THINKSMART LIMITED
ACN 092 319 698

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the offices of Shoosmiths, Level 6, 1 St Martin's Le Grand, London, EC1A 4AS on Wednesday, 14 November 2018, commencing at 8.30am (GMT).

A separate meeting place will be linked to the main meeting place by an audio communication system to enable members to participate in discussion at the Annual General Meeting in Australia. The separate meeting place will be at Herbert Smith Freehills, Level 36, 250 St Georges Terrace, Perth, Western Australia, 6000 on Wednesday, 14 November 2018, commencing at 4.30pm (AWST).

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 (0) 8 9380 8333

THINKSMART LIMITED
ACN 092 319 698

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2018 Annual General Meeting of ThinkSmart Limited (the "Company") will be held at the offices of Shoosmiths, Level 6, 1 St Martin's Le Grand, London, EC1A 4AS on Wednesday, 14 November 2018, commencing at 8.30am (GMT).

A separate meeting place in Australia will be linked to the main meeting place in the UK by an audio communication system to enable members to participate in discussion at the Annual General Meeting in Australia. The separate meeting place will be at Herbert Smith Freehills, Level 36, 250 St Georges Terrace, Perth, Western Australia, 6000 on Wednesday 14 November 2018, commencing at 4.30pm (AWST). In order to vote on the resolutions, members attending at the location in Australia will need to submit their Proxy Form in advance of the Meeting in accordance with the instructions in section 5 below.

Depositary Interest ("DI") Holders may attend the Meeting but will not be permitted to vote at the Meeting. For their votes to be counted DI Holders must submit their CREST Voting Instruction to the Company's agent by the required cut-off time set out in section 6 below. Alternatively, DI Holders can vote using the enclosed Form of Instruction as per the instruction set out in section 7 below.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form, or Form of Instruction if you are a DI Holder, form part of this Notice.

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 as Shareholders on Monday, 12 November 2018 at 4.30 pm (AWST).

The 2018 Annual Report is available on the Company's website: www.thinksmartworld.com

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1. Financial Reporting

To receive and consider the financial report of the Company and the consolidated entity and the reports of the directors and the auditors for the financial year ended 30 June 2018. There is no vote on this item.

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2. Resolution 1 – Retirement and Re-election of Director – Mr Peter Gammell

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

"That Mr Peter Gammell, being a director of the Company who retires in accordance with clause 8.1(d) of the Company's Constitution, and being eligible, is re-elected as a director of the Company."

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3. Resolution 2 - Return of Capital to Shareholders

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

"That, for the purposes of Part 2J.1 of the *Corporations Act 2001* (Cth) and for all other purposes, approval is given for the Company to reduce its share capital by up to A$8,000,000 (with the final amount to be determined by the directors of the Company) by way of equal capital reduction, to be effected by the Company paying up to $0.077 per share to each registered holder of shares in the Company as at the record date to be determined by the directors of the Company, on the terms set out in the Explanatory Memorandum".

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4. Entitlement to Vote

It has been determined that under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the Annual General Meeting, shares will be taken to be held by the persons who are the registered holders at **4.30pm (AWST) on Monday, 12 November 2018**. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

5. Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

(a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;

(b) a proxy need not be a member of the Company and can either be an individual or body corporate; and

(c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

(a) appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and

(b) provides satisfactory evidence of the appointment of its corporate representative at the Meeting.

If such evidence is not received at the Meeting, then the body corporate (through its representative) will not be permitted to act as a proxy.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

A Proxy Form accompanies this Notice and to be effective must be received: **by no later than 4.30pm (AWST) on 12 November 2018.**

6. United Kingdom (CREST Voting Instruction)

DI Holders in CREST may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take appropriate action on their behalf.

In order for instructions made using the CREST voting service to be valid, the appropriate CREST message (a "CREST Voting Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST).

To be effective, the CREST Voting Instruction must be transmitted so as to be received by the Company's agent (3RA50) no later than 9 November 2018 at 8:30am (GMT). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the Company's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST. DI Holders in CREST and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the DI Holder concerned to take (or, if the DI Holder is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST voting service by any particular time.

