

Estia Health Limited

Notice of Annual General Meeting

Thursday, 05 November 2020, at 1.00pm (AEDT)

For personal use only

02 October 2020

Dear Estia Health Shareholder,

On behalf of the Directors of Estia Health Limited (**Estia Health**), I am pleased to invite you to attend the 2020 Annual General Meeting (**AGM** or **Meeting**) of the Company. Enclosed is the Notice of Meeting that sets out the business of the AGM.

Estia Health's AGM will be held on Thursday 05 November 2020 commencing at 1.00pm (AEDT).

Due to the restrictions imposed by the Australian and State Governments as a result of the COVID-19 pandemic, the meeting will be held as a virtual-only meeting. The Estia Health board's goal remains to ensure investor engagement and encourage investor participation in our AGM and technology will enable this.

All Estia Health investors can participate in the AGM through the online platform at <https://agmlive.link/EHE20>. Further details on how to participate in the AGM online are set out in the attached Notice of Meeting and in the Online Platform Guide. The Online Platform Guide provides details about how to ensure your browser is compatible with the online platform, as well as a step by step guide to successfully log in and navigate the site. The Online Platform Guide will be released to the ASX and is also available on our website at www.estiahealth.com.au (under Investors).

I encourage you to complete and return the enclosed Proxy Form no later than 1.00pm (AEDT) on Tuesday 03 November 2020 in one of the ways specified in the Notice of Meeting and on the Proxy Form.

Please read the enclosed Notice of Meeting (including the Explanatory Notes) and the Proxy Form and consider how to vote on each resolution by marking either the "For" box, the "Against" box or the "Abstain" box on the Voting Form. Subject to the abstentions noted in the Explanatory Notes, the Directors of Estia Health unanimously recommend that shareholders vote in favour of all resolutions.

Shareholders participating in the AGM through the online platform will have the opportunity to submit questions to the Board and Estia Health's external auditors during the AGM. If you would like to ask a question prior to the AGM, please do so through our Investor Centre (login via www.linkmarketservices.com.au).

Thank you for your continued support of Estia Health. I look forward to the opportunity to engage with you at our AGM.

Yours sincerely,



Dr Gary Weiss AM
Chair



ESTIA HEALTH LIMITED

ACN 164 350 387

NOTICE OF ANNUAL GENERAL MEETING

(Notice)

Notice is hereby given that the Annual General Meeting (**AGM**) of Shareholders of Estia Health Limited ACN 164 350 387 (**Estia Health** or **Company**) will be held as a virtual-only meeting, due to the restrictions imposed by the Australian and State Governments, on Thursday, 05 November 2020, at 1.00pm (AEDT) (**Meeting**).

The Explanatory Notes to this Notice provide additional information on the matters to be considered at the Meeting. The Explanatory Notes, Voting Procedures and the Proxy Form comprise part of this Notice.

BUSINESS OF THE MEETING

Item 1: Financial Statements and Reports

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2020.

Item 2: Remuneration Report

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

"To adopt the Remuneration Report for the year ended 30 June 2020."

Notes:

- (i) In accordance with section 250R of the Corporations Act 2001, the vote on this resolution will be advisory only and will not bind the Directors or the Company.
- (ii) A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

Item 3: Re-election of Hon. Mr Warwick Smith AO

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

"That Hon. Warwick Smith AO, being a Director who is retiring in accordance with clause 10.3 of the Company's Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Item 4: Re-election of Ms Helen Kurincic

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

“That Ms Helen Kurincic, being a Director who is retiring in accordance with clause 10.3 of the Company’s Constitution and ASX Listing Rule 14.4, and being eligible, offers herself for re-election, be re-elected as a Director of the Company.”

Item 5: Grant of Long Term Incentive Performance Rights to Mr Ian Thorley

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

“That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant and issue of 468,750 Performance Rights to Mr Ian Thorley, and the issue of Shares on the vesting of those Performance Rights, under the Company’s equity incentive plan, as described in the Explanatory Notes.”

Note: A voting exclusion applies to this resolution (see Explanatory Notes for details).

Item 6: Grant of Retention-based Performance Rights to Mr Ian Thorley

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

“That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant and issue of 152,343 Performance Rights to Mr Ian Thorley, and the issue of Shares on the vesting of those Performance Rights, under the Company’s equity incentive plan, as described in the Explanatory Notes.”

