

Notice of Annual General Meeting and Explanatory Memorandum

Date of Meeting: Thursday, 29 November 2018

To be held at:

12:00 noon (Brisbane time)

Hotel Pullman
King George Square,
Corner Ann & Roma Street
Brisbane CBD, Queensland

1:00 pm (Sydney time)

Sofitel Wentworth
Hobart Room
61-101 Phillip Street
Sydney, New South Wales

1:00 pm (Melbourne time)

Radisson on Flagstaff Gardens
Melbourne
380 William Street
Melbourne, Victoria

For personal use only



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 Thursday, 29 November 2018 at:

**12:00 noon (Brisbane time/
Australian Eastern Standard
Time (AEST))**

Hotel Pullman
King George Square, Corner
Ann & Roma Street, Brisbane
CBD QLD

**1:00 pm (Sydney time/
Australian Eastern Daylight
Time (AEDT))**

Sofitel Wentworth,
Hobart Room
61-101 Phillip Street,
Sydney NSW

**1:00 pm (Melbourne time/
Australian Eastern Daylight
Time (AEDT))**

Radisson on Flagstaff Gardens
Melbourne
380 William Street,
Melbourne VIC

The AGM will be broadcast live from Brisbane to the Sydney and Melbourne venues using a video webcast conducted through Streamgate (CPU partners) together with audio connected between all venues through Lumi and Streamgate (CPU partners). Shareholders will be able to participate in the AGM (including asking questions and voting on the matters to be considered at the AGM) at any of those venues. The meeting will be chaired from Brisbane. Questions received from shareholders in the Sydney or Melbourne venues will come through to the Chairperson via a cue. When the Chairperson accepts the question, the shareholder in the remote site will have their microphone enabled. The Brisbane venue will be able to hear the shareholder from the remote sites but not be able to see them.

Agenda

Ordinary Business

Financial Reports

To receive and consider the Company's 2018 Annual Report comprising:

- (a) the financial report;
- (b) the Directors' report; and
- (c) the auditor's report,

for the financial year ended 30 June 2018.

Resolution 1 – Re-election of Mr Leigh George Berkley as Director

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

"That Mr Leigh George Berkley, 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 – Election of Ms Sandra Birkensleigh as Director

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

"That Ms Sandra Birkensleigh, who retires in accordance with Article 16.4(b) of the Company's Constitution and, being eligible, offers herself for election, be elected as a Director of the Company."

Resolution 3 – Election of Ms Catherine McDowell as Director

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

"That Ms Catherine McDowell, who retires in accordance with Article 16.4(b) of the Company's Constitution and, being eligible, offers herself for election, be elected as a Director of the Company."

Resolution 4 – Remuneration Report – non binding advisory Resolution

4. 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 2018 (as set out on pages 17 to 29 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. However, if 25% or more of the votes cast on the Resolution are against the Resolution, the conditional spill resolution below will be put to shareholders for their consideration and vote.

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

Contingent Business

Resolution 5 – Conditional Spill Resolution

5. If required, to consider and, if thought fit, pass the following Ordinary Resolution:

"That, subject to and conditional upon at least 25% of the votes cast on Resolution 4 being cast against the Remuneration Report, to hold an extraordinary general meeting of the Company (Spill Meeting) within 90 days of this Resolution passing at which:

- (a) all the Non-executive Directors in office when the resolution to approve the Directors' report for the financial year ended 30 June 2018 was passed (being Leigh Berkley and Michael Knox) and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and
- (b) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting are put to the vote at the Spill Meeting."

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

The Board recommends that shareholders vote AGAINST Resolution 5 for the reasons set out on page 10 of the Explanatory Memorandum.

Resolutions requisitioned by a shareholder (Non-Board Endorsed)

Resolution 6 – That Mr Rade Dudurovic be appointed as Director (Non-Board Endorsed)

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

“That Mr Rade Dudurovic be appointed as a Director of the Company with effect from the close of the meeting.”

This Resolution is **NOT ENDORSED** by the Board of Directors.

The Board recommends that shareholders vote **AGAINST** Resolution 6 for the reasons set out on pages 10 to 11 of the Explanatory Memorandum.

Resolution 7 – That Mr John Toigo be appointed as Director (Non-Board Endorsed)

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

“That Mr John Toigo be appointed as a Director of the Company with effect from the close of the meeting.”