In this connection, DI Holders and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

7. United Kingdom (Form of Instruction)

DI Holders are invited to attend the Meeting but are not entitled to vote at the Meeting. In order to have votes cast at the Meeting on their behalf, DI holders must complete, sign and return the Forms of Instruction forwarded to them along with the Notice to the Company's agent, Computershare UK, by 9 November 2018 at 8:30am (GMT).

By order of the Board

Company Secretary
Date: 22 October 2018

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the accompanying Notice of Meeting.

The directors recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice of Meeting:

1.1 General

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the offices of Shoosmiths, Level 6, 1 St Martin's Le Grand, London, EC1A 4AS United Kingdom on Wednesday, 14 November 2018 at 8.30am (GMT). DI Holders are able to attend the Meeting, but may not vote at the Meeting.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

1.3 Financial Statements and Reporting

The *Corporations Act 2001* (Cth) ("Corporations Act") requires:

- The reports of the directors and auditors; and
- The annual financial report, including the financial statements of the Company for the year ended 30 June 2018,

to be laid before the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of shareholders on the reports or statements. However, shareholders will be given reasonable opportunity to raise questions or make comments on the financial affairs of the Company at the Annual General Meeting.

Also, a reasonable opportunity will be given to members as a whole at the Meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

2. Resolution 1 – Re-election of Director – Mr Peter Gammell

The Company's constitution provides that at every AGM, after excluding: (1) a director who is a managing director; and (2) a director appointed by the directors under rule 8.1(b) and standing for election, one-third of the remaining directors (rounded down to the nearest whole number) must retire from office. Accordingly, Mr Gammell retires from office with effect from the end of the Meeting and, being eligible, offers himself for re-election.

A brief description of the candidate follows:

Peter Gammell

Peter is a non-executive director of Seven West Media and of One Ventures. Peter was Managing Director and CEO of Seven Group Holdings (2010-2013) and was previously Managing Director of Australian Capital Equity Pty Ltd (1989-2010). Peter is also Chairman of Octet Finance and former Chairman of Scottish Pacific Business Finance. Between 1984 and 1989 Peter was a director of Castle Cairn (Financial Services) Ltd, an investment management company based in Edinburgh, Scotland and a member of IMRO. Also during this time he was a director of Cairn Energy Management Limited and Cairn Energy plc.

Peter is a member of the Audit Committee and of the Remuneration and Nomination Committee of ThinkSmart.

The directors (other than Mr Gammell) recommend that shareholders vote in favour of Resolution 1. Mr Gammell, who has an interest in the outcome of Resolution 1, declines to make a recommendation.

3. Resolution 2 – Return of Capital to Shareholders

Overview

As announced on 23 August 2018, the Company's subsidiary ThinkSmart Europe Limited ("TSE") sold 90% of the share capital of ClearPay Finance Limited, a company that allows retailers to offer their customers the ability to make purchases of up to £450 and spread the cost over three interest-free monthly payments ("Clear Pay"), to AfterPay Touch Group Limited ("AfterPay"), a company listed on ASX, in exchange for 1,000,000 shares in the capital of AfterPay ("Consideration Shares") to be issued via an initial tranche of 750,000 of the Consideration Shares on completion (23 August 2018) ("Tranche 1 Consideration Shares") and the remaining 250,000 Consideration Shares to be issued to TSE on 23 February 2019, being 6 months from completion of the sale. The Company announced that it intended to dispose of the Tranche 1 Consideration Shares and that it expected that Shareholders would be rewarded in the form of a distribution of an amount equal to a portion of the proceeds of sale of the Tranche 1 Consideration Shares, whilst ensuring the Company retained sufficient cash reserves for further expansion and product development opportunities.

On 24 August 2018 the Company sold the Tranche 1 Consideration Shares at a price of A$20 per share, totalling A$15,000,000 ("Tranche 1 Consideration"), of which the Company intends to distribute up to A$8,000,000 to Shareholders (the "Distribution").

The Company applied to the Australian Taxation Office ("ATO") on 25 September 2018 for a Class Ruling to determine certain Australian income tax consequences of the Distribution for Shareholders, specifically, what amount of the Distribution will, if any, be a dividend for tax purposes, as opposed to a return of capital. The Company does not expect to receive the draft Class Ruling before the date of the 2018 Annual General Meeting.

