

## **Notice of Meeting**

Notice is hereby given that the Annual General Meeting of members of Equity Trustees Limited will be held at the offices of Deloitte Touche Tohmatsu, Level 10, 550 Bourke Street, Melbourne on Friday, 28 October 2011 at 11:00am.

### **Ordinary Business**

1. To receive and consider the financial statements and the reports of the directors and auditor for the year ended 30 June 2011.
2. To adopt the remuneration report for year ended 30 June 2011.
3. To consider the election of directors:
  - a) Mr David Frederick Groves retires in accordance with Rule 49 of the company's Constitution and, being an eligible person, offers himself for re-election.
  - b) The Hon Jeffrey Gibb Kennett AC retires in accordance with Rule 49 of the company's Constitution and, being an eligible person, offers himself for re-election.

### **Special Business**

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

"That approval is given for the grant to the Managing Director, Mr Robin Burns, of an Award to receive shares in the company as described in the Explanatory Notes to the notice convening this meeting."

575 Bourke Street  
Melbourne  
28 September 2011

**By Order of the Board**  
**Terry Ryan**  
**Company Secretary**

## **Eligibility to Vote**

For the purpose of voting at the Annual General Meeting, the Directors have determined that all shares in the Company are taken to be held by the persons who are registered as holding them at 7.00 pm (Melbourne time) on 26 October 2011.

The entitlement of shareholders to vote at the Annual General Meeting will be determined by reference to that time.

## **Voting Exclusions**

The *Corporations Act 2001* (Cth) (***Corporations Act***) and the ASX Listing Rules require that certain persons must not vote, and the Company must disregard any votes cast by such persons, on two of the resolutions to be considered at the Annual General Meeting. These voting exclusions are described below:

### **Item 2 ('Adoption of the Remuneration Report')**

Except to the extent otherwise permitted by law, the following persons may not vote, and the Company will disregard any votes cast by the following persons, on the resolution proposed in item 2 (***Resolution 2***):

- A member of the key management personnel for the EQT consolidated group (each a **KMP**) whose remuneration details are included in the Remuneration Report (or a closely related party of any such KMP), unless:
  - that person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 2; and
  - the vote is not cast on behalf of a KMP whose remuneration details are included in the Remuneration Report (or a closely related party of any such KMP).
- A KMP (or a closely related party of any such KMP) that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on Resolution 2, unless:
  - the proxy is the Chairman of the meeting at which Resolution 2 is voted on; and
  - the proxy appointment expressly authorises the Chairman to exercise the proxy even if Resolution 2 is connected directly or indirectly with the remuneration of a KMP.

**Item 4 ('Re-Approval of Award for Managing Director')**

The following persons may not vote, and the Company will disregard any votes cast by the following persons, on the resolution proposed in item 4 (**Resolution 4**):

- Mr Robin Burns and any of his associates. However, the Company need not disregard a vote if:
  - 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
  - it is cast by the Chairman of 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.
- A KMP (or a closely related party of any KMP), on the basis of their appointment as a proxy, where the proxy appointment does not specify the way the proxy is to vote on Resolution 4, unless:
  - the proxy is the Chairman of the meeting at which Resolution 4 is voted on; and
  - the proxy appointment expressly authorises the Chairman to exercise the proxy even if Resolution 4 is connected directly or indirectly with the remuneration of a KMP.

For the purposes of these voting exclusions:

The '**key management personnel for the EQT consolidated group**' (or **KMPs**) are those persons having authority and responsibility for planning, directing and controlling the activities of the EQT consolidated group either directly or indirectly. It includes all Directors (Executive and Non-Executive). The KMPs during the year ended 30 June 2011 are listed in the Remuneration Report contained in the Directors' Report for the year ended 30 June 2011.

A '**closely related party**' of a KMP means:

- a spouse or child of the KMP; or
- a child of the KMP's spouse; or
- a dependant of the KMP or of the KMP's spouse; or

- anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the EQT consolidated group; or
- a company the KMP controls.

The Company will also apply these voting exclusions, on an equivalent basis, to persons appointed as attorney by a shareholder to attend and vote at the Annual General Meeting under a power of attorney.

## **Proxies**

A member of the company entitled to attend and vote at the Annual General Meeting has the right to appoint a Proxy. The Proxy Form must be signed by the member or by an attorney of the member.

A Proxy need not be a member of the company. If the member is entitled to cast two or more votes at the meeting, the member may appoint two Proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each Proxy may exercise, each Proxy may exercise half the votes.

A Proxy Form accompanies this Notice of Meeting. For the appointment of a proxy to be effective for the meeting, the Proxy Form must be received at least 48 hours before the meeting by the Share Registry of the company, by mail (reply paid envelope enclosed): Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, by hand: Computershare Investor Services Pty Limited, located at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067, or the company's Registered Office at Level 2, 575 Bourke Street, Melbourne, or by fax on (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555.

## **Explanatory Notes**

### **Item 3 Election of Directors**

Messrs Groves and Kennett retire by rotation and offer themselves for re-election.

A brief biographical description of each retiring director is included in the 2011 Annual Report.

The Board, other than the directors concerned, have reviewed the performance of the directors standing for re-election. The Board believes that Messrs Groves and Kennett have performed well and continue to make valuable contributions to the Board. Mr Groves has Chaired the Audit & Compliance Committee since 2003 during a period of high growth for the group, with the committee providing valuable oversight of audit and compliance issues. Mr Kennett has been a key member of the Remuneration & Human Resources Committee since 2008, including a period as Acting Chairman. The committee has been active in aligning remuneration arrangements with group financial results. The Board concluded that Messrs Groves and Kennett should be proposed for re-election and accordingly recommend that you vote in favour of their re-election. The Chairman intends (subject to the instructions on how to complete the proxy form) to vote undirected proxies "For" the re-election of Messrs Groves and Kennett.