Note: A voting exclusion applies to this resolution (see Explanatory Notes for details).

VOTING PROCEDURES AT THE AGM

All Resolutions will be by Poll

In accordance with the Company's Constitution (**Constitution**) and the Determination (defined below), the Chair intends to demand a poll on each of the resolutions proposed at the Meeting. Each resolution considered at the Meeting will therefore be conducted by a poll.

Entitlement to Vote

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company as at 7.00pm (AEDT) on Tuesday 03 November 2020 (**Entitlement Time**).

This means that if you are not the registered holder of a Share in the Company at the Entitlement Time, you will not be entitled to vote at the Meeting.

Direct Voting

In accordance with clause 9.22 of the Constitution, the Directors have determined that at the AGM, a Shareholder who is entitled to attend and vote on a resolution at the AGM is entitled to a direct vote in respect of that resolution.

Virtual AGM and Casting your Direct Vote in real time using the Online Platform

The health and wellbeing of our Shareholders and employees is of paramount importance. On 5 May 2020, the Federal Treasurer announced a Determination to permit companies to hold their annual general meetings using one or more technologies to enable Shareholders to participate legally in these meetings online without having to be physically present (Determination). Given the continuing coronavirus (COVID-19) situation and public health concerns, the Company will be holding the Meeting as a virtual meeting. There will not be a physical venue to Shareholders to attend.

Shareholders have the opportunity to participate in the Meeting virtually through the online platform at <https://agmlive.link/EHE20>. This platform will enable Shareholders to view the Meeting live, lodge a direct vote in real time and ask questions online.

How to Vote

Direct vote – prior to the AGM

In accordance with clause 9.22 of the Constitution, Shareholders are able to vote directly on resolutions considered at the Meeting **at any time between the date of this Notice of Meeting and 1.00pm (AEDT) on Tuesday 03 November 2020**. For details about how you can submit your Voting Form, please refer to the section below titled 'Submitting your Voting Form prior to the AGM'.

If you lodge a direct vote you are voting directly and are not appointing a third part, such as a proxy, to act on your behalf.

The Estia Health Direct Voting Regulations governing direct voting are available on the Estia Health website at www.estiahealth.com.au (under Investors). By submitting a direct vote, you agree to be bound by the Estia Health Direct Voting Regulations.

Direct Vote – during the AGM using the Online Platform

Shareholders using the online platform (at <https://agmlive.link/EHE20>) will be able to vote directly through the online platform **at any time between the commencement of the AGM (1.00pm AEDT on Thursday 05 November 2020) and the closure of voting as announced by the Chair during the AGM.**

More information about how to use the online platform (including how to vote and ask questions online during the AGM) is available in the Online Platform Guide, which has been lodged with the ASX and is available at our website at www.estiahealth.com (under Investors). If you intend to use the online platform, then before the AGM we recommend that you ensure the online platform works on your device. Further instructions are provided in the Online Platform Guide.

Appointment of Proxy

A Shareholder who is entitled to vote at this Meeting is entitled to appoint not more than two proxies to vote in place of the Shareholder.

If the Shareholder appoints two proxies, the Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the Shareholder's votes. If the specified proportion or number of votes exceeds that which the Shareholder is entitled to, each proxy may exercise half of the Shareholder's votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

A proxy need not be a Shareholder of the Company. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Subject to the specific proxy provisions applying to Items 2 and 5 (see the Explanatory Notes below):

- If a Shareholder has not directed their proxy how to vote, the proxy may vote as the proxy determines; and
- If a Shareholder appoints the Chair of the Meeting as proxy and does not direct the Chair how to vote on an item of business, the Chair will vote in accordance with his voting intention as stated in this Notice of Meeting.

Proxy Voting by the Chair

Due to COVID-19, the Company strongly encourages you to appoint the Chair as your proxy and to actively direct your proxy how to vote on each item by marking the appropriate boxes on the Proxy Form.

For Item 2 (Remuneration Report) and Items 5 and 6 (Grant of Performance Rights to the CEO), where the Chair is appointed as a Shareholder's proxy and that Shareholder has not specified the way in which the Chair is to vote on Items 2, 5 and 6 the Shareholder is directing the Chair to vote in accordance with the Chair's voting intentions for these items of business, even though Items 2, 5 and 6 are connected with the remuneration of Key Management Personnel (**KMP**).

The Chair intends to vote all undirected proxies **in favour** of the resolutions in the Notice of Meeting, including Items 2, 5 and 6.