Accordingly, Shareholders are being asked to consider and pass the resolution required to return up to A$8,000,000 (with the final amount to be determined by the directors of the Company) to Shareholders by way of an equal capital reduction, to be effected by the Company paying up to A$0.077 per Share to each registered holder of the Shares as at the record date to be determined by the directors of the Company (which will be a date after receipt of the draft Class Ruling).

The Board will determine the final amount of the capital return (and dividend, if any) following receipt of a draft Class Ruling and will make an RNS announcement of the outcome of the draft Class Ruling once received and will also announce the amount of the capital return (and dividend, if any) and the record date for the capital return (and dividend, if any) as determined by the Board. The final Class Ruling, which is not expected to be provided until after payment of the Distribution, will also be available from the Company's website (http://www.thinksmartworld.com) once it is provided by the ATO. A guide to certain potential Australian tax implications of the Distribution are set out in the "Taxation" section below.

If Resolution 2 is not approved, no funds will be paid to shareholders via a capital return and the Board will consider alternative uses for those funds.

Member approval for equal capital reduction

Any return of capital component of the Distribution, the subject of Resolution 2, will constitute an equal capital reduction for the purposes of section 256B(2) of the Corporations Act because:

1 it relates only to ordinary shares;

2 it applies to each holder of ordinary shares in proportion to the number of ordinary shares they hold; and

3 the terms of the reduction are the same for each holder of ordinary shares.

Section 256B(1) of the Corporations Act provides that 3 requirements must be met in order for a company to conduct an equal capital reduction that is not otherwise authorised by law. The following table sets out these requirements and a description of how each requirement is met.

Requirement	How the requirement is met
The reduction is fair and reasonable to the company's shareholders as a whole	The directors believe that the return of capital is fair and reasonable to Shareholders as a whole. Each Shareholder is treated equally and in the same manner since the terms of the return of capital are the same for each Shareholder, the distribution is on a pro rata basis, and the proportionate ownership interest of each Shareholder in respect of the Company remains the same before and after the return of capital.
The reduction does not materially prejudice the company's ability to pay its creditors	The directors have carefully considered the Company's assets, liabilities and expected cash flows, and believe that the return of capital will not materially prejudice the Company's ability to pay its creditors. The directors have also satisfied themselves as to the solvency of the Company following the return of capital.
The reduction is approved by shareholders under section 256C of the Corporations Act	Section 256C(1) of the Corporations Act requires approval by ordinary resolution of the shareholders of the Company. This requirement is the reason that approval of Shareholders is being sought pursuant to Resolution 2. Further, as required by section 256C(5), the Company has lodged a copy of the Notice of Meeting and accompanying documentation (being this Explanatory Memorandum, the Proxy Form and the Form of Instruction) with ASIC.

Rationale

The sale of 90% of the shares of ClearPay released a significant portion of the share capital of the Company. The proposed return of capital is being undertaken to deliver to Shareholders a return of the share capital in the Company that has been realised from the sale.

The proposed return of capital demonstrates the Company's commitment to efficient capital management, and its focus on providing a satisfactory return of capital to all Shareholders in relevant circumstances, whilst ensuring it has sufficient cash reserves for further expansion and product development opportunities to continually provide Shareholder's a return on or of their investment.

Impact on capital structure of the Company

As at 22 October 2018, the Company has 104,728,744 ordinary shares on issue. After the proposed capital return, the number of ordinary shares on issue will remain the same (as no shares will be cancelled) and Shareholders will not be diluted. The share capital of the Company will be reduced by up to A$8,000,000, representing a return per ordinary share of up to A$0.077.

Impact on financial position of the Company

The proposed capital return will be funded solely from the proceeds of sale of the Tranche 1 Consideration Shares. In determining whether to implement the return of capital, the directors have reviewed the Company's assets, liabilities and expected cash flows. The Board considers that the proposed capital return is fair and reasonable to Shareholders as a whole, and will not materially prejudice the Company's ability to pay its creditors, or impact on its solvency position.

As at the date of this notice, the Company has approximately A$19 million[1] of cash or cash equivalents and so if the Distribution was made at the date of this notice, the Company would have approximately A$11 million of cash or cash equivalents remaining.

Impact on growth strategies of the Company

The capital return will not materially impact the Company's capacity to fund new investment opportunities given the capacity to raise debt and equity funding if required. The Company will continue to assess opportunities consistent with its objective of providing returns to shareholders.

