

Growth through transformation

Notice of Annual General Meeting 2019/20

Notice of Annual General Meeting

Wednesday 13 May 2020

NOTICE IS GIVEN that the Annual General Meeting of Sigma Healthcare Limited (Company) will be held at The Events Centre, Collins Square, 727 Collins Street, Melbourne, Victoria at 11.00am Australian Eastern Standard Time on Wednesday 13 May 2020.

Items of Business

1 Chair's Address and Presentation by the Chief Executive Officer and Managing Director

2 Financial Statements and Reports

To consider the Company's Financial Report and Directors' and Auditor's Reports for the year ended 31 January 2020.

3 Remuneration Report

To adopt the Remuneration Report for the year ended 31 January 2020.

The vote on this resolution is advisory and does not bind the Company or its Directors.

4 Re-election of Directors

4.1 To re-elect as a Director Mr Michael Sammells who was appointed by the Board on 1 February 2020, automatically retires in accordance with Rule 3.3(a) of the Company's Constitution and, being eligible, offers himself for re-election.

4.2 To re-elect as a Director Mr David Bayes who retires by rotation in accordance with Rule 3.6 of the Company's Constitution and, being eligible, offers himself for re-election.

4.3 To re-elect as a Director Mr Raymond Gunston who retires by rotation in accordance with Rule 3.6 of the Company's Constitution and, being eligible, offers himself for re-election.

Special Business

5 Renewal of Proportional Takeover Provisions

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

That, for the purpose of sections 648G and 136(2) of the Corporations Act 2001 (Cth) and for all other purposes, the Company modify its Constitution by renewing the proportional takeover approval rules set out in rules 29.8 to 28.13, on and with effect from the date of the Meeting.

Information for Shareholders:

Webcast

In light of the novel coronavirus (COVID-19) situation in Victoria, Shareholders are strongly encouraged to attend the Meeting via webcast. As in previous years, the Meeting webcast will be accessible through the Investor Centre section of the Company's website. Shareholder questions, to be answered at the Meeting, can be submitted online at www.linkmarketservices.com.au. Questions must be received by the Company's Share Registry, Link Market Services Limited, by 11.00am Australian Eastern Standard Time on Monday, 11 May 2020. Further information about the webcast will be provided by way of an ASX announcement closer to the Meeting date.

Shareholders of the Company

For the purpose of voting at the Meeting, the Board has determined that persons holding Shares in the Company which are listed for quotation on the Australian Securities Exchange at 7.00pm in Melbourne on Monday, 11 May 2020 will be treated as Shareholders of the Company.

Appointment of Proxies

Proxies may be appointed for the Annual General Meeting. Please note that:

- a Shareholder entitled to attend and vote at the Meeting is entitled to appoint no more than two proxies to attend and vote on behalf of the Shareholder. Where two proxies are appointed, each proxy must be appointed to represent a specified number of votes or proportion of the Shareholder's voting rights. If no number or proportion is specified, each proxy may exercise half of the votes;
- a proxy need not be a Shareholder of the Company and may be an individual or a body corporate;
- a Shareholder that is a body corporate or a body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body corporate may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of their appointment, including any authority under which the appointment is signed, unless it has previously been provided to the Company;

- if a Shareholder appoints a KMP (as defined in the explanatory notes) as proxy, the KMP will not be able to cast the Shareholder's votes on Item 3 unless the Shareholder directs the KMP how to vote or the Chair of the Meeting is appointed as proxy. If a Shareholder appoints the Chair as their proxy (or the Chair is appointed proxy by default) and the Shareholder does not direct the Chair how to vote, then by signing and returning the proxy form the Shareholder will be expressly authorising the Chair to exercise the proxy for the relevant Item even though the Item is connected with the remuneration of the KMP; and
- if a Shareholder appoints the Chair of the meeting as proxy and does not specify how the Chair is to vote on an item of business, the Chair will vote (if permitted under the proxy form and subject to any applicable voting restrictions), as proxy in favour of the resolution.

Joint holders

In the case of joint holders of shares any one of the joint holders may vote at any meeting, but if more than one of such joint holders submits a vote, the vote of the first named of the joint holders in the Register of Members, whether submitted in person or by proxy or by attorney or in any other approved means, will be accepted to the exclusion of the votes of the other joint holder(s).

