

**Appendix B – Terms of the March 2018 Incentive Options****1 General**

- 1.1 No monies will be payable for the issue of the options.
- 1.2 A certificate (or holding statement) will be issued for the options.
- 1.3 Each option shall carry the right to subscribe for one fully paid ordinary share in the Company ("Share") at the Exercise Price.
- 1.4 The options shall expire at 5.00pm (NZ time) on 31 March 2018 ("Expiry Date").
- 1.5 Subject to the options having vested in accordance with clause 3 and not having lapsed in accordance with clause 4, and subject always to clause 5, the options may be exercised by the Optionholder at any time during the period from the Vesting Date to the Expiry Date.
- 1.6 The Exercise Price shall be payable in full on exercise of the options.
- 1.7 Options may only be exercised by the delivery to the registered office of the Company of a notice in writing. The notice must specify the number of options being exercised and the aggregate Exercise Price for the options exercised and must be accompanied by:
  - (a) The option certificate (or holding statement) for those options, for cancellation by the Company; and
  - (b) A cheque payable to the Company (or such other form of payment acceptable to the Board) for the aggregate Exercise Price for each Share to be issued on exercise of the options specified in the notice.The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque).
- 1.8 Subject to the options being validly exercised in accordance with these Terms, within 10 Business Days after the notice referred to in clause 1.7 becomes effective, the Board must:
  - (a) Allot and issue the number of Shares to be issued in respect of the options being exercised;
  - (b) Cancel the option certificate (or holding statement) for the options being exercised; and
  - (c) If applicable, have a new option certificate (or holding statement) issued for any remaining options covered by the certificate (or holding statement) accompanying the notice.
- 1.9 The options are not transferrable other than pursuant to clause 1.10 or to:
  - (a) A spouse of Bradley Gerdls;

- (b) The trustee of a trust in which Bradley Gerdis is a beneficiary;
- (c) The trustee of a superannuation fund of which Bradley Gerdis is a beneficiary; or
- (d) A company, all of the shares in which are owned by Bradley Gerdis and/or one of more of the persons referred to at (a) to (c) above.

1.10 The Optionholder may transfer the options to a third party (being a person other than those specified in clause 1.9) provided that:

- (a) At the time of such transfer the options have vested in accordance with clause 3 and are currently exercisable in accordance with these Terms; and
- (b) The transferee is irrevocably and unconditionally required under the terms of the transfer to exercise all of the options transferred within 5 Business Days of the transfer taking place.

The Company shall not be required to register a transfer of options under this clause 1.10 until such time as it has received an unconditional and irrevocable notice in writing from the transferee exercising the options in accordance with these Terms.

1.11 Shares allotted pursuant to an exercise of options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.

1.12 The Company shall, if required under the Listing Rules, make application to have Shares allotted pursuant to an exercise of options listed for Quotation, if the Company is listed on the NZSX or the ASX at the time.

## 2 Participation, Bonus Issues, Reorganisation and Winding Up

2.1 The Optionholder is not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless the Optionholder exercises the options and is issued Shares upon such exercise before the record date for the determination of entitlements to the new issue of securities, and participates in the relevant issue as a result of being the holder of Shares. The Company must give the Optionholder, if required by the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

2.2 If, prior to the expiry or exercise of the relevant options, there is a bonus share issue ("Bonus Issue") to the holders of Shares, the number of Shares over which an option is exercisable will be increased by the number of additional Shares which the Optionholder would have received if the option had been exercised before the record date for the Bonus Issue ("Bonus Shares"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue.

2.3 If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any options, the Exercise Price of an option will be adjusted in accordance with the formula provided in NZX Listing Rule 8.1.7 (as amended from time to time) or, at the Company's election, the equivalent provision of the ASX Listing Rules, whether or not the Company is listed on the NZSX or ASX at the time.

2.4 If, prior to the expiry or exercise of the relevant options, there is a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the

Company, other than a Bonus Issue or a pro-rata Issue of the kind referred to in clause 2.3, then the number of Shares over which an option is exercisable or the Exercise Price of those options or both shall be recalculated (as appropriate) by the Board in its absolute discretion (but acting reasonably), having regard to the Listing Rules, in a manner which will not result in any benefit being conferred on the holders of the options which are not conferred on shareholders as a whole and which will not result in the Optionholder being adversely affected.

- 2.5 If, prior to the expiry of the options, a resolution for a shareholders' voluntary winding up of the Company is proposed (other than for the purpose of a reconstruction or amalgamation) the Board shall give written notice to the Optionholder of the proposed resolution. The Optionholder may, during the period referred to in the notice, exercise the options to the extent that they have then vested in accordance with clause 3.
- 2.6 Any calculations or adjustments which are required to be made under this clause 2 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Optionholder.
- 2.7 The Company must within a reasonable period give to the Optionholder notice of any change under clause 2 to the Exercise Price of any options held by the Optionholder or to the number of Shares which the Optionholder is entitled to subscribe for on exercise of an option.
- 2.8 If any changes to the provisions of this clause 2 are required to be made to comply with the Listing Rules, the Company shall make such changes as are necessary to ensure compliance with the Listing Rules. The Company shall promptly notify the Optionholder in writing of such changes and the Optionholder shall be bound by such changes from the date of such notification.