Impact on ability to frank and attach conduit foreign income to future dividends declared

If the Distribution contains a dividend component:

- It is likely that the dividend will only be partially franked given the Company's limited franking account balance (which was approximately A$200,000 as at 30 June 2018). Therefore, in this situation, it is likely that the Company's current franking account balance will be exhausted. This may affect the ability of the Company to frank future dividends declared.
- It is likely that the dividend will attach maximum conduit foreign income, such that the dividend is unlikely to be subject to foreign resident Australian dividend withholding tax. This may affect the ability of the Company to attach conduit foreign income to future dividends declared such that Australian dividend withholding tax may apply to future unfranked dividends paid to non-Australian tax resident shareholders.

Indicative timetable

The timetable below sets out the indicative important dates for the Distribution.

Annual General Meeting	Wednesday, 14 November 2018
Company to advise that capital reduction resolution approved by Shareholders	Wednesday, 14 November 2018
Company receives draft Class Ruling and announces via RNS the amount of the capital return (and dividend, if any) as determined by the directors together with the record date and payment date for the capital return (and dividend, if any)	Expected after the date of the Annual General Meeting

Taxation

<u>Australian Taxation</u>

Scope

This section addresses certain Australian income tax, goods and services tax ("GST") and stamp duty implications of the Distribution for Shareholders. This section deals only with the taxation implications relevant to Shareholders who are individuals, companies and trusts (other than superannuation or pension funds), each of whom holds their Shares on capital account for income tax purposes.

This section does not apply to Shareholders who:

- are insurance companies, superannuation or pension funds, banks, or partnerships;
- carry on a business of trading in shares;
- hold (or will hold) their Shares on revenue account for income tax purposes;
- acquired their shares in connection with an employee share scheme;

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1 This number comprises approximately £2.3 million (converted to AUD at the foreign exchange rate of 1.8446AUD:GBP) plus approximately A$15 million.

- are exempt from Australian tax; or
- are subject to the Taxation of Financial Arrangements rules in Division 230 of the Income Tax Assessment Act 1997 (the ITAA 97) in respect of their Company Shares.

The information in this section of the Explanatory Memorandum is general in nature and is based on the law in force at the time of issue of this Explanatory Memorandum. It is not intended to be an authoritative or complete statement of the Australian taxation laws, nor to be relied upon as tax or stamp duty advice. Deloitte Tax Services Pty Ltd, a registered tax agent, has provided the Australian tax comments in this section. Deloitte Tax Services Pty Ltd is not licensed under Chapter 7 of the Corporations Act to provide financial product advice. Taxation issues, such as those covered by this section, are only some of the matters you need to consider when making a decision about a financial product. It should be noted that the Australian taxation laws are complex and the precise taxation implications will depend upon each Shareholder's specific circumstances.

The comments in this section are based on the Australian taxation laws (including established interpretations of those laws) as at the date of this Explanatory Memorandum, which may change. This section does not take into account the tax law of countries other than Australia.

Neither the Company nor any of its officers, employees or advisors assumes any liability or responsibility for advising Shareholders about the tax consequences of the Distribution. It is recommended that all Shareholders (including Australian tax resident Shareholders and non-Australian tax resident shareholders) should seek their own independent taxation advice before reaching conclusions as to the possible taxation consequences of the Distribution.

Class Ruling

The Company has applied to the ATO on the basis that the full amount of the Distribution will be treated as a capital return for Australian tax purposes. The Company will announce the outcome of the application on RNS Announcements. Once the Class Ruling has been issued, Shareholders will be able to rely on the Class Ruling.

The Company expects that the ATO should make a determination in the Class Ruling as set out in the Company's application. However, the ATO may make a ruling that is different from the Company's expectation. The ATO may decide to treat part of the Distribution as a frankable dividend and reduce the amount treated as capital, or treat the whole amount or a portion of the amount as an unfranked dividend. Any amount that is treated as a capital amount, the tax treatment explained below at "*Expected Australian Income Tax Treatment for Capital Component*" should apply to that amount. Any amount that is treated as a dividend, the tax treatment explained below at "*Expected Australian Income Tax Treatment for Dividend Component*" should apply to that amount.

