

# Macquarie Telecom Group Limited

ACN 056 712 228

## Notice of Meeting

NOTICE IS GIVEN that the Annual General Meeting of Macquarie Telecom Group Limited ACN 056 712 228 ("Company") will be held at the **Museum of Sydney Auditorium, Cnr. Phillip and Bridge Streets, Sydney, NSW 2000, Australia, on Friday, 22 November 2013, at 9:00am AEDT**, for the purpose of transacting the business set out in this Notice of Meeting.

If you are unable to attend the Annual General Meeting, you are requested to complete the form of proxy enclosed with this Notice of Meeting ("Proxy Form"). This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address below by no later than **9:00 am AEDT on 20 November 2013** (being 48 hours before the commencement of the Annual General Meeting). Any Proxy Form received after that time will not be valid for the scheduled Annual General Meeting.

Hand deliveries:	Boardroom Limited Level 7 / 207 Kent Street Sydney NSW 2000
Postal address:	Boardroom Limited GPO Box 3993 Sydney NSW 2001
Fax number:	+612 9290 9655
Online:	<a href="http://www.boardroomlimited.com.au/vote/macquarieagm2012">www.boardroomlimited.com.au/vote/macquarieagm2012</a>

### ORDINARY BUSINESS:

#### Item 1 – Financial Statements and Reports

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report of the Company and its controlled entities for the year ended 30 June 2013.

#### Item 2 – Remuneration Report ("Resolution 1")

To consider, and if thought fit, to pass the following resolution as a non-binding **ordinary resolution**.

"That the Remuneration Report for the year ended 30 June 2013 be adopted."

#### Item 3 – Re-Election of Director: Mr John Palfreyman ("Resolution 2")

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

"That Mr John Palfreyman, who retires by rotation in accordance with Rule 8.1(e)(2) of the Company's Constitution and, being eligible, offers himself for re-election, be elected as a Director of the Company."

# Macquarie Telecom Group Limited

ACN 056 712 228

## Notice of Meeting

### OTHER BUSINESS:

To transact any other business which may properly be brought before the Annual General Meeting.

A handwritten signature in black ink, appearing to read 'R Lutterbeck', with a stylized flourish at the end.

R Lutterbeck  
Company Secretary  
10 October 2013

# Macquarie Telecom Group Limited

ACN 056 712 228

## Explanatory Memorandum

This **Explanatory Memorandum** has been prepared to provide shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of the Company. Amongst other things, this Explanatory Memorandum provides shareholders with the information required to be provided to shareholders by the *Corporations Act 2001* (Cth) ("Corporations Act") and the ASX Listing Rules issued by ASX Limited ACN 008 624 691 ("ASX Listing Rules").

This Explanatory Memorandum sets out an explanation of each of the resolutions to be put to shareholders.

# Macquarie Telecom Group Limited

ACN 056 712 228

## Explanatory Memorandum

### **Explanatory Note Item 1 – Financial Statements and Reports**

The Corporations Act requires that the Financial Report, Director's Report and Auditor's Report be tabled before the Annual General Meeting each year. There is no requirement either in the Corporations Act or the Company's Constitution for shareholders to vote on, approve or adopt these reports.

Shareholders will have a reasonable opportunity at the Annual General Meeting to ask the Chairperson questions and make comments on the business, operations and management of the Company. The auditor of the Company will also be available to take shareholders' questions and comments about 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.

In addition to taking questions at the Annual General Meeting, written questions to the Company's auditor about the conduct of the audit of the Financial Report and the preparation and content of the Auditor's Report, may be submitted no later than the fifth business day before the day on which the Annual General Meeting is held (i.e. no later than 5:00 pm on 15 November 2013) to:

The Company Secretary  
Level 20, 2 Market Street  
Sydney, NSW, 2000  
Australia  
Email: [rlutterbeck@macquarietelecom.com](mailto:rlutterbeck@macquarietelecom.com)  
Fax: +612 8221 7788

The Company will pass all written questions on to the auditor. The auditor will prepare and provide to the Company a question list which sets out the questions that the Company has passed on to the auditor and that the auditor considers to be relevant to the conduct of the audit of the Financial Report or the content of the Auditor's Report. Please note that a question may not be included in the question list if the question list includes a question that is substantially the same as that question or if it is not practicable to include the question in the question list because of the time when the question is passed on to the auditor.

There is no requirement for the auditor to provide written answers to the questions, however, if the auditor chooses to prepare written answers to any of the questions, the Chairperson may permit the auditor to table the written answers at the Annual General Meeting. The auditor will also answer questions asked at the Annual General Meeting however where questions concern issues raised in the written questions, the auditor may refer shareholders to the written answers (if any).

### **Explanatory Note Item 2 – Remuneration Report (Resolution 1)**

The Corporations Act requires that the Remuneration Report be adopted at the Company's Annual General Meeting by a resolution. While there is a requirement for a formal resolution, the shareholders' vote is advisory only and does not bind the Company, nor will it require the Company to alter any arrangements detailed in the Remuneration Report should the resolution not be passed. However, the Directors will take the outcome of the vote into consideration when reviewing the remuneration policies and practices of the Company in the future.