Submitting your Proxy Form prior to the AGM

The Chair's decision on the validity of a direct vote, vote cast by a proxy or vote cast in person, is conclusive and the Company reserves the right to declare invalid any Proxy Form not received in this manner.

For your proxy or direct vote prior to the AGM to be effective, your completed Proxy Form must be received by the Company's share registry, Link Market Services, **no later than 1.00pm (AEDT)** on Tuesday 03 November 2020 (**Proxy Deadline**). After this time, you will still be able to lodge your direct vote during the AGM by submitting your direct vote using the online platform.

Proxy forms may be submitted in one of the following ways:

- Online:** Via the Company's Share Registry Investor Centre at www.linkmarketservices.com.au. Please refer to the Proxy Form for more information. You will need your Securityholder Reference Number (**SRN**) or Holding Identification Number (**HIN**).
- Mobile device:** Using a mobile device by scanning the QR code on the back of the Voting Form. To scan the QR code you will need a QR code reader application that can be downloaded for free on your mobile device. You will also need your SRN or HIN and postcode for your shareholding.
- By post:** Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235. Please allow sufficient time so that it reaches Link Market Services Limited by the Proxy Deadline;
- By fax:** (02) 9287 0309 (within Australia), +61 2 9287 0309 (from outside Australia);
- By hand delivery:** Link Market Services Limited at 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

Proxy Forms and Powers of Attorney must be received by the Proxy Deadline.

Power of Attorney

A proxy appointment and the original power of attorney (if any) under which the proxy appointment is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than the Proxy Deadline.

Questions from Shareholders

Shareholders who would like to register questions in advance of the AGM can do this via our Investor Centre.

Questions will be collated and, during the AGM, the Chair and/or CEO will seek to address as many of the more frequently raised topics as possible. Please note that individual response will not be sent to Shareholders.

Conduct of the Meeting

Estia Health is committed to ensuring that its shareholder meetings are conducted in a manner which provides shareholders who participate in the AGM with the opportunity to participate in the business of the AGM in an orderly fashion and to ask questions about and comment on matters relevant to the business of the meeting or about Estia Health generally.

The Chair of the Meeting will exercise his powers as the Chair to ensure that the Meeting is conducted in an orderly and timely fashion in the interests of Shareholders who are participating in the Meeting.

Enclosures

Enclosed are the following documents:

- Proxy Form to be completed if you wish to submit a direct vote prior to the AGM. Shareholders are encouraged to use the online voting facility that can be accessed through the Investor Centre to ensure the timely and cost effective receipt of your vote or proxy; and
- A reply paid envelope for you to return this form if you do not use the online facility.

BY ORDER OF THE BOARD



Leanne Ralph
Company Secretary
02 October 2020

Explanatory Notes

These Explanatory Notes have been prepared for the information of Shareholders of the Company in relation to the business to be conducted at the Company's AGM to be held at 1.00pm AEDT on Thursday, 05 November 2020.

The purpose of these Explanatory Notes is to provide Shareholders with information that is reasonable required by Shareholders to decide how to vote on the resolutions.

Subject to the abstentions noted below in respect of each resolution, the Directors unanimously recommend Shareholders vote in favour of all resolutions. The Chair of the Meeting intends to vote all available undirected proxies in favour of each resolution.

All resolutions require a simple majority of votes cast by Shareholders entitled to vote on the resolution. The resolution in Item 2 relating to the Remuneration Report, is advisory and does not bind the Directors or the Company.

ITEM 1: Financial Statements and Reports

As required by section 317 of the Corporations Act the Financial Report, Directors' Report and Auditor's Report of the Company for the most recent financial year will be presented at the Meeting. The Financial Report contains the financial statements of Estia Health Limited and its subsidiaries.

There is no requirement for a formal resolution on this Item.

The Chair of the Meeting will allow a reasonable opportunity at the Meeting for Shareholders to ask questions about or make comments on the management of the Company. Shareholders will also be given a reasonable opportunity at the Meeting to ask the Company's auditor, Ernst & Young (EY), questions about the Auditor's Report, the conduct of its audit of the Company's Financial Report for the financial year ended 30 June 2020, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in its preparation of the financial statements and the independence of EY in relation to the conduct of the audit.

Shareholders may submit written questions to the Company in relation to the above matters prior to the meeting via the Investor Centre.