This Resolution is **NOT ENDORSED** by the Board of Directors.

The Board recommends that shareholders vote **AGAINST** Resolution 7 for the reasons set out on pages 10 to 11 of the Explanatory Memorandum.

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 AEST on Tuesday, 27 November 2018.

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 noon (Brisbane time) on Tuesday, 27 November 2018.

(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 noon (Brisbane time) on Tuesday, 27 November 2018 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 4 or 5

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

A vote on Resolution 4 or 5 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.

Chairman's voting intentions

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

- » **in favour** of Resolutions 1, 2, 3 and 4;
- » **against** Resolutions 5, 6 and 7.

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.

Failure of technology

A failure in the technology facilitating the AGM to be simultaneously transmitted live between the three venues will not invalidate the AGM.

Where a failure in the technology occurs, the AGM will continue in Brisbane and the shareholders who attend the AGM in Sydney or Melbourne may not be able to participate fully in the AGM however they will be able to vote on all remaining resolutions by way of a show of hands and on a poll.

By Order of the Board

COLLECTION HOUSE LIMITED



Kristine May
Company Secretary
26 October 2018

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)) at Hotel Pullman, King George Square, Corner Ann & Roma Street, Brisbane CBD QLD;
- » 1:00 pm (Sydney time/Australian Eastern Daylight Time (AEDT)) at Sofitel Wentworth, Hobart Room, 61-101 Phillip Street, Sydney NSW; and
- » 1:00 pm (Melbourne time/Australian Eastern Daylight Time (AEDT)) at Radisson on Flagstaff Gardens Melbourne, 380 William Street, Melbourne VIC.

The Directors recommend that Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Consideration of Company's 2018 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 2018 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 2018 Annual Report by downloading a copy from the Company's website: www.collectionhouse.com.au.

Resolution 1 – Re-election of Mr Leigh George Berkley as Director

In accordance with the requirements of the Company's Constitution and the ASX Listing Rules, while the Company has fewer than three directors (apart from the managing director and any director appointed since the last annual general meeting), one of those directors must retire, 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 Berkley, who retires by rotation in accordance with the Company's Constitution.

Experience

Mr Leigh Berkley was appointed a Director of the Company by the Board effective 1 July 2016 in accordance with the Company's Constitution and was re-elected by Shareholders on 4 November 2016.

Mr Berkley was appointed as Chairman of the Company on 29 November 2017.

Mr Berkley has more than 30 years' experience in the collections and debt purchase industry.

He is a Board member and immediate past President of the Credit Services Association (CSA) in the UK, and is Vice President of the European trade body FENCA where he is currently leading the development of a Code of Conduct for GDPR for the Collections industry across Europe. He also assisted the Australian Collectors & Debt Buyers Association (ACDBA) develop the 'Code of Practice'.

Mr Berkley is currently the Director of External Affairs and Development of Arrow Global Group Plc, one of the UK's largest consumer debt purchasers and providers of receivables management solutions.

Mr Berkley was the CEO and main shareholder of Tessera Credit Group, a highly respected debt purchaser and collection agency, which he led for over 16 years before successfully negotiating a sale of its assets to Arrow Global in December 2014.

Mr Berkley is committed to sharing his knowledge and giving back to the community, regularly presenting at conferences and trade body forums around the world and serving as the 2019 President of the International Collectors Group, a Trustee of the FairLife Charity and a Director of the Money Advice Liaison Group in the UK.

My Berkley currently spends one-third of his time in Australia and as announced on 17 September 2018 has committed to relocating to Australia from the UK and has begun that process.

The Board considers Mr Berkley to be an Independent Non-executive Director and as at June 2018 he has served 2 years on the Board.

Member's statement

In relation to this Resolution 1, a shareholder of the Company, Ankla Pty Ltd ACN 074 315 432 (an entity associated with Mr Lev Mizikovsky), has requested that a statement provided by that shareholder under section 249P of the Corporations Act be given to the Company's members. That member's statement is set out in Annexure A. At the date of this Explanatory Memorandum, Ankla Pty Ltd held approximately 9.27% of the shares on issue in the Company with the aggregate holdings of Mr Mizikovsky's associated entities being approximately 11.61%.