Expected Australian Income Tax Treatment of Capital Component

<u>Australian tax resident Shareholders</u>

A CGT event (G1) will happen for a Shareholder when the Company pays the capital return to the Shareholder in respect of Shares they owned at the capital return record date and continue to hold at the capital return payment date. A Shareholder's cost base for each of their Shares should be reduced by the lesser of the cost base and the amount of the capital return. A capital gain should arise for a Shareholder where the capital return exceeds the Share's cost base. The difference should be equivalent to the amount of the capital gain.

The capital gain may be reduced by the CGT discount if the Shares were held for at least 12 months before the capital return and other relevant requirements are satisfied. The CGT discount is 50% for resident individuals and trusts and 33 1/3% for resident complying superannuation funds. Shareholders that are Australian resident companies are not generally eligible for the CGT discount.

Where the capital return is paid to a Shareholder in respect of a Share they owned at the capital return record date but ceased to own at the capital return payment date, a CGT event (C2) happens when the payment is made. A capital gain should arise for a Shareholder if the capital proceeds from the ending of the right (i.e. the amount of the capital return) exceeds the cost base of the right.

The cost base of the right does not include the cost base or reduced cost base of the Share previously owned by the Shareholder that has been applied in working out a capital gain or capital loss made when a CGT event happened to the Share, for example, if the Shareholder disposed of the Share after the capital return record date but before the capital return payment date. Therefore, if the full cost base or reduced cost base of a Share has been previously applied in working out a capital gain or capital loss made when a CGT event happened to that Share, the right to receive the return of capital should have a nil cost base. Therefore, the capital gain in this circumstance should equal the full amount of the capital return.

As the right to receive the return of capital was inherent in the Share during the time it was owned, the right is considered to have been acquired at the time when the Share was acquired. Therefore, the capital gain may be subject to CGT discount if the Shares were held by the Shareholder for at least 12 months before the payment of the return of capital and the other relevant conditions are satisfied (the discount percentages should be as above).

<u>Non-Australian tax resident Shareholders</u>

No Australian tax should generally be payable on capital gains made by non-Australian tax resident Shareholders where:

- their Shareholdings (together with associates) is less than 10% of the Company (at the time of the CGT event and during a greater than 12 month period in the 24 months prior to the CGT event); or
- the Company is not considered "land-rich" for Australian income tax purposes (e.g. 50% or less of the market value of the respective underlying assets of the Company are principally derived from Australian real property).

Given the nature of the Company's assets and operations, the Company should not be considered "land-rich" for Australian income tax purposes.

A non-Australian tax resident Shareholder that holds their investments on revenue account or through an Australian permanent establishment should seek advice about the Australian income tax implications of the capital return based on their individual circumstances.

Expected Australian Income Tax Treatment of Dividend Component

Australian tax resident Shareholders

Shareholders who are Australian tax residents should include the amount of the dividend as assessable income in their income tax return. To the extent that the dividend is frankable and is franked, Shareholders should generally be required to include the franking credits attaching to the dividend in their assessable income. As a result, the amount of the dividend plus the amount of the franking credits attaching to the dividend should generally be included as assessable income in the Shareholder's income tax return.

The amount of franking credits attaching to the dividend can generally be used to offset the amount of income tax that a Shareholder is required to pay, subject to certain rules.

For a Shareholder to be entitled to a tax offset for the franking credits, the Shareholder must be a 'qualified person' in relation to the dividend. In broad terms, Shareholders who are not under an obligation to pass the dividend to someone else and have held their Shares "at risk" for at least 45 days (excluding the dates of acquisition and disposal) should be qualified persons and should be able to claim a tax offset for the amount of franking credits received. In respect of the dividend in this circumstance, this period should generally run from the date the Shares were acquired until the 45th day after the dividend record date (not including the date of acquisition and the date of disposal of the Shares). Shares may not be held at risk for the days which the Shareholder has materially diminished risks of loss or opportunities for gain in respect of the shares (e.g. through arrangements such as hedges, options, futures etc).

Individual shareholders whose total franking tax offsets (for all franked distributions received in the income year) do not exceed A$5,000 for the income year in which the dividend is received should be exempt from the 45 day rule.