Lodgement of Proxy Forms

A proxy form accompanies this Notice of Meeting. To be effective, the completed proxy form and the power of authority (if any) under which the proxy form is signed or a certified copy of the relevant authority must be received by the Company at least 48 hours before the start of the Meeting (that is, by 11.00am Australian Eastern Standard Time on Monday, 11 May 2020).

Proxies (and, if applicable, authorities) may be returned:

By mail:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

By hand:

Link Market Services Limited
Level 12, 680 George Street
Sydney 2000

By facsimile:

+61 2 9287 0309

Online:

at www.linkmarketservices.com.au
Login to the Link website using the details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online voting facility, Securityholders will need their 'Holder Identifier' (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).

If you have any difficulties lodging your vote online, or if you require an additional proxy form, please contact Link Market Services on +61 1300 139 653.

Explanatory Notes on Resolutions

Item 2 – Financial Statements and Reports

The Corporations Act 2001 (Cth) (**Corporations Act**) requires the Directors to lay before the Meeting the Financial Report, Directors' Report and the Auditor's Report for the financial period ended 31 January 2020.

Shareholders have been provided with relevant information concerning the Company's financial statements in the Annual Report of the Company for the year ended 31 January 2020. The Annual Report is available on the Company's website and has been dispatched to Shareholders who have elected to receive a hard copy on 9 April 2020. A copy of the financial statements and the associated reports will also be tabled at the Meeting.

There is no requirement either in the Corporations Act or the Company's Constitution for Shareholders to vote on the reports. However, Shareholders will be given a reasonable opportunity to ask questions and make comments on these reports at the Meeting.

The Company's auditors will be present at the meeting.

Item 3 – Remuneration Report

The Corporations Act requires a non-binding resolution to be put to Shareholders for the adoption of the Remuneration Report and a reasonable opportunity for Shareholders to comment on and ask questions about the Remuneration Report.

The Remuneration Report is contained in the Annual Financial Report. Copies of the Annual Financial Report, including the Remuneration Report, are available on the Company's

website at www.sigmahealthcare.com.au or may be obtained from the Office of the Company Secretary by telephoning (03) 9215 9215.

The Remuneration Report includes:

- an explanation of the Company's policy for determining the remuneration of the Key Management Personnel (**KMP**);
- a discussion of the relationship between that policy and the Company's performance;
- prescribed information regarding KMP; and
- where any element of the remuneration of a member of the KMP depended on the satisfaction of a performance condition, a summary of that performance condition and an explanation of why it was adopted in relation to the relevant personnel.

The vote on the proposed resolution in this item is advisory only and will not bind the Company or its Directors. However, if comments are made on the Remuneration Report at the meeting, the Remuneration Report will include an explanation of the Board's proposed action in response to those comments or, if no action is proposed, the reasons why.

If at least 25% of the votes cast on the resolution are against adoption of the Remuneration Reports at two consecutive Annual General Meetings (**AGMs**), the Company will be required to put a resolution to Shareholders proposing that a general meeting (**Spill Meeting**) be held within 90 days of the second AGM to consider the election of Directors of the Company (**Spill Resolution**). If more than 50% of the votes cast on the Spill Resolution are in favour of the Spill Resolution, the Spill Resolution will be passed and all of the Directors in office will cease to hold office immediately before the end of the Spill Meeting, unless they are re-elected at the Spill Meeting.

Voting Restrictions

The Corporations Act prohibits any votes being cast on the proposed resolution in Item 3 by or on behalf of:

- a member of the Company's KMP, details of whose remuneration are included in the Remuneration Report; or
- a closely related party of a KMP, regardless of whether those votes are cast as a Shareholder, a proxy or in any other capacity, and the Company will disregard any such votes, unless:

- the vote is cast by a proxy appointed in writing that specifies how the proxy is to vote on Item 3, and is not cast on behalf of a KMP or a closely related party of a KMP; or
- the vote is cast as a proxy by the Chair of the meeting and the proxy appointment expressly authorises the Chair to exercise an undirected proxy.

A closely related party of a KMP includes a spouse, child or dependant of the KMP, or anyone else in the KMP's family who may be expected to influence the KMP or be influenced by the KMP in the KMP's dealings with the Company, or a company the KMP controls.