The Remuneration Report is set out on pages 17 to 22 of the Company's 2013 Annual Report. The Remuneration Report explains the structure of, and policy behind, the Company's remuneration practices and the link between the remuneration of employees and the Company's performance. The Report also sets out remuneration details of each Director and for any specified executive of the Company.

# Macquarie Telecom Group Limited

ACN 056 712 228

## Explanatory Memorandum

Shareholders will have a reasonable opportunity at the Company's Annual General Meeting to ask questions and make comments on the Remuneration Report.

The Corporations Act was amended so that from 1 July 2011, if there are two consecutive Annual General Meetings of the Company held after 1 July 2011 and at each of those Annual General Meetings, at least 25% of votes cast are against the adoption of the Remuneration Report put before the Annual General Meeting (in accordance with section 250R of the Corporations Act), at the second Annual General Meeting there must be put to the vote a resolution (a "Spill Resolution") that a further meeting of the Company's shareholders be held within 90 days (a "Spill Meeting") at which the Directors of the Company, as at the time the resolution to make the director's report considered at the second Annual General Meeting was passed (but excluding the Managing Director) will cease to hold office immediately before the end of the Spill Meeting and resolutions will be put to the vote to appoint new Directors of the Company to fill those vacancies. This may include re-election of the Directors who held office immediately prior to the Spill Meeting.

At the last Annual General Meeting held on 23 November 2012, less than 25% of the votes cast were cast against the adoption of the Remuneration Report. Accordingly, there is no need for the Company to consider a Spill Resolution at this time.

The Directors recommend that shareholders vote in favour of Resolution 1.

### **Voting on Resolution 1 by proxy**

Certain shareholders of the Company described below in the Voting Exclusion Statement cannot vote on Resolution 1. The Australian Securities and Investments Commission ("ASIC") identified some confusion prior to the last Annual General Meeting as to whether the Corporations Act permitted the chairperson of the annual general meeting, whose remuneration details are included in the remuneration report, to vote, as a proxy, undirected proxies on the adoption of the remuneration report. This was identified by ASIC in Information Sheet 144 and has now been clarified by the *Corporations Amendment (Proxy Voting) Act 2012*. As a result, the Chairperson of the Annual General Meeting who is a member of the Key Management Personnel or a closely related party of a Key Management Personnel, is able, as a proxy, to vote undirected proxies in the vote on Resolution 1 (adoption of the Remuneration Report) where the shareholder granting a proxy to the Chairperson provides express authorisation for the Chairperson to exercise the proxy and the shareholder is not themselves a member of the Key Management Personnel or a closely related party.

The Company's Proxy Form has been prepared on this basis and as such the Chairperson will vote undirected proxies and intends to vote such proxies in favour of Resolution 1.

### **Voting Exclusion Statement**

In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 1 by a member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member of the Key Management Personnel (each an "Excluded Shareholder").

"Key Management Personnel" of the Company includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or non-executive) of the Company.

A "Closely Related Party" to a member of the Key Management Personnel is a term defined in the Corporations Act and includes a member's spouse, child, spouse's child, dependent on the member or their spouse, a company the member controls, member's family who may be expected to influence, or be influenced by, the member in the members dealings with the Company.

# Macquarie Telecom Group Limited

ACN 056 712 228

## Explanatory Memorandum

However, the Company will not disregard a vote if:

- (a) it is cast by:
  - (i) an Excluded Shareholder (including the Chairperson) as a proxy for a shareholder who is entitled to vote, who has been appointed in writing and where that proxy appointment specifies how the proxy is to vote on the proposed resolution (i.e. a directed proxy); or
  - (ii) the Chairperson, as a proxy for a shareholder entitled to vote, appointed in writing by a shareholder who is entitled to vote, that does not specify how the proxy is to vote on the proposed resolution (i.e. undirected proxy), where that appointment as proxy expressly authorises the Chairperson to exercise the proxy; and
- (b) the vote is not cast on behalf of an Excluded Shareholder.

### **Item 3 - Appointment of Directors**

In accordance with ASX Listing Rule 14.4, a director must not hold an office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer. Under ASX Listing Rule 14.5, the Company is required to hold an election of directors each year.

Further, Rule 8.1(e)(2) of the Company's Constitution also requires one third of the directors, rounded down if necessary, to the nearest whole number (other than the Managing Director, or if there is more than one managing director, only one managing director) to retire from office at each annual general meeting, together with any director who has held office without re-election for three or more years.

### **Explanatory Note Item 3 – Re-election of Director: Mr John Palfreyman (Resolution 2)**

Mr Palfreyman who retires by rotation in accordance with Rule 8.1(e)(2) of the Company's Constitution and, being eligible, offers himself for re-election as a Director of the Company.

