or vesting of Rights.
3. Purpose	➢ The Plan is designed to allow the Board to make grants of Rights to Participants which provide them with opportunity to acquire Shares to assist with: ➢ attracting, motivating and retaining employees; ➢ delivering rewards to employees for individual and Company performance; ➢ aligning the interests of employees with those of Shareholders; and ➢ allowing the Board to apply malus and / or clawback in certain circumstances.
4. Performance Hurdles and Performance Period	➢ Rights will be subject to the Performance Hurdles determined by the Board in respect of the particular grant of Rights, assessed over the Performance Period determined by the Board, as set out in the particular terms of the grant. ➢ For the initial grant of Performance Rights, the Performance Period will be the three year period from 1 July 2019 to 30 June 2022.
5. Vesting Date	➢ The date following the end of the Performance Period when the Board determines the number of Rights that Vest, based on the extent to which the Vesting Conditions are satisfied.
6. Allocation of Shares	➢ Following determination of the extent to which the Conditions have been satisfied on the Vesting Date, the relevant number of Rights will Vest and be automatically exercised. One Share will be allocated for each Vested Right as soon as practicable following the Vesting Date.
7. Post-vesting Restriction Period	➢ Shares allocated are subject to a Trading Restriction, placing a restriction on the transfer and disposal of the Shares over the Restriction Period (being the one-year period from the Vesting Date over which the Trading Restriction applies).
8. Dividends and voting rights	➢ No dividends or voting rights will be payable or attached until Rights Vest and Participants are allocated Shares at the end of the Performance Period.
9. Lapse of Rights	➢ Subject to the Board's overriding discretion, a Participant's unvested Rights will lapse upon the earliest to occur of: ➢ a circumstance or event described in the provisions relating to restrictions on transfer or hedging of Rights, ceasing employment, variations of capital, divestment of a material business or subsidiary, Change of Control, clawback / malus for fraud or breach – which results in the lapsing of Rights; or ➢ failure to satisfy any Condition by the end of the Performance Period.
10. Cessation of employment	➢ Treatment of Rights on cessation of employment will depend upon the circumstances of cessation (and subject to an overriding Board discretion to determine a different treatment should apply).

	➢ **Unvested Rights** ➢ **"Bad" leaver:** Where a Participant ceases employment due to resignation or termination for cause, unvested Rights will be forfeited. ➢ **"Good" leaver:** Where a Participant ceases employment in any other circumstance, a pro-rata number (based on the proportion of the Performance Period that has elapsed at the time of cessation of employment) of unvested Rights will remain "on-foot" and will be performance tested at the end of the Performance Period. To the extent that the relevant performance-related Conditions are satisfied, the relevant number of Rights will Vest at the Vesting Date. ➢ **Cessation due to death:** Where a Participant ceases to be an Employee due to death, all unvested Rights will be transferred to the Participant's estate in accordance with all relevant laws. ➢ **Restricted Shares** ➢ Where a Participant ceases employment due to termination for cause, Shares subject to a Trading Restriction will be forfeited at the time of cessation. Where a Participant ceases employment for any other reason, the Participant will be entitled to retain their restricted Shares. Shares will become unrestricted at the end of the one-year Restriction Period as normal. ➢ **Overseas transfers** ➢ Where a Participant remains an employee of the Group but is transferred to work in another country or changes tax residence status, and as a result would: ➢ become subject to restrictions on that Participant's ability to hold or deal in Rights or Shares or receive any proceeds of sale from the sale of Shares due to the securities laws or exchange control laws of the country to which the Participant is transferred; or ➢ suffer a tax disadvantage (or cause a member of the Group to suffer a tax disadvantage), the Board has the discretion to determine that Rights Vest on such date, and to such extent and on such terms as they determine, before or after the Participant's transfer takes effect.
11. Change of control	➢ In the event that: ➢ 25% Change of Control occurs (as defined in the Plan Rules); ➢ a Takeover Bid is made for the Company and the Board resolves to recommend the bid to Shareholders of the Company; ➢ a court convenes a meeting of Shareholders to be held to vote on a proposed scheme of arrangement pursuant to which control of the majority of the Shares in the Company may change; or ➢ any transaction or event is proposed that, in the opinion of the Board, may result in a person becoming entitled to exercise control over the Company, the Board has discretion to determine the treatment of any unvested Rights and that the Trading Restriction ceases on restricted Shares. ➢ If the Board does not exercise its discretion on one of the above events, then on a 50% Change of Control (as defined in the Plan Rules), all unvested Rights will automatically Vest and any Trading Restriction applicable to Shares will cease to apply, unless the Board determines otherwise.
12. Malus and clawback	➢ In the event a Participant receives an unfair benefit as a result of their actions or actions of another employee (including in the event of fraud, dishonesty, gross misconduct, breach of obligation or delivering strong Company performance in a manner which is unsustainable or involves unacceptably high risk), the Board may determine to lapse unvested Rights or clawback any Shares allocated to, or sold by, the Participant.