The Board's Response to Member's statement

The Directors (with Mr Berkley abstaining) believe that it is in the best interests of the Company for Mr Berkley to be re-elected for the reasons set out in the Letter to Shareholders accompanying this Notice of Meeting.

In summary, the Directors recommend that Shareholders vote **FOR** the proposed resolution for the following reasons:

- (a) The Board led by Mr Berkley has delivered a major transformation and turnaround in financial performance of the business resulting in a 50% increase in statutory NPAT in FY18, with earnings per share guidance expected to meet or exceed this performance in FY19;
- (b) The Chairman and CEO/Managing Director continue to strengthen engagement with shareholders, stock broking firms, institutions and equity analysts. The engagement with equities analysts has led to seven analysts now covering the company. Analysts play an important role in providing information about your Company to investors and our shareholders. Mr Berkley attended every meeting with investors, shareholders and analysts following the release of the FY18 results.

- (c) The Board is guided by the ASX Listing Rules in respect of ASX Announcements and is compliant with those rules and any criticism of Chairman Mr Berkley on this basis is without foundation.
- (d) Mr Mizikovsky is attempting to remove another Chairman. Mr Mizikovsky was strongly in favour of Mr Berkley's appointment to the Board of the Company in 2016, was part of the interview process, and appreciated Mr Berkley's 30 years' experience in the sector until Mr Berkley opposed Mr Mizikovsky's attempt to bring in his nominee after the last AGM. Mr Berkley has made a tremendous contribution to the Company and has committed to relocate to Australia in order to continue in this role.
- (e) Should Mr Mizikovsky be successful in removing the Chairman, Mr Leigh Berkley, he would be removing the Director with the most experience in our core collections business.
- (f) Mr Berkley's experience includes 30 years in the receivables management industry, much of that time running a similar company to Collection House Limited in the UK. He has international experience in debt purchase and collection, dealing with regulators and government, major banks and funds across the UK and Europe.
- (g) Mr Berkley has played a major role working alongside management on the Company's Portfolio Enhancement Programme and scrutinising the Company's enhanced pricing and valuation models. These new models have enabled the Company to make better purchasing decisions and provided the confidence in FY18 to be more aggressive acquirers and strategic planners. As a result, with Mr Berkley chairing the PDL Investment Committee, the Company purchased 39% more PDLs than in the prior 12 months, with PDL Purchasing growing from \$58.3m in FY17 to \$81.3m in FY18. In addition, since joining the Board in July 2016, he has made a significant contribution to the Company's approach to regulatory compliance, improved customer outcomes and the development of key management information and performance indicators.

(h) The Board and Executive management team are united in their support of Mr Berkley;

- (i) Given the company's progress in FY18, your Board believes now is not the time for further Board change which can be counterproductive for our shareholders.

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

Resolution 2 – Election of Ms Sandra Birkenleigh as Director

Pursuant to Article 16.4(b) of the Company's Constitution, any Director who is appointed by the Board to fill a casual vacancy or as an addition to the Directors must retire, and is eligible for re-election at the next annual general meeting of the Company.

Ms Sandra Birkenleigh was appointed as a Director of the Company by the Board effective 17 September 2018 in accordance with the Company's Constitution. Ms Birkenleigh is Chair of the Company's Audit and Risk Committee.

Accordingly, Resolution 2 seeks Shareholder approval of the election of Ms Birkenleigh, who submits herself for re-election as a Director of the Company in accordance with Article 16.4 of the Company's Constitution and is recommended by the Board.

The Board considers Ms Birkenleigh to be an Independent Non-executive Director.

Experience

Ms Birkenleigh's career includes extensive experience in financial services and in risk management, compliance and corporate governance. Her career includes 24 years at PricewaterhouseCoopers (PwC) where she was Global Lead for Governance Risk and Compliance, National Lead Partner Risk and Controls Solutions and Service Team Leader for Performance Improvement.

Ms Birkenleigh is currently a Non-Executive Director of Auswide Bank Limited, 7-Eleven Holdings and its subsidiaries, Horizon Oil, the National Disability Insurance Agency, Tasmania Finance Corporation and MLC Insurance Limited. She is Chair of the audit and/or audit and risk committees for each of these entities.

She is also an independent member of the Audit Committee of the Reserve Bank of Australia and a member of the Audit and Risk Committee of the University of the Sunshine Coast.