### **Item 4 Long-Term Incentive Award for the Managing Director, Mr Robin Burns**

In 1999, Shareholders approved the establishment of the Equity Trustees Limited Executive Performance Share Plan 1999 (the Plan). In broad terms, the Plan provides for the company to grant certain rights (Awards) to eligible executives and to be issued ordinary shares in the company if certain performance criteria are satisfied. The purpose of the Plan is to attract,

retain and reward well performed executives. The terms and conditions of issue of Awards are at the complete discretion of the Board.

The purpose of this resolution is to seek the approval of shareholders to grant an Award under the Plan to the Managing Director, Mr Robin Burns, in accordance with the terms and conditions of the Plan, which are broadly outlined hereunder. This Award is the 2011/12 series, with a commencement date of 1 July 2011.

The structure of executive compensation at Equity Trustees is a combination of:

- a fixed annual remuneration;
- a short term incentive (STI) payable annually in cash, based on the achievement of certain corporate and personal objectives relative to the company's annual business plan and strategic goals; and
- a long term incentive (LTI) payable in shares if pre-agreed targets are achieved over a three year period.

The intention is to structure executive compensation such that, depending on seniority, up to 55% of total remuneration is 'at risk' and dependent on corporate and personal performance. The underlying principle is that executive rewards should flow as and when commensurate rewards flow to shareholders.

The Managing Director's fixed annual remuneration is currently \$450,000.

The components of 'at risk' compensation for the Managing Director are as follows:

- STI – up to 60% of fixed annual remuneration, payable in cash, and
- LTI – up to 54% of fixed annual remuneration, convertible to shares.

For the purposes of the STI, the objectives will be expressed in terms of the business plan parameters, including profitability, revenue growth, leadership, culture, etc and documented as part of the annual business planning cycle.

For the purposes of the LTI, the Award is determined by targets based on two components:

- 50% Total Shareholder Return (TSR)
- 50% Earnings per Share Growth (EPS)

The key components of the Award proposed to be granted to Mr Burns are as follows:

- The grant date for this Award is 28 October 2011, with the Award being conditional upon approval by shareholders at this meeting. If approved, the Award will be issued to Mr Burns on 2 November 2011.
- The Award covers a 3 year period, commencing 1 July 2011.
- At the commencement of the 3 year period, the dollar value of the Award is determined – ie, 54% (or such other percentage determined by the Board) multiplied by the Managing Director's fixed annual remuneration.
- The dollar value of the Award is then divided by the volume weighted average price (VWAP) of EQT shares traded on the ASX during the 3 months prior to the commencement of the 3 year period applicable to the Award to give the number of EQT shares subject to the Award for the 3 year period.
- The maximum number of shares subject to this Award is 16,508.
- EQT shares are only issued if TSR and/or EPS criteria (as described below) have been met at the completion of the 3 year period.
- There is no price paid or payable if shares are issued.
- Once shares are issued, they are subject to a disposal restriction period for up to a further four years, after which they are released to the individual.
- During the disposal restriction period, dividends paid or reinvested are owned by the Managing Director.
- Any increase in share price over the 3 year period, as well as the four year disposal restriction period, is to the benefit of the Managing Director.

- The Managing Director is responsible for his personal taxation obligations in relation to ownership, sale or dividends received.
- Resignation during the 3 year measurement period terminates the Award and the value to the Managing Director is nil.
- Details of shares issued under the Plan are recorded in the Annual Report in respect of the period during which the shares are issued.
- Apart from the Managing Director, shareholder approval is currently not required in respect of participants under the Plan.

50% of the Award will be subject to a TSR condition. The achievement of the TSR target is determined by reference to the increase in EQT share price plus dividends reinvested over the 3 year period compared to a suitable Comparator Group, and linked to the following vesting scale:

- If the EQT TSR is less than the 50<sup>th</sup> percentile, then: nil share allocation
- If EQT TSR is equal to the 50<sup>th</sup> percentile, then: 50% share allocation
- If EQT TSR is equal to the 75<sup>th</sup> percentile, then: 100% share allocation
- If between the 50<sup>th</sup> and 75<sup>th</sup> percentile, then: Prorata share allocation

50% of the Award will be subject to an EPS condition. The achievement of the EPS target is determined by reference to the growth in normalised EPS over the 3 year period. Normalised EPS is based on pre-tax profit excluding profit/losses on sale of investments and based on the reported weighted average shares on issue during each year. The vesting scale is as follows:

- If growth in EQT EPS is less than 5% pa, then: nil share allocation
- If growth in EQT EPS is 5% pa, then: 25% share allocation
- If growth in EQT EPS is 15% pa, then: 100% share allocation
- If growth in EQT EPS is between 5% pa and 15% pa, then: Prorata share allocation

For each component of the Award, the performance assessment is after each 3 year period. If necessary, where the full TSR component of the Award is not granted after the 3 year period the final re-assessment for TSR can be made either at the half year, or at the end of the fourth year. If the full TSR component of the Award is not achieved at that time, the non-achieved balance of the TSR component of the Award lapses.

Once shares are issued they fully vest to the Managing Director, subject to the 4 year disposal restriction period.

LTI Awards may be made annually at the discretion of the Board. In some years there may be no Awards made.

The extent of participation in both the STI and LTI arrangements, within the above limits, will be at the discretion of the Board, having regard to corporate results and the personal performance of the Managing Director. Each Award under the LTI will be subject to its own TSR and EPS three year target.

In relation to the prior year Award (2010/2011), as approved by shareholders at the Annual General Meeting on 29 October 2010, 16,088 Awards were issued to Mr Burns on 10 November 2010.