The Chair of the meeting intends to vote undirected proxies (subject to the instructions set out in the proxy form and any other applicable restrictions) in favour of Item 3.

If you are a KMP or a closely related party of a KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as described above), you may commit an offence by breaching the voting restrictions that apply to you under the Corporations Act.

Item 4 – Re-election of Directors

Rule 3.3(a) of the Company's Constitution provides that any Director appointed by the Board automatically retires at the Annual General Meeting following appointment and is eligible for re-election at that Meeting. Mr Michael Sammells was appointed by the Board on 1 February 2020 and will automatically retire at the Meeting.

In addition, Rule 3.6 of the Company's Constitution requires one-third of the current Directors (excluding the Managing Director), or the whole number nearest one-third, to retire by rotation at each Annual General Meeting. Accordingly, Mr David Bayes and Mr Raymond Gunston, being amongst the longest serving Directors, will retire at the Meeting.

Being eligible, Mr Michael Sammells, Mr David Bayes and Mr Raymond Gunston offer themselves for re-election

Each election will be conducted as a separate resolution.

Profiles of the Directors standing for re-election can be found on page 4 of this Notice of Meeting.

Item 5 – Renewal of Proportional Takeover Provisions

Under the Corporations Act, a company may include provisions in its constitution to enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by Shareholders.

A proportional takeover bid is a takeover bid where the offer made to each Shareholder is only for a proportion of that holder's securities.

If a Shareholder accepts in full an offer under a proportional takeover bid, they will dispose of the specified proportion of their Shares and retain the balance of their Shares.

The Company's Constitution contains provisions requiring Shareholder approval of a proportional takeover bid in rules 29.8 to 29.13. For these provisions to be operative, specific approval of the proportional takeover rules is required. As the renewal of these provisions in the Constitution is taken to be a modification of the Constitution under section 648D(1) of the Corporations Act, the resolution in Item 5 to approve the renewal of the proportional takeover rules in the Constitution must be approved by special resolution.

The Directors consider it in the interests of Shareholders to renew approval of these provisions in the Constitution. If the resolution in Item 5 is passed, the proposed proportional takeover provisions (in rules 29.8 to 29.13 of the Constitution) will be reinserted for a further three years from the time the resolution is passed. If the resolution in Item 5 is approved, the proportional takeover provisions will be in exactly the same terms as the previous provisions and will be renewed with effect from the date of the Meeting.

Where the approval of Shareholders is sought to renew proportional takeover provisions, the Corporations Act requires certain information to be included in the Notice of Meeting. That information is set out below.

Effect of Proportional Takeover Provisions

If a proportional takeover bid is made, the Directors must ensure that a resolution of relevant security holders to approve the takeover bid is voted on.

The resolution must be voted on before the 14th day before the last day of the bid period (that is, no later than 15 days before the last day of the bid period).

The vote is decided on a simple majority of those entitled to vote – the bidder and its associates are not able to vote on the resolution. If the resolution is not passed, binding acceptances under the takeover bid must be rescinded and offers failing to result in binding contracts will be taken to have been withdrawn. If the resolution is not voted on before the required deadline, the bid will be taken to have been approved.

If the bid is approved (or taken to have been approved), transfers under the takeover bid can be registered (provided they otherwise comply with other provisions of the Corporations Act and the Constitution).

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

Reasons for Proportional Takeover Provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their shares. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium.

These provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any proportional takeover bid is appropriately priced.

Knowledge of Any Acquisition Proposals

As at the date this Notice of Meeting was prepared, no Director of the Company is aware of any proposal by any person to acquire or to increase a substantial interest in the Company.

Review of Proportional Takeover Provisions

While the previous proportional takeover provisions were in effect, there were no full or proportional takeover bids for the Company.

Therefore there has been no example against which to review the advantages or disadvantages of the previous proportional takeover provisions for the Directors and Shareholders respectively. The Directors are not aware of any potential takeover bid that was discouraged by these provisions.