ITEM 2: Remuneration Report

In accordance with section 300A of the Corporations Act the Company has prepared a Remuneration Report for the consideration of Shareholders. The Remuneration Report is included in the Company's Annual Report for the year ended 30 June 2020.

As provided by section 250R(3) of the Corporations Act, the resolution on this item of business is advisory only and does not bind the Board or the Company.

Estia Health's remuneration strategy and framework is designed to support and drive the achievement of the group's business strategy. It aims to ensure that remuneration outcomes are linked to the group's performance and aligned with shareholder outcomes.

Estia Health is committed to creating and ensuring a diverse work environment in which everyone is treated fairly and with respect and where everyone feels responsible for the reputation and performance of the group. The Board believes that the group's commitment to this policy contributes to achieving the group's corporate objectives and embeds the importance and value of diversity within the culture of the group.

The Board regularly reviews the remuneration framework against the evolving business strategy and in the context of the commercial environment to ensure that it remains effective in achieving alignment with shareholder experience, employee motivation and the balance between short and long term performance focus.

In FY20, the executive remuneration framework comprised a mix of fixed annual remuneration, and short and long-term performance-linked incentive plans. The group aims to reward executives with a level and mix of remuneration appropriate to their position and responsibilities, while being market competitive and delivering outcomes that are aligned to the experience of the group's shareholders. The detail of this is outlined in the Remuneration Report.

Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of this resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on Item 2 by, or on behalf of:

- (a) any member or a former member of the KMP whose remuneration details are disclosed in the Company's 2020 Remuneration Report, or
- (b) A Closely Related Party of such a KMP,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the Proxy Form.

This restriction on voting undirected proxies does not apply to the Chair of the Meeting acting as proxy for a person entitled to vote on Item 2 because the Company's proxy appointment expressly authorised the Chair of the Meeting to exercise undirected proxies even though the Item is connected with the remuneration of a member of the Company's KMP.

What this means for Shareholders: If you intend to appoint a member of the KMP (such as one of the Directors) as your proxy, please ensure that you direct them how to vote on the proposed resolution in Item 2. If you intend to appoint the Chair of the Meeting as your proxy, you can direct her how to vote by marking the boxes for Item 2 (for example, if you wish to vote for, against or abstain from voting), or you can choose not to mark any of the boxes for Item 2 and give the Chair your express authority to vote your undirected proxy (in which case the Chair will vote in favour of this item of business).

ITEMS 3 and 4: Re-election of Directors

In accordance with the Company's Constitution and the ASX Listing Rules, an election of Directors must be held at each annual general meeting.

Clause 10.3(a) of the Constitution and ASX Listing Rule 14.4 states that a Director must not hold office without re-election past the third annual general meeting following the Director's appointment or last election date, or for more than three years whichever is the longer. Clause 10.3(c) states that the rotation of Directors does not apply to one Managing Director, who is exempt from retirement and re-election.

Hon. Warwick Smith AO and Ms Helen Kurincic are obliged to retire at the Meeting by virtue of ASX Listing Rule 14.4 and clause 10.3 of the Constitution and are offering themselves for re-election.

The election of each of the candidates must be considered and voted on as a separate resolution. Details of the candidates are outlined below.

ITEM 3 – Re-election of Hon. Warwick Smith AO

Hon. Warwick Smith AO was appointed as a Director on 04 May 2017. He is chairman of the Property and Investment Committee and a member of the Audit Committee.

Hon. Warwick Smith AO was last elected to the Board by Shareholders on 14 November 2017 and now retires from the Board by rotation and offers himself for re-election.

His relevant skills and experience are summarised below.

Hon. Warwick Smith AO is a Director of Seven Group Holdings (SGH), a leading Australian diversified operating and investment group with market-leading businesses with investments in a range of industrial services, oil and gas, and media businesses. He is also Chairman, Advisory Board of Australian Capital Equity, which has significant investment interests through its major shareholding in SGH, Chairman of Ord Minnett, a leading private wealth management group and Chairman of Aitken Investment Management (AIM). The AIM Global High Conviction fund focuses on delivering high conviction investment solutions for its investors.

He was formerly, Chairman of E*TRADE, Senior Managing Director of the Australia New Zealand Banking Group Limited (ANZ), Chairman, ANZ Thailand and Director, ANZ Greater China and Chairman, ANZ New South Wales and Australian Capital Territory.