### 3 Vesting of Options

3.1 The options shall automatically vest on the Vesting Date if:

- (a) The Consultancy Agreement is still in force and has not been terminated, or has not expired, as at that date; and
- (b) Bradley Gerdls continues to act as the Chief Executive Officer or Managing Director of the Smartpay Group as at that date.

3.2 All options shall automatically vest prior to the Vesting Date upon one or more of the following events occurring:

- (a) In the event a takeover offer (as defined in the New Zealand Takeovers Code) to acquire 50% or more of the Shares in the Company becomes or is declared to be unconditional, irrespective of whether the takeover offer extends to Shares issued and allotted after the date of the takeover offer or not; or
- (b) At any time after a Change of Control Event has occurred; or
- (c) If a merger by way of scheme of arrangement with respect to the Company under the New Zealand Companies Act has been approved by the Court.

#### 4 Lapse of Options

- 4.1 Options not validly exercised on or before the Expiry Date will automatically lapse.
- 4.2 Unless otherwise determined by the Board, the Options will automatically lapse in accordance with the following:
- (a) If the Consultancy Agreement is terminated by the Company on account of a Termination Reason then the options shall automatically lapse on the Termination Date;
  - (b) If the Consultancy Agreement is terminated by Active Capital Partners Pty Ltd the options shall automatically lapse on the date falling three months after the Termination Date.
- 4.3 For the avoidance of doubt, if the Consultancy Agreement is terminated by the Company other than for a Termination Reason the options shall vest immediately and remain exercisable through to the Expiry Date in accordance with these Terms.

#### 5 Takeovers limit

- 5.1 Notwithstanding anything else in these Terms, no options may be exercised if the exercise of such options would result in a person and their associates holding or controlling, in aggregate, more than 19.99% of the voting rights in the Company. In this clause 5.1 "associates", "holding or controlling" and "voting rights" have the meanings given to them in the New Zealand Takeovers Code. This clause 5.1 shall not apply to the extent that the issue of the resultant Shares upon the exercise of the options is approved by the Company's shareholders in accordance with the relevant provisions of the New Zealand Takeovers Code.

#### 6 Interpretation

- 6.1 In these Terms and Conditions:

**"ASX"** means ASX Limited or the Australian Securities Exchange, as the context requires;

**"Board"** means the Board of Directors of the Company as constituted from time to time;

**"Business Day"** means a day other than a Saturday or a Sunday on which banks are open for business in Auckland, New Zealand.

**"Change of Control Event"** means a shareholder, or group of associated shareholders, being entitled to sufficient shares in the Company to give it or them the ability, in a general meeting, to replace all or a majority of the Board;

**"Companies Act"** means the New Zealand Companies Act 1993 (as amended or substituted from time to time);

**"Company"** means Smartpay Holdings Limited, a company registered in New Zealand under number 304626;

**"Consultancy Agreement"** means the Management Consultancy Agreement dated 16th December 2011 between Smartpay Australia Pty Ltd, Smartpay Holdings Ltd,

Active Capital Partners Pty Ltd and Bradley Gerdis pursuant to which Bradley Gerdis is to act as Chief Executive Officer or Managing Director of the Smartpay Group, as such agreement may be amended or substituted from time to time in accordance with its terms. For the avoidance of doubt, a reference to Consultancy Agreement shall be deemed to include a reference to any executive employment agreement entered into as contemplated in the Consultancy Agreement;

**"Exercise Price"** means NZ\$0.30

**"Listing Rules"** means the official listing rules of NZSX or ASX (as applicable), in each case as amended, varied, modified, or waived from time to time;

**"NZSX"** means the New Zealand stock market operated by NZX Limited;

**"Optionholder"** means the person registered as the holder of the options;

**"Quotation"** has the meaning ascribed to it in the Listing Rules;

**"Smartpay Group"** means the Company and its subsidiaries and subsidiary undertakings;

**"Termination Date"** means the date on which the Consultancy Agreement is terminated or expires, but for the avoidance of doubt does not include the date on which the original Consultancy Agreement is terminated if such agreement is replaced by an executive employment agreement or other similar agreement pursuant to which Bradley Gerdis continues to act as the Chief Executive Officer or Managing Director of the Smartpay Group;

**"Termination Reason"** means termination of the Consultancy Agreement by the Company under clause 3.1 of the Consultancy Agreement or under the equivalent provision of any agreement entered into in substitution for the original Consultancy Agreement;

**"Terms"** means these terms and conditions of the March 2018 Options;

**"Vesting Date"** means 1 April 2014 or such earlier date as the options may vest under clause 3.2.