Australian tax resident Shareholders that are individuals that have franking credits in excess of their income tax liability may be entitled to a tax refund equal to the excess.

In relation to Shareholders that are trusts (other than trustees of complying superannuation entities or trusts treated as companies for tax purposes), such Shareholders should include any franking credits in determining the net income of the trust. The relevant beneficiary may then be entitled to a corresponding tax offset, subject to certain requirements being satisfied.

In relation to trusts, the rules surrounding the taxation of dividends are complex and advice should be sought to confirm the appropriate taxation considerations and treatment.

Shareholders that are Australian tax resident companies (aside from charities) are unable to claim refunds for excess franking credits. Where excess franking credits exist, the Australian tax resident company Shareholder should be entitled to have the surplus credits converted into carry forward tax losses.

An Australian tax resident Shareholder is not obliged to quote a TFN, or where relevant, ABN, to the Company. However, to the extent that the dividend is unfranked, if a TFN, or where relevant, ABN, is not quoted by an Australian tax resident Shareholder and no exemption is applicable, income tax is required to be deducted by the Company at the highest marginal rate (currently 45% plus Medicare levy of 2%) from the dividend. Australian tax resident Shareholders may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on the dividend in their income tax returns. Australian tax resident Shareholders that have not provided, or are not certain whether they have provided, their TFN / ABN are advised to contact Computershare Investor Services on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) or online at www.investorcentre.com/au to update their records in order to avoid withholding being applied to future unfranked dividends of the Company.

Non-Australian tax resident Shareholders

To the extent that a dividend is franked and any unfranked portion of the dividend attaches conduit foreign income, no dividend withholding tax should be applicable. Shareholders that are not residents of Australia for income tax purposes should not be taxable in Australia on such dividends provided they do not hold their Shares through an Australian permanent establishment.

To the extent that a dividend is unfranked and does not attach conduit foreign income, the main difference in income tax treatment should be that Australian dividend withholding tax will be applicable (which will be withheld from the Distribution payable by the Company).

Given the Company's franking account and conduit foreign income balances, it is likely that any dividend component will only be partially franked with the remaining unfranked portion of the dividend attaching maximum conduit foreign income, such that no foreign resident Australian dividend withholding tax should be applicable to the dividend. This position will be confirmed following receipt of the draft Class Ruling and advised to Shareholders via RNS Announcements.

To the extent Australian dividend withholding tax is applicable to a dividend, it will be levied at a flat rate of 30% on the gross amount of the dividends unless a Shareholder is a tax resident of a country that has an applicable double tax treaty with Australia. Relevantly, the Australian dividend withholding tax is generally limited to a maximum of 15% for Shareholders that are tax resident of the UK (varying rates apply to different countries).

Non-Australian tax resident Shareholders should seek their own independent tax advice as to the tax implications in their country of residence of receiving the dividend (including if a credit is available for any Australian dividend withholding tax).

Capital Return as Assessable Income

Given the circumstances of the capital return, the capital return should not constitute ordinary income of Shareholders.

Furthermore, there should be no other income tax provisions (apart from CGT events C2 and G1) that apply to the proposed capital return. Therefore, with the exception of any capital gains made pursuant to CGT event C2 or G1, as outlined above, the capital return should not be included in assessable income of Shareholders.

The Company is seeking confirmation from the ATO of this position via the Class Ruling. It is the Company's expectation that the ATO will agree with this position. The Company will update Shareholders on the position once known.

Depositary Interests

For those Shareholders that hold their Shares via Depositary Interests (DIs) and on capital account, the CGT outcomes depend on whether the Shareholder is 'absolutely entitled' to the Shares they have a beneficial interest in via their DIs. Where the holders of DIs are 'absolutely entitled' to the underlying Shares to which the DIs relate, the CGT consequences of the capital return should generally be attributable to the underlying Shareholders that hold their Shares via DIs.

A dividend received via DIs should be included as assessable income in the hands of the holder of the DIs. The ability of holders of DIs to access franking credit tax offsets may be restricted. The rules surrounding taxation of franked dividends received through the Depositary Interest facility is complex and it is recommended that affected Shareholders obtain advice to confirm the appropriate taxation considerations and treatment for this situation having regard to their own specific circumstances.