He was also an Executive Director with Macquarie Bank for 10 years, an Australian Federal Government Minister, with a parliamentary career spanning 15 years, including Minister for Family Services and Aged Care, Global Trustee of the Asia Society, Chairman Emeritus of the Asia Society in Australia, Chairman of the Australia–China Council and its successor, the National Foundation for Australia-China Relations, Australia's first Telecommunications Ombudsman and has received a Centenary Medal and twice been awarded an Order of Australia

Prior to submitting himself for re-election, Hon. Warwick Smith AO confirmed that he would continue to have sufficient time to properly fulfil his Director duties for the Company.

Having had regard to the ASX Corporate Governance Principles and Recommendations (4th edition) (**ASX Principles**), the Board considers Hon. Warwick Smith AO to be an independent director.

Directors' Recommendation

The Board unanimously (other than Hon. Warwick Smith AO) supports the election of Hon. Warwick Smith AO and recommends that Shareholders vote in favour of this resolution.

ITEM 4 – Re-election of Ms Helen Kurincic

Ms Helen Kurincic was appointed a Director of the Company on 01 July 2017 and last elected by Shareholders on 14 November 2017.

Ms Helen Kurincic is Chair of the Risk Management Committee and a member of the Nomination and Remuneration Committee.

She has extensive executive and Non-executive experience across the healthcare sector. Helen is Chairman of Integral Diagnostics Ltd, and a Non-executive Director of HBF Health Ltd, McMillan Shakespeare Limited and Victorian Clinical Genetics Service.

She was previously the Chief Operating Officer and Director of Genesis Care for seven years from early inception in 2007, creating Australia's largest radiation oncology and cardiology service business. Previous roles also include Non-executive Director of Sirtex Medical Limited, Non-executive Director of DCA Group Limited which included residential aged care in Australia and New Zealand, Non-executive Director of AMP Capital Investor's aged care business Domain Principal Group, CEO and Executive Director of residential aged care provider Benetas and Board member of Melbourne Health and Orygen Research Centre.

She has also been actively involved in healthcare government policy reform across various areas of the healthcare sector

Prior to submitting herself for re-election, Ms Helen Kurincic confirmed that she would continue to have sufficient time to properly fulfil her Director duties for the Company.

Having had regard to the ASX Principles, the Board considers Ms Helen Kurincic to be an independent director.

Directors' Recommendation

The Board unanimously (other than Ms Helen Kurincic) supports the election of Ms Helen Kurincic and recommends that Shareholders vote in favour of this resolution.

ITEM 5: Grant of Long Term Incentive Performance Rights to Mr Ian Thorley

Item 5 seeks Shareholder approval for the grant and issue of incentive-based Performance Rights to Mr Thorley under the Company's equity incentive plan.

Performance rights have been used as they create alignment between the interests of the CEO and shareholders but do not provide the executives with the full benefits of share ownership (such as dividend and voting rights) unless and until the rights vest and shares are allocated.

If Shareholder approval is obtained, the Company will issue Mr Thorley with 468,750 incentive-based Performance Rights on the terms described below.

Allocation methodology

The number of Performance Rights proposed to be granted to Mr Thorley in respect of his FY21 LTI is 468,750.

The number of Performance Rights was calculated by dividing Mr Thorley's annual LTI opportunity (100% of total fixed remuneration, being \$720,000) by \$1.536, being the volume weighted average price of Estia Health's shares for the ten trading days following 18 August 2020 (being the date of release of the Company's FY20 results).

No price is payable by Mr Thorley for the grant or exercise of the Performance Rights.

Basis on which incentive-based Performance Rights vest

The incentive-based Performance Rights for Mr Thorley will vest to the extent that the Performance Measure set out below is satisfied at the end of the three year Performance Period (being from 1 July 2020 to 30 June 2023).

Upon vesting, Estia Health will cause the relevant number of Shares (if any) to be issued or transferred to Mr Thorley. One vested Performance Right entitles Mr Thorley to one Share. No amount is payable by Mr Thorley for the issue or transfer of Shares on vesting of the Performance Rights.

Performance Measures

The incentive-based Performance Rights offered are subject to one Performance Measures split into two parts, as follows.

