

STEADFAST GROUP LIMITED

Long Term Incentive Plan (LTIP)

Rules for 2014

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Long Term Incentive Plan

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Long Term Incentive Plan

1 Introduction

- 1.1. The Long Term Incentive Plan (LTIP) provides Group Executives (GE), including the Group Chief Executive Officer (GCEO) with the opportunity to acquire equity in Steadfast Group Limited (SGL) as a reward for increasing earnings per share (EPS) over the longer term.
- 1.2 This guide has been prepared to provide an overview of the key characteristics of the LTIP and constitutes the rules underpinning the LTIP plan.
- 1.3 This guide does not constitute tax advice and the Participant should seek his or her own advice on the tax implications of the LTIP plan

2 Plan objectives

- 2.1 The objectives of the LTIP are to:
 - reward the achievement of excellent results by providing the opportunity to accumulate equity in SGL;
 - better align business and personal objectives with incentive to work towards corporate goals;
 - ensure at-risk reward components of SGL's overall remuneration practices provide sustainable and increasing long term value for shareholders whilst attracting, retaining and motivating highly qualified people; and
 - ensure at-risk reward arrangements are aligned with shareholder interests, robust risk management practices and strong governance principles.

3 Commencement and award rate

- 3.1 The LTIP applies to the financial year ending 30 June 2014 ("2014 year") and any awards will be made by no later than 31st August 2014.

4 Definitions

4.1 These terms have the following meaning in this guide:

“Change in Control” means either a scheme of arrangement has been approved by SGL’s Shareholders or a bidder has at least 50% of the issued and to be issued SGL shares under an unconditional takeover offer made in accordance with the Corporations Act 2001.

“Conditional Right” means the right to receive SGL shares at no cost i.e. a restricted unit.

“Entitlement Year” means the financial year in relation to which the LTIP award is granted (i.e. for the 2014 LTIP award, this will be from 1st July 2013 to 30th June 2014).

“Grant Date” means the date of grant of a Conditional Right in 2014 for the 2014 year.

“Market Value of the Conditional Right” means the weighted average sale price of SGL shares over the five trading days on the Australian Securities Exchange prior to the date on which the Participant’s employment with an SGL company terminates.

“SGL shares” means ordinary shares in Steadfast Group Limited.

“Retention Period” means the period from the Grant Date to the Transfer Date.

“Transfer Date” means the fifth anniversary after the Grant Date.

5 Plan eligibility

5.1 GE are invited to participate in the LTIP for 2014 with the approval of the Board Remuneration Committee (BRC).

5.2 Invitations to participate in subsequent years are at the discretion of the BRC and will be the subject of separate confirmation, including confirmation of terms each year.

5.3 Irrespective of any part of this guide, the BRC has the discretion in approving GE and awards made under the LTIP.

6 Plan benefits

6.1 Each GE is entitled to a deferred equity award of Conditional Rights subject to a five year tenure hurdle which will also be contingent on the achievement of two future performance hurdles as follows:

- the award allocation will be contingent on the employee performance being not rated less than 3 during the five year vesting period;
- the award allocation will be contingent on the consolidated entity's average diluted; and
EPS increasing by a compound 10.0% per annum over the five year vesting period.

Prior to the vesting period date, the BRC for the GE will determine the extent to which of these combined performance hurdles have been met and, if appropriate, will determine the number of Conditional Rights to vest in August five years from the Grant Date, up to a maximum of 15% to 50% of fixed remuneration as appropriate to each Executive shown in the table below:

LTI Performance Hurdles	Conditional Right Award as a % of Fixed Remuneration or Base Salary		
	Group CEO	Direct Reports	Senior Executives
5 year tenure	50.0	35.0	15.0

Example

Fixed Remuneration	Maximum LTIP Award		
	% of fixed remuneration	\$A	Conditional Rights Grant
\$300,000	15%	\$45,000	30,000

Assumed share price for Conditional Rights	\$1.50
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- 1 Remuneration – LTIP calculated on fixed remuneration as at 30th June
- 2 Example assumes LTIP potential as 15% of fixed remuneration
- 3 Conditional Right – shares granted to employee at no cost in 5 years
- 4 Notional dividends earned are added to the Conditional Right over the Retention Period

Conditional Right Statement		2015	2016	2017		
Grant Date	Number	DEP Bonus	DEP Bonus	DEP Bonus	Transfer Date	Balance
30/08/2014	30,000	1,500	1,500	1,500	30/08/2019	37,500