Recommendation: The Directors (with Ms Birkenleigh abstaining) support the election of Ms Birkenleigh and recommend that you vote **FOR** Resolution 2.

Resolution 3 – Election of Ms Catherine McDowell as Director

Pursuant to Article 16.4(b) of the Company's Constitution, any Director who is appointed by the Board to fill a casual vacancy or as an addition to the Directors must retire, and is eligible for re-election at the next annual general meeting of the Company.

Ms Catherine McDowell was appointed as a Director of the Company by the Board effective 17 September 2018 in accordance with the Company's Constitution. Ms McDowell is Chair of the Company's Remuneration and Nominations Committee.

Accordingly, Resolution 2 seeks Shareholder approval of the election of Ms McDowell, who submits herself for re-election as a Director of the Company in accordance with Article 16.4 of the Company's Constitution and is recommended by the Board.

The Board considers Ms McDowell to be an Independent Non-executive Director.

Experience

Ms McDowell has more than 30 years' experience in the investment and financial services industry in senior executive and advisory roles, predominantly with Barclays Bank, and more recently with ANZ.

In her role with Barclays International as managing Director, she oversaw a substantial international Wealth business before moving to New Zealand in 2005.

Ms McDowell was the Managing Director at ANZ and The National Bank Private Banking and Wealth business (New Zealand). She was responsible for integrating these two businesses and creating a significant wealth business.

Ms McDowell subsequently moved to Australia to build the Private Bank and Trust business while managing E-Trade. During her career, Ms McDowell has spent 10 years in New York, 15 years in London and 8 years in NZ and Australia.

Ms McDowell has more than 15 years of Board experience with not for profit, listed and non-listed companies. Her current roles include Non-Executive Director of the National Provident Fund and Chair of the Investment Committee, and independent Director for the Todd Family Office.

Recommendation: The Directors (with Ms McDowell abstaining) support the election of Ms McDowell and recommend that you vote **FOR** Resolution 3.

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Resolution 4 – 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 17 to 29 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.

This year, the Remuneration Report also sets out the Company's response to the "first strike" received at the 2017 Annual General Meeting.

The Board has listened to the concerns raised by shareholders which contributed to this first strike and has made changes to ensure alignment with shareholders.

In Financial Year 2018, the Company has taken the following measures:

- (a) Internally reviewed the overall remuneration strategy, framework and practices adopted by the Company;
- (b) Revised Short Term Incentives (STI), targets and weighting with particular focus on financial metrics of Earnings Per Share (EPS) together with compliance, innovation and improvements to corporate culture;
- (c) Engaged Heidrick & Struggles to undertake a recruitment process to source high calibre non-executive directors;

- (d) Continued to apply rigorous controls in relation to capitalising costs relating to IT development and software;
- (e) The Company has sought external advice to independently review Directors and Executives remuneration. The Board will consider any recommendation as part of its ongoing review process.

Additionally, the CEO/Managing Director has recently proposed he forgo 2 million of his performance rights (valued at approximately \$2.6 million as at 17/9/18) as part of his commitment to shareholders and his desire to deliver the Company's growth strategy beyond his initial term.

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 the Resolution 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 4.

Resolution 5 – Conditional Spill Resolution

This Resolution is a ‘conditional’ Resolution. It will only be put to the Annual General Meeting if at least 25% of the votes cast on Resolution 4 are against the adoption of the Remuneration Report. That is, if the Company receives a “second strike”.

If this Resolution is put, the spill resolution will be considered as an Ordinary Resolution.

If this Resolution is put to the AGM and passed, then it will be necessary for the Board to convene a special general meeting of the Company (Spill Meeting) within 90 days of the date of the 2018 Annual General Meeting in order to consider the composition of the Board. If a Spill Meeting is required, the date of the meeting will be notified to shareholders in due course.

If a Spill Meeting is held, Leigh Berkley and Michael Knox will automatically vacate office as Directors at the conclusion of the Spill Meeting unless they are willing to stand for re-election and are re-elected at that meeting.

Even if Mr Berkley is re-elected at the 2018 Annual General Meeting, he will still need to be re-elected at the Spill Meeting to remain in office following the Spill Meeting.