- 100% of the award will be subject to a Relative Total Shareholder Return (**TSR**) measure, split as follows:
 - 50% of the TSR measure will be Estia Health versus the ASX 300, excluding mining & energy, over the performance period; and
 - 50% of the TSR measure will be Estia Health versus the weighted average performance of ASX-listed (including dual-listed NZX/ASX entities) companies involved in the provision of aged care services, comprising Regis Healthcare (40% weighting), Japara Healthcare (40% weighting), Oceania Healthcare (10% weighting) & Summerset Group (10% weighting), over the performance period.

In prior years, an Earnings Per Share (**EPS**) performance measure has also been used. Given the current uncertainty around the ongoing impact of the COVID-19 pandemic and the Royal Commission on the Company's near and medium-term earnings, the Board has determined that it was not possible to set a meaningful three-year EPS target for the FY21 LTI grant.

After considering several alternatives, the Board considers it appropriate to assess the entire FY21 LTI award against the below relative TSR measures.

TSR Condition for 50% of the TSR measure of Estia Health versus the ASX300, excluding mining & energy:

Estia Health's TSR relative to the ASX300 (excluding mining and energy companies)	Vesting percentage
Below median of comparator group	0%
At median of comparator group	50%
Between median and 75 th percentile of comparator group	Straight line pro rata vesting between 50% and 100%

Above 75th percentile of comparator group

100%

TSR Condition for 50% of the TSR measure of Estia Health versus the weighted average performance of ASX-listed (including dual-listed NZX/ASX entities) companies involved in the provision of aged care services:

Estia Health's TSR relative to the weighted average performance of aged care services peer group	Vesting percentage
Below weighted average performance	0%
At weighted average performance	50%
Between weighted average performance and 15 percentage points above weighted average performance	Straight line pro rata vesting between 50% and 100%
Greater than 15 percentage points above weighted average performance	100%

Timing of grant

If Item 5 is approved by Shareholders, the Company expects to offer Mr Thorley the incentive-based Performance Rights under a letter of offer shortly following the Meeting. The date of that offer will be the date of the grant, and the Performance Rights will be issued shortly thereafter and, in any case, no later than three years after the date of the Meeting.

ITEM 6: Grant of Retention-based Performance Rights to Mr Ian Thorley

Item 6 seeks Shareholder approval for the grant and issue of retention-based Performance Rights to Mr Thorley under the Company's equity incentive plan.

Given the significant uncertainty around the impact of the COVID-19 pandemic and the Royal Commission on the Company's FY21 operational and financial performance and associated challenges in setting meaningful key performance indicator scorecard targets for the financial year, the Board has decided not to operate a short-term incentive (STI) plan in FY21 for the CEO.

Rather, given the importance of stability and continuity of leadership as our organisation manages the array of complex challenges currently facing the industry, Mr Thorley will be offered a retention-based performance rights grant, which will be eligible for vesting on 1 July 2022 subject to his continued employment with the group. The Board will also retain overall discretion to determine whether vesting of the award is appropriate, having regard for Mr Thorley's performance and conduct throughout the vesting period.

The value of the retention-based grant will be at 65% of Mr Thorley's FY21 STI opportunity (\$234,000), and delivered entirely in performance rights, creating alignment with shareholder experience during the vesting period. Again, and for clarity the proposed grant of retention-based performance rights will replace any FY21 STI incentive opportunity.

In determining the value of the award, the Board had regard for several factors including:

- the importance in retaining an executive of Mr Thorley's calibre through the two-year vesting period;
- the contractual value of Mr Thorley's FY21 STI opportunity of \$360,000;
- the fact that Mr Thorley's FY20 STI outcome was reduced to nil despite the fact that his performance against scorecard objectives would have ordinarily resulted in a STI payment of \$144,000;
- recruitment and retention challenges in the aged care sector in an environment of the Royal Commission and COVID-19 uncertainty; and
- the benefit of providing greater alignment between the CEO and the interests of shareholders over the medium term through the use of equity.

The Board considers the mix of long-term incentives and this discounted retention award as the appropriate approach in the current environment, and encourages shareholders to approve this resolution.

If Shareholder approval is obtained, the Company will issue Mr Thorley with 152,343 service-based Performance Rights (Item 6) and on the terms described below.

Allocation methodology

The number of Performance Rights proposed to be granted to Mr Thorley in respect of the above is 152,343.

The number of Performance Rights was calculated by discounting Mr Thorley's annual STI opportunity as described and dividing this by the volume weighted average price of Estia Health's shares for the ten trading days following 18 August 2020 (being the date of release of the Company's FY20 results).