Potential Advantages and Disadvantages

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages for Shareholders of the proportional takeover provisions include:

- Shareholders have a say in whether an offer under a proportional takeover bid should proceed;
- they may help Shareholders to avoid being locked in as a relatively powerless minority;
- they increase Shareholders' bargaining power and may assist in ensuring that any proportional takeover bid is adequately priced; and
- may help individual Shareholders assess the likely outcome of the proportional takeover bid and decide whether to accept or reject an offer under the bid.

The potential disadvantages for Shareholders include:

- provisions place a hurdle that may discourage proportional takeover bids being made for shares in the Company;
- Company's share price may be depressed or the Shareholders may lose an opportunity to sell some of their shares at a premium; and
- likelihood of a proportional takeover succeeding may be reduced.

The Directors do not believe the potential disadvantages outweigh the potential advantages of reinserting the proportional takeover provisions for a further three years.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of the resolution in Item 5.

Profiles on each of the Directors up for re-election at the Meeting are set out below:



Mr David Bayes

FAICD

Non-Executive Director, Chair of the People and Remuneration Committee, Member of the Risk Management and Audit Committee.

Appointed a Director of the Company in June 2007.

Mr Bayes is the current Chairman of Plarre Foods Pty Ltd, a food manufacturing and retail franchise group trading as Ferguson Plarre Bakehouses, is a Non-Executive Director of the Australian Institute of Company Directors and is the current President of the Victoria Council, Australian Institute of Company Directors.

Mr Bayes has over 35 years' experience in multi-outlet retail business and has held a variety of board and executive positions including former Chief Executive Officer of Choice Hotels Australasia, Chief Operating Officer of Mortgage Choice, Chief Executive Officer and Director of Bakers Delight, former Non-Executive Director of Chiquita Brands South Pacific Ltd, former Non-Executive Director of North Western Healthcare Network and former Vice President and Director of McDonald's Australia. Mr Bayes has not held any directorships of listed entities in addition to those set out above during the last three years.

The Board considers Mr Bayes to be an independent Director of the Company. Having regard to Mr Bayes' qualifications, experience and demonstrated skills, and the valuable contributions he has made to Board matters to-date, the Board supports Mr Bayes' re-election as a Director.



Mr Raymond Gunston

B.Comm (Hons), DipEd,
FCPA, FTA, GAICD

Non-Executive Director, Chair of the Risk Management and Audit Committee, Member of the People and Remuneration Committee

Appointed a Director of the Company in July 2010.

Mr Gunston is a Non-Executive Director and Chairman of the Board Audit and Risk Committee of Hotel Property Investments Limited. He has over 40 years of extensive corporate and financial services experience in the public and private sectors, specialising in finance, treasury, mergers and acquisitions, and accounting. He is a former Chief Financial Officer of Tatts Group Limited, and a former director of many of the Tatts Group's subsidiary and associate companies, and the former Interim CEO for the Essendon AFL Football Club. Mr Gunston is currently General Manager – Infrastructure, Major Projects and Investment of the Australian Football League. Mr Gunston has not held any directorships of listed entities in addition to those set out above during the last three years.

The Board considers Mr Gunston to be an independent Director of the Company. Having regard to Mr Gunston's qualifications, experience and demonstrated skills, and the valuable contributions he has made to Board matters to-date, the Board supports Mr Gunston's re-election as a Director.



Mr Michael Sammells

BBus (Acc), FCPA, GAICD

Non-Executive Director, Member of the Risk Management and Audit Committee

Appointed a Director of the Company in February 2020.

Mr Sammells was appointed as a Non-Executive Director, and member of the Risk, Audit and Remuneration Committees, of AMP Limited effective 1 March 2020. Mr Sammells has not held any other directorships in listed entities.

Mr Sammells has 30 years of broad experience in finance, corporate services and has held operational roles with expertise in finance, accounting, treasury, investor relations, capital developments, mergers and acquisitions and IPOs. Mr Sammells is a former Chief Financial Officer of Healthscope Limited and Medibank Private.

Prior to Mr Sammells appointment to the Board, the Company undertook checks into his character, experience, education, criminal record and bankruptcy history. These checks did not reveal any information of concern.

The Board considers that Mr Sammells qualifies as an independent Director.

The Board supports the re-election of Mr Sammells due to his qualifications, experience and demonstrated skills, which align with the matrix of skills the Board is currently looking to achieve in its membership, as outlined in the Company's Annual Report.



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