7 Conditional Right

- 7.1 Notional dividends on the Conditional Right will accrue during the Retention Period. The notional dividends will be provided to a participant in accordance with the Bonus Share Plan as varied from time to time.
- 7.2 Subject to these terms, on the Transfer Date, the Conditional Right will vest and convert into one SGL share per Conditional Right, which will be transferred to the GE at no cost. However, the BRC may use its discretion and pay cash in lieu of shares.
- 7.3 The share price which will be used for calculating any cash payment made pursuant to clause 7.2 will be the weighted average sale price of SGL shares over the five trading days on the Australian Securities Exchange prior to the Transfer Date.
- 7.4 The vesting of the Conditional Right on the Transfer Date is conditional on there being no material adverse deterioration in SGL's EPS for 2014 during the Retention Period. For the purpose of this clause, "material" means an overstatement of the EPS by 10% or more.
- 7.5 If a GE's employment with an SGL company ceases in certain circumstances such as death, disability, redundancy or retirement before the Grant Date, then the BRC may, in its discretion, award to the GE a cash payment equivalent to the market value of the Conditional Rights for the Entitlement Year, calculated on a pro-rata basis using the method used to assess any SIS Award that the GE is eligible to receive under the SIS rules, as varied from time to time, for the Entitlement Year. The GE will not otherwise be entitled to receive any payment or other benefit in lieu of the Conditional Right for the Entitlement Year.
- 7.6 If a GE's employment with an SGL company ceases in certain circumstances such as death, disability, redundancy or retirement during the Retention Period, then the BRC may, in its discretion, award to the GE:
- a) 50% of the Conditional Rights for the Entitlement Year that have been granted and have not been cancelled in either cash or SGL shares. The cash amount will be calculated using the Market Value of the Conditional Rights. The cash amount will be paid to the GE as soon as reasonably practicable after the termination of the GE's employment, and

- b) the remaining 50% of the Conditional Rights for the Entitlement Year that have been granted and have not been cancelled and will, in accordance with the terms under which the Conditional Rights were granted, will be provided in either cash or SGL shares on the Transfer Date. The cash amount will be calculated as per clause 7.4.

7.7 Subject to the discretion available under clause 7.6, if:

- a) a Participant's employment with an SGL company ceases for any reason;
- b) a Participant gives notice of their resignation from their employment with an SGL company;
- c) an SGL company becomes aware of circumstances which would warrant the summary termination of the GE's employment in accordance with the terms and conditions of the GE's employment; or
- d) the GE is subject to any disciplinary procedure,

on or before the Grant Date, the Participant will not be entitled to receive any Conditional Right for the Entitlement Year nor any payment or other benefit in lieu of the Conditional Right.

7.8 Subject to the discretion available under clause 7.7, if:

- a) a GE's employment with an SGL company ceases for any reason
- b) a GE gives notice of their resignation from their employment with an SGL company
- c) an SGL company becomes aware of circumstances which would warrant the summary termination of the GE's employment in accordance with the terms and conditions of the GE's employment, or
- d) the GE is subject to any disciplinary procedure,

during the Retention Period, the Conditional Rights which have been granted for any Entitlement Year and which have not either been cancelled or converted into SGL shares will lapse immediately and the GE will not be entitled to receive any payment or other benefit in lieu of the lapsed Conditional Rights.

7.9 The rights of a GE under this plan (including the terms of any Conditional Rights awarded to that GE) may be changed to comply with the ASX Listing Rules applying to a reorganisation of capital of SGL at the time of any such reorganisation of capital.

7.10 A GE may only participate in new issues of securities if the Conditional Rights have been exercised, and the SGL shares are issued or transferred in respect of those Conditional Rights, before the relevant record date for determining entitlements to the new issue.

8 Change in control

- 8.1 Should a Change in Control occur, the holder of a Conditional Right may request the conversion of the Conditional Right to SGL shares during the time and on the basis declared for such conversion by the BRC at their discretion.

9 Approval Process

- 9.1 The BRC will have the final decision on all matters relating to the operation of the LTIP.

10 Terms of employment not affected

- 10.1 Participation in the LTIP plan does not affect the rights and obligations of the GE under the terms of his or her employment with an SGL company. This guide does not form part of any contract of employment with an SGL company. Nothing in the deferred equity award under the LTIP confers any legal or equitable right on a GE whatsoever to take action against any SGL company in respect of their employment. Participation in the LTIP does not confer a right to a similar right in the future, the right to continue as an employee of an SGL company or affect the rights of a SGL company to terminate the GE's employment. Participation does not constitute any entitlement to participate in the future at any particular level. Continuation of the deferred equity award under the LTIP and its terms are solely at the discretion of the BRC.

11 Advice

- 1.1 Any advice given by SGL or its staff in connection with the offer is general advice only and Participants should consider obtaining their own financial product advice from an independent person who is licensed by ASIC to give such advice.