Recommendation: The Directors unanimously recommend that Shareholders vote **AGAINST** Resolution 5 if it is put to the meeting.

Resolutions 6 and 7 – Resolutions requisitioned by a shareholder – appointments of Mr Rade Dudurovic and Mr John Toigo as Directors (Non-Board Endorsed)

Background

These Resolutions have been proposed under section 249N of the Corporations Act by a shareholder, Ankla Pty Ltd ACN 074 315 432 (an entity associated with Mr Lev Mizikovsky). At the date of this Explanatory Memorandum, Ankla Pty Ltd and its associates held approximately 11.61% of the shares on issue in the Company.

Ankla Pty Ltd has also requested that a statement provided by that shareholder under section 249P of the Corporations Act about Resolutions 6 and 7 be given to the Company’s members. That member’s statement is set out in Annexure A.

The Board’s Response

The Board respects the rights of shareholders to requisition a resolution.

However, the Directors believes that the appointments proposed by Ankla Pty Ltd in Resolutions 6 and 7 are not in the best interests of the Company for the reasons set out in the Letter to Shareholders accompanying this Notice of Meeting which include the following:

- (a) The Board believes the actions of Ankla Pty Ltd and Mr Mizikovsky’s other associated entities collectively holding 11.61% of the issued shares in the Company, do not justify one, let alone two Board positions, and are not in the best interests of the vast majority of shareholders;
- (b) The high calibre independent Directors recently appointed, Sandra Birkenleigh and Catherine McDowell are now working productively and cohesively as part of the Board, and complete the necessary skills matrix for the future success of the Company;
- (c) After having had the opportunity to serve the company and understand its operations, Mr Mizikovsky chose to resign from the Board after a seven month tenure. He cited insufficient time to dedicate to this Company;

- (d) The Directors proposed by the shareholder have not provided any evidence that they have been Directors of a publicly-listed financial services company or any business in the accounts receivable market. Further, one nominee participated in the director selection process conducted by Heidrick & Struggles but was not selected, and the other did not participate in that process, being a process of which Mr Mizikovsky was aware throughout;
- (e) A change of Directors has potential to be disruptive for your Company. The Board's renewal plans have focused on securing Directors who are independent and not associated with other Directors, management or any one shareholder group;
- (f) Your Board has a focused strategy in place designed to grow shareholder value and return on investment as evidenced in the CLH Results Presentation 2018;
- (g) Your Board notes that Mr Mizikovsky, through Ankla Pty Ltd, has made a number of statements accompanying its resolutions that either misrepresent the facts or omit certain pertinent information, including ongoing unfounded criticism of the accounting treatment of computer software development costs.

Recommendation: The Directors unanimously recommend that Shareholders vote **AGAINST** Resolutions 6 and 7.

Interpretation

In this Notice of Meeting and Explanatory Memorandum:

ASX means the ASX Limited ABN 98 008 624 691;

Board means the board of directors of the Company;

Chairman means the chairman of the Company;

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;

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;

Interpretation (continued)

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;

Remuneration Report means the Remuneration Report of the Company for the year ended 30 June 2018 (as set out on pages 17 to 29 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.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Ms Kristine May, the Company Secretary:

PO Box 2247

Fortitude Valley BC QLD 4006

Australia

Tel: +61 7 3292 1015

Email: Kristine.May@collectionhouse.com.au

Kristine May

Company Secretary

Collection House Group – Overview



Debt collection and receivables management for third parties



Debt purchasing and recovery



Legal services including insolvency administration



Tailored debt collection services, specialising in Local Government



Nationally recognised training provider in financial services and leadership



Customer service outsourcing for third parties



Licensed specialist finance broker for the provision of credit



Provision of financial hardship services for third parties

For personal use only

ANNEXURE A – MEMBER’S STATEMENT

COLLECTION HOUSE LIMITED IS REQUIRED TO DISTRIBUTE THE BELOW STATEMENT REQUESTED BY A SHAREHOLDER, ANKLA PTY LTD, IN ACCORDANCE WITH SECTION 249P OF THE CORPORATIONS ACT

Member's Statement Pursuant To Section 249P of the Corporations Act 2001

1. Recommended Shareholder Action - Summary

At the next annual general meeting Mr Leigh Berkley is required to retire by rotation in accordance with the Collection House's ("Company") constitution and Listing Rule 14.4 of the ASX Listing Rules.