John's career spans more than 25 years in the IT industry. He was executive chairman of 90East Inc, an Australian supplier of managed security services to federal government agencies, until the company's successful trade sale in early 2004. Previously, John was managing director of Baltimore Technologies (Asia Pacific), the region's dominant supplier of public key infrastructure based e-commerce and enterprise security systems. He holds a Bachelor of Commerce degree and qualified as a chartered accountant in 1982. John joined the Board on 26 July 2004 and is chairman of the Audit and Risk Management Committee and a member of the Corporate Governance, Nomination and Remuneration Committee.

Further information regarding Mr Palfreyman can be found on page 13 of the 2013 Annual Report.

The Directors of the Company, with Mr Palfreyman abstaining, recommend that the shareholders vote in favour of re-electing Mr Palfreyman as a Director of the Company.

The Chairperson of the Annual General Meeting intends to vote undirected proxies in favour of Mr Palfreyman's re-election.

# **Macquarie Telecom Group Limited**

**ACN 056 712 228**

## **Explanatory Memorandum**

### **Questions and Comments**

The Chairperson will give members a reasonable opportunity to ask questions about or comment on the Items of Business and Resolutions.

# Macquarie Telecom Group Limited

ACN 056 712 228

## Explanatory Memorandum

### VOTING INSTRUCTIONS

#### Entitlement to vote

For the purposes of the Corporations Regulation 7.11.37, the Board has determined that in relation to the Annual General Meeting being convened by this Notice of Meeting and the entitlement to attend and vote at the Annual General Meeting, shares will be taken to be held by the persons who are registered shareholders at 7:00 pm AEDT on Wednesday, 20 November 2013.

Accordingly share transfers registered after that date will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

#### Voting by proxy

- A shareholder entitled to attend and vote, is entitled to appoint a proxy.
- A shareholder entitled to attend and vote at the Annual General Meeting may appoint not more than two proxies to attend and vote at the Annual General Meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If two proxies are appointed and the appointment does not specify the proportion or number of votes that the proxy may exercise, each proxy may exercise half the votes.
- A proxy may but need not be a shareholder of the Company.
- Appointment of a proxy by a shareholder who is a corporation must be under its common seal or the hand of its attorney or the hand of a person duly authorised by the corporation.
- The instrument appointing the proxy must be in writing, legally valid and signed by the appointer or the appointer's attorney.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be received at the address notified by the Company on page 1 of this Notice of Meeting, no later than 48 hours before the commencement of the Annual General Meeting (i.e. by no later than **9.00 am AEDT on Wednesday, 20 November 2013**). Any proxy form received after that time will not be valid for the scheduled Annual General Meeting.

Shareholders should refer to the proxy form for further information on appointing a proxy.

#### Directing your proxy

When appointing a proxy, shareholders can choose to direct the proxy as to how to vote on each resolution.

If a shareholder directs the proxy (i.e. a directed proxy) by marking either '**For**', '**Against**' or '**Abstain**' on the proxy form for a resolution the proxy must vote in that manner regardless of who is appointed as proxy.

If a shareholder does not direct the proxy as to how to vote (i.e. an undirected proxy), the proxy appointed by the shareholders may vote as he or she thinks sees fit, subject to the following:

- (a) if the Chairperson of the Meeting is appointed as proxy, the Chairperson will vote undirected proxies in the following way on the resolutions as put to this Annual General Meeting:
  - (i) in favour of Resolution 1; and
  - (ii) in favour of Resolution 2,

# Macquarie Telecom Group Limited

ACN 056 712 228

## Explanatory Memorandum

- (b) if any member of the Company's Key Management Personnel whose remuneration details are included in the Remuneration Report or any of their Closely Related Parties, except the Chairperson, is appointed as proxy, that person will not vote your proxy on the following resolutions as put to the meeting:

- (i) Resolution 1,

"Key Management Personnel" of the Company includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or non-executive) of the Company.

"Closely Related Parties" to a member of the Key Management Personnel is a term defined in the Corporations Act as including a member's spouse, child, spouse's child, dependent on the member or their spouse, a company the member controls, member's family who may be expected to influence, or be influenced by, the member in the members dealings with the Company.

The above information on directing your proxy should be read together with any Voting Exclusion Statement relevant to a particular resolution as the Voting Exclusion Statement for a particular resolution might mean that the proxy vote must be disregarded and the relevant directions in the Proxy Form.

If you do not wish for your vote to be cast at the discretion of your proxy in respect of any Resolutions put to the vote at the Annual General Meeting, you should direct your proxy how to vote on these Resolutions.

### **Corporate Representatives attending**

If your shareholding is registered in a company name and you would like to attend the Annual General Meeting (and do not intend to return a proxy form), please bring with you to the Annual General Meeting a duly completed Certificate of Appointment of Corporate Representative to enable you to attend and vote at the Annual General Meeting. Alternatively contact the Company's share registry, Boardroom Limited on 1300 737 760 or +61 2 9290 9600, who will forward to you a form for completion.