No price is payable by Mr Thorley for the grant or exercise of the Performance Rights.

Timing of grant

If Item 6 is approved by Shareholders, the Company expects to offer Mr Thorley the retention-based Performance Rights under a letter of offer shortly following the Meeting. The date of that offer will be the date of the grant, and the Performance Rights will be issued shortly thereafter and, in any case, no later than three years after the date of the Meeting.

Why Shareholder approval is sought (Items 5 and 6)

ASX Listing Rule 10.14 provides that the Company must not permit any Directors to acquire securities under an employee incentive scheme without the approval of Shareholders. Mr Thorley is an executive director of the Company and therefore approval under this ASX Listing Rule is required prior to granting him the Performance Rights described above.

Accordingly:

- Item 5 seeks the approval by Shareholders pursuant to ASX Listing Rule 10.14 to grant and issue 468,750 incentive-based Performance Rights to Mr Thorley and to the issue of Shares on the vesting of those Performance Rights; and
- Item 6 seeks the approval by Shareholders pursuant to ASX Listing Rule 10.14 to grant and issue 152,343 retention-based Performance Rights to Mr Thorley and to the issue of Shares on the vesting of those Performance Rights

If an approval under ASX Listing Rule 10.14 is obtained, then the securities issued to Mr Thorley will not be counted towards the Company's placement capacity under ASX Listing Rule 7.1.

Other Conditions of the Grants (Items 5 and 6)

Performance Rights are issued subject to the following:

Trading Restrictions: Shares allocated on vesting of the Performance Rights will not be subject to any additional trading restrictions on dealing (other than ordinary restrictions which apply under the Company's Trading Policy).

Claw back provision: The Board has discretion to reduce, cancel or claw back any unvested performance-based remuneration in the event of fraud, dishonesty, gross misconduct or a material misstatement or omission in the Company's financial statements.

Cessation of employment: For "bad leavers" (defined by the Company as resignation or termination for cause), all of the Performance Rights held by that employee upon cessation will automatically lapse. For cessation of employment for any other reason, a portion of the Performance Rights held by that employee upon cessation will lapse according to a formula which takes into account the length of time the participant has held the performance right and the performance period for the performance right, unless otherwise determined by the Board.

Additional information required by ASX Listing Rule 10.15 (Items 5 and 6)

ASX Listing Rule 10.15 requires the following information to be disclosed in relation to the Performance Rights proposed to be granted to Mr Thorley, Managing Director and CEO. Other disclosure requirements of this ASX Listing Rule have been disclosed earlier in these Explanatory Notes:

- Full details of Mr Thorley's total remuneration package for FY20 are shown in the Company's Remuneration Report for the year ended 30 June 2020. As disclosed above, Mr Thorley will not be eligible for an FY21 STI. His

FY21 remuneration will comprise of fixed remuneration of \$720,000, and the performance rights grants described above.

- Mr Thorley has previously been granted 648,664 Performance Rights in total under the LTI at no cost to Mr Thorley.
- There is no loan provided in relation to the acquisition of the Performance Rights by Mr Thorley.
- Mr Thorley is the only person referred to in ASX Listing Rule 10.14 who is currently entitled to participate in the equity incentive plan. Details of any securities issued to Mr Thorley under the plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the plan after the resolutions in Items 5 and 6 are approved and who were not named in this Notice will not participate until approval is obtained under this rule.

Voting Exclusion Statement

The Company will disregard any votes cast in favour on Items 5 and 6 by or on behalf of Mr Thorley (being the only person referred to in ASX Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate) and any associate of Mr Thorley.

However, this does not apply to a vote cast in favour of this resolution by:

- (a) Mr Thorley or any Associate of Mr Thorley as proxy or attorney for a person who is entitled to vote on Items 5 and 6, in accordance with the directions given to the proxy or attorney to vote on these resolutions in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on Items 5 and 6, in accordance with a direction given to the Chair to vote on these resolutions as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on Items 5 and 6; and
 - the holder votes on Items 5 and 6 in accordance with directions given by the beneficiary to the holder to vote in that way.

In addition, no KMP of the Company or a Closely Related Party of such a KMP may vote as a proxy on Items 5 or 6 unless the person votes as a proxy appointed by writing that specifies how the person is to vote on Items 5 or 6.