DIs in the context of applicable withholding tax rules (including the no-TFN / no-ABN withholding tax rules described above) are complex. It is the Company's intention to consider these matters further should the Distribution contain a dividend component, including seeking clarity from the ATO via the Class Ruling process where considered necessary. The Company will keep Shareholders informed of the withholding tax position via RNS Announcements.

Shareholders that hold their Shares via DIs are strongly advised to obtain their own professional advice regarding:

- whether they are 'absolutely entitled' to the Shares they have a beneficial interest in via their Dis; and
- the tax implications of receiving the capital return (and the dividend, if paid, which will likely be partially franked and partially attaching conduit foreign income),

based on their own specific circumstances, including the nature of their Depositary Interest facility.

Shareholders are also directed to consider Class Ruling (CR) 2017/10 "Income tax: Thinksmart Limited - delisting from ASX and shares converted into Depositary Interests", which outlines certain Australian income tax implications of holding Shares via DIs.

Foreign Resident Capital Gains Withholding (FRCGW)

Rules have been enacted which can apply to the disposal of certain taxable Australian property under contracts entered into on or after 1 July 2016. The current non-final withholding tax rate is 12.5%. The regime applies to any transaction involving the acquisition of the legal ownership of an asset that is taxable Australian real property, an indirect Australian real property interest (such as membership in a "land rich" company or trust) or an option or right to acquire such property or such an interest from a "relevant foreign resident".

The FRCGW rules should not apply to the Distribution. The Company is seeking confirmation from the ATO of this position via the Class Ruling. It is the Company's expectation that the ATO will agree with this position. The Company will update Shareholders on the position once known.

GST

Under current Australian GST law, GST should not be payable on the Distribution. The ability of Shareholders to recover any GST incurred as an input tax credit in relation to costs associated with the Distribution (such as costs relating to professional advice obtained by Shareholders regarding the Distribution) would vary according to individual circumstances and as such this should be reviewed by Shareholders prior to making any claim.

Stamp Duty

No Australian stamp duty should be payable by a Shareholder in respect of the Distribution.

How payment will be received

If Resolution 2 is approved, and you voted against the resolution, you will still receive the funds you are entitled to under the Distribution ("Entitlement").

If you have a direct credit authority for payments in relation to your Company Shares recorded by Computershare Investor Services Pty Ltd ("Registry") on the record date to be determined by the Board, your Entitlement due to you will be credited to your nominated account.

If you wish, you may add/change your current direct credit instructions by providing written instructions to the Registry before the record date at:

Online: at www.investorcentre.com/au

By Post: Computershare Investor Services Pty Limited
GPO Box 2975
MELBOURNE VIC 3001
AUSTRALIA

Please note that if you do alter your nominated bank account details, this will be taken to be your nominated bank account for future distribution payments by the Company.

Holders of DIs will be paid electronically directly through the CREST system by Computershare Investor Services PLC (the "Depositary") procuring a credit to the cash memorandum account linked to the CREST participant ID in which the DIs are registered as at the record date. In order to facilitate payment through CREST, the Depositary will make arrangements to convert the payment from Australian dollars into pounds sterling. The actual amount of proceeds to be payable in pounds sterling received will depend upon the exchange rate prevailing on the day on which funds are made available to the Depositary. Holders of DIs should be aware that the currency exchange rate which prevails at the date on which the return of capital becomes effective and on the dates of dispatch and receipt of payment may be different from that prevailing on the date on which the Depositary converts the Australian dollars into pounds sterling. In all cases, fluctuations in the exchange rates are at the risk of the holder of the DIs.

In all other cases, you will be sent (at your risk) a cheque for your Entitlement in Australian dollars to your address as recorded by the Registry on the record date. Payments to these accounts and the dispatch of cheques to those addresses will satisfy the Company's obligations to pay your Entitlement.

Other material information

There is no other information material to the making of a decision by shareholders whether or not to vote in favour of the proposal (being information that is known to directors of the Company which has not previously been disclosed to holders of shares in the Company) other than as set out in this document.

The directors are of the opinion that the proposed capital return is fair and reasonable to all shareholders and unanimously recommend that shareholders vote in favour of the proposed resolution.

No director of the Company will receive any payment or benefit of any kind as a consequence of the proposed return of capital other than as an ordinary shareholder of the Company.

Ends
Enc. Proxy Form