- We will be voting against Mr Berkley's re-election and urge other shareholders to vote similarly.
- We are proposing that Mr Rade Dudurovic and Mr John Toigo be appointed as Directors of the Company.

2. Reasons to vote against Mr Berkley's re-election

2.1 CEO Remuneration

No doubt Shareholders will be pleased to see that the CEO, Anthony Rivas, has forgone 2 million performance rights with a value of \$2.6m. If these performance rights had not been relinquished then Collection House's performance would have been behind the prior period – because these rights need to be expensed if exercised. The fact is the Chairman should not have approved the CEO's \$3m + remuneration package including the issue of these performance rights in the first place given the financial circumstances of the Company.

2.2 Not keeping market Informed

As Chairman, it is bestowed on Mr Berkley to ensure that the market is kept fully updated. This is not only necessary for legal compliance but beyond that it ensures operational developments are properly reflected in the share price. Collection House has only released 3 announcements in the last 12 months as to operational and market related matters outside of standard compliance announcements.

In our view this is reflective of a Chairman who is not close enough to the operations of Collection House and/or cognisant of the importance of regular market updates.

2.3 Not replacing removed directors

As of last year, the Company maintained a Board of five Directors. On 28 November 2017 Mr Philip Hennessy and Mr Kerry Daly were removed as Directors of the Company. Co-incidentally, approximately 2 weeks ago the CEO was verbally made aware that I would be proposing a resolution to appoint 2 new directors. Then the Company suddenly announced on 17 September 2018 that it has made 2 casual appointments to the Board.

Co-incident aside, Mr Berkley, as Chairman of the Board, has taken an unacceptable amount of time to make these appointments. Even with the two recent Board appointments, there remains a concerning skills gap on the Board and our proposal to appoint Mr Rade Dudurovic and Mr John Toigo will remedy the lack of diversity of experience on the Board, particularly with respect to legal expertise (after all Collection House does run its own internal law practice) and restructuring skills.

2.4 Lacklustre Performance

While Chairman, Mr Berkley has overseen a company that was being surpassed by industry peers like Credit Corp in terms of productivity while its net debt has continued to increase.

3. Reasons in favour of appointing Mr Dudurovic and Mr Toigo

3.1 Rade Dudurovic's qualifications

Mr Dudurovic not only has the necessary expertise and qualifications, he has significant experience as a member of a number of audit committees. He has completed a Bachelor of Commerce with honours, a Bachelor of Laws with Honours and a Masters in Financial Management. Mr Dudurovic is a Certified

Practising Accountant and is a Senior Fellow of FINSIA, the principal organisation in Australia and New Zealand for finance professionals.

Mr Dudurovic is a director of a number of companies as well as being a non-executive director of the following publicly listed companies: Astivita Limited, SEnterpriSYS Limited and Advance Nanotek Limited. He is Chair of the audit committee of these companies.

Mr Dudurovic has more than 30 years of commercial and operational experience in investment management and private equity. He has held senior executive roles with Farallon Capital, ANZ Private Equity, PricewaterhouseCoopers Financial Advisory and Peregrine Investments Holdings Limited. Mr Dudurovic is currently a senior director of PREMA Capital.


3.2 John Toigo's qualifications

Mr Toigo is Chairman of ClarkeKann Lawyers, a well-respected commercial law firm founded in 1965, with offices in Brisbane and Sydney. He has been in practice for over 30 years, with a particular focus on corporate law and large commercial transactions and has been a legal advisor to ASX listed companies over that period. He holds a Bachelor of Laws with Honours, and a Graduate Diploma in Applied Finance and Investment.

Mr Toigo was previously a non-executive director for 5 years of Macarthur Minerals Limited, a company listed on the Toronto Stock Exchange, and is currently Chairman of the Australia-Taiwan Business Council.

WE ENCOURAGE YOU TO:

- **VOTE AGAINST MR BERKLEY'S RE-ELECTION.**
- **VOTE IN FAVOUR OF THE RESOLUTION FOR RADE DUDUROVIC AND JOHN TOIGO TO BE APPOINTED AS DIRECTORS OF COLLECTION HOUSE.**



Lev Mizikovsky
Director
Ankla Pty Ltd ACN/074 315 432