This restriction on voting undirected proxies does not apply to the Chair of the Meeting acting as proxy for a person entitled to vote on Items 5 and 6 because the Company's proxy appointment expressly authorises the Chair of the Meeting to exercise undirected proxies even though the resolutions are connected directly or indirectly with the remuneration of KMP of the Company.

Directors' Recommendation

The Board unanimously (other than Mr Thorley) recommends that Shareholders vote in favour of Items 5 and 6.

GLOSSARY

2019 AGM means the annual general meeting of the Company being held on 06 November 2019.

A\$ or \$ means Australian dollars.

AEDT means Australian Eastern Daylight Savings Time as observed in Sydney, Australia.

Annual General Meeting or Meeting means the meeting convened by the Notice.

ASX means ASX Limited ACN 008 624 691.

ASX Listing Rules means the Listing Rules of the ASX.

ASX Principles means the ASX Corporate Governance Principles and Recommendations (3rd edition).

Board means the current board of directors of the Company.

Closely Related Party has the meaning as defined in section 9 of the Corporations Act.

Company means Estia Health.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Determination means *Corporations (Coronavirus Economic Response) Determination (No. 1) 2020*.

Directors means the current directors of the Company.

Entitlement Time means 7.00pm (AEDT) on Tuesday 03 November 2020.

Estia Health means Estia Health Limited (ACN 164 350 387).

Explanatory Notes means the Explanatory Notes accompanying and forming part of the Notice.

FY20 means the financial year ended 30 June 2020.

FY21 means the financial year ended 30 June 2021.

Group means the Company and subsidiaries of the Company.

Items means the resolutions set out in the Notice, or any one of them, as the context requires.

Key Management Personnel (or **KMP**) has the meaning as defined in section 9 of the Corporations Act.

Notice or Notice of Meeting or Notice of Annual General Meeting means this notice of annual general meeting and the Explanatory Notes accompanying the Notice and the Proxy Form.

Performance Right means a performance right to acquire a Share under the equity incentive plan.

Proxy Deadline means 1.00pm (AEDT) on Tuesday 03 November 2020.

Proxy Form means the proxy form accompanying the Notice.

Related Body Corporate has the meaning set out in section 50 of the Corporations Act.

Remuneration Report means the remuneration report set out in the Directors' Report section of the Company's annual financial report for the year ended 30 June 2020.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Estia Health Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: +61 1300 554 474



X99999999999

VOTING FORM

I/We being a member(s) of Estia Health Limited and entitled to attend and vote hereby appoint:

A VOTE DIRECTLY

☐ elect to lodge my/our vote(s) directly (mark box)

i in relation to the Annual General Meeting of the Company to be held at **1:00pm (AEDT) on Thursday, 5 November 2020**, and at any adjournment or postponement of the Meeting.

You should mark either "for" or "against" for each item. Do not mark the "abstain" box.

OR

B APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **1:00pm (AEDT) on Thursday, 5 November 2020 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at <https://agmlive.link/EHE20> (refer to details in the Notice of Meeting).

Important for Resolutions 2, 5 & 6: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 2, 5 & 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Items	For	Against	Abstain*		For	Against	Abstain*
2 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Hon. Warwick Smith AO as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Grant of Retention-based Performance Rights to Mr Ian Thorley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Ms Helen Kurincic as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Grant of Long Term Incentive Performance Rights to Mr Ian Thorley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

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HOW TO COMPLETE THIS SHAREHOLDER VOTING FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

VOTING UNDER BOX A

If you ticked the box under Box A you are indicating that you wish to vote directly. Please only mark either "for" or "against" for each item. Do not mark the "abstain" box. If you mark the "abstain" box for an item, your vote for that item will be invalid.

If no direction is given on all of the items, or if you complete both Box A and Box B, your vote may be passed to the Chairman of the Meeting as your proxy.

Custodians and nominees may, with the Share Registrar's consent, identify on the Voting Form the total number of votes in each of the categories "for" and "against" and their votes will be valid.

The Chairman's decision as to whether a direct vote is valid is conclusive.

VOTING UNDER BOX B – APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name and email address of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Voting Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Voting Form and the second Voting Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at registrars@linkmarketservices.com.au prior to admission in accordance with the Notice of Annual General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A VOTING FORM

This Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by **1:00pm (AEDT) on Tuesday, 3 November 2020**, being not later than 48 hours before the commencement of the Meeting. Any Voting Form received after that time will not be valid for the scheduled Meeting.

Voting Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Voting Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Voting Form).



BY MAIL

Estia Health Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)