

ASX Announcement: Calliden Group Limited (CIX)

27 August 2014

Calliden Group Enters into Scheme Implementation Deed with Steadfast Group

Calliden Group Limited ('Calliden') (ASX:CIX) announces today that it has entered into a Scheme Implementation Deed ('SID') with Steadfast Group Ltd ('Steadfast') under which Steadfast would acquire 100% of the share capital in Calliden in a transaction worth approximately \$105.4 million. It is also proposed that, under a separate agreement, Steadfast will immediately on-sell 100% of the share capital in Calliden Insurance Limited, and the Business Package and Middle Market Agencies to Munich Holdings of Australasia Pty Ltd ('MHA'), a subsidiary of Munich Re, one of the world's leading insurance and reinsurance companies.

The key features of the Scheme of Arrangement ('Scheme') include:

- a proposed total payment to shareholders of \$0.465 comprising:
 - A cash payment by Steadfast of \$0.415 for each Calliden share; and
 - A special dividend paid by Calliden of \$0.05 per share, which is expected to be fully franked,
- the unanimous recommendation of the Board of Calliden is that shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to an Independent Expert concluding that the Scheme is in the best interests of Calliden shareholders;
- the requirement for approval of the Scheme by Calliden shareholders and by the Federal Court of Australia ('Court'), among other conditions in order for the Scheme to become effective; and
- the requirement for approval of the Scheme (including the on-sale arrangements involving MHA set out above) by the Treasurer of the Commonwealth of Australia under the *Financial Sector (Shareholdings) Act 1998* and by the Australian Prudential Regulation Authority ('APRA')

Directors' Recommendation

Calliden Chairman, Mr Richard Hill, said that after long and careful consideration the Board unanimously recommended that shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to an Independent Expert coming to the conclusion that the Scheme is in Calliden shareholders' best interests.

The Independent Expert's report will be included in the Scheme Booklet which will be distributed to shareholders.

Subject to these same qualifications, each director of Calliden intends to vote all the Calliden shares held or controlled by them personally in favour of the Scheme.

“The Steadfast proposal of \$0.465 per share, in cash, is a premium of 34.8% to the closing price of CIX shares yesterday and a premium of 29.9% to the 90 day VWAP. It includes a special dividend, which is expected to allow shareholders to receive the benefit of part of Calliden’s accumulated franking credit balance,” Mr Hill said.

“This offer is an endorsement of Calliden’s change in strategy announced in 2012 and its subsequent implementation. Steadfast and Munich Re are Calliden’s two largest business partners and have a good understanding of Calliden’s overall business,” he said.

Scheme Timetable

Calliden shareholders do not need to take any action at the present time.

Shareholders will be given the opportunity to vote on the Scheme at a meeting to be held in late November 2014. Subject to shareholder approval and the other conditions of the Scheme being satisfied, the Scheme is expected to be implemented in mid December 2014.

The indicative timetable for the implementation of the Scheme is as follows:

Event	Date
First Court Hearing	Late October
Mail Out of Scheme Booklet	Late October
Shareholder Scheme meeting	Late November
Second Court hearing	Early December
Record Date	Mid December
Scheme implementation date	Mid December
Payment of Scheme Consideration	Late December

Conference call and webcast

The Scheme will be discussed during our HY14 Interim Results conference call and webcast hosted by Nick Kirk, CEO and Managing Director, and Anthony Dijanosic, Chief Financial Officer, today at 2:00pm AEST.

The telephone numbers to access the briefing will be provided via a separate ASX announcement this morning.

Additional Information

The Scheme requires approval by the requisite majorities of Calliden shareholders whose shares are the subject of the Scheme. Under Australian law the Scheme must be approved by more than 50 per cent by number of such Calliden shareholders present and voting (in person or by proxy) and by at least 75 per cent of the votes cast on the resolution. If the requisite shareholder approvals, Court approval and other regulatory approvals are obtained, the Scheme will be binding on all Calliden shareholders.

The SID requires Steadfast to pay the Scheme Consideration if the Scheme is approved by Calliden shareholders and the Court and various other conditions precedent are satisfied. A copy of the signed SID is attached to this announcement.

Detailed information concerning the Scheme and an Independent Expert's Report will be set out in the Scheme Booklet. This is expected to be sent to Calliden shareholders in late October 2014.

Calliden shareholders should seek independent advice if they are uncertain about the implications of the Scheme to their particular financial circumstances.

Calliden will continue to keep shareholders informed of any material developments. Further information will also be available on Calliden's website at www.calliden.com.au

Calliden is being advised by its corporate adviser, Longreach Pty Ltd, and its legal adviser, Hall & Wilcox.

For further information, please contact:

Nick Kirk
Chief Executive Officer
(02) 9551 1111

Anthony Dijanosic
Chief Financial Officer
(02) 9551 1111

For Media contact:

Ian Brown
FIRST Advisers
(02) 8011 0352
0418 466 129

About Calliden Group

Calliden is an ASX listed insurance Group specialising in general insurance which has been operating in the Australian market since 2005. Calliden delivers a choice of commercial, personal and specialist insurance options to intermediaries, third party agents and policyholders. Visit www.calliden.com.au for further information.

About Steadfast Group

Steadfast, established in 1996, is a broker network and provider of services to 306 insurance broker businesses across Australia, New Zealand and in Singapore. Its network of brokers and underwriting agencies generate annual billings of over \$5 billion. Steadfast also operates as a consolidator through its equity interests in a number of insurance broker businesses, a reinsurance broker, underwriting agencies, other complementary businesses and a joint venture in Macquarie Pacific Funding. Visit the Investor section at www.steadfast.com.au for further information.

- ENDS -

Scheme Implementation Deed

Dated 27 August 2014

Steadfast Group Ltd (ACN 073 659 677) ("**Acquirer**")

Calliden Group Limited (ACN 061 215 601) ("**Target**")

King & Wood Mallesons

Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.kwm.com
02-5507-3076

Scheme Implementation Deed

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Scheme Implementation Deed

Details

Parties	Acquirer and Target	
Acquirer	Name	Steadfast Group Ltd
	ACN	073 659 677
	Incorporated in	New South Wales
	Address	Level 3, 97-99 Bathurst Street Sydney NSW 2000 Australia
	Telephone	+61 2 9495 6500
	Fax	+61 2 9495 6565
	Attention	Company Secretary
Target	Name	Calliden Group Limited
	ACN	061 215 601
	Incorporated in	New South Wales
	Address	Level 7, 100 Arthur Street North Sydney NSW 2060 Australia
	Telephone	+61 2 9551 1111
	Fax	+61 2 9551 1155
	Attention	Managing Director
Target Shares	226,683,914 fully paid ordinary shares being all of the Target's ordinary shares listed on ASX as at the Record Date.	
Recitals	A	The Target and the Acquirer have agreed to propose a members' scheme of arrangement under Part 5.1 of the Corporations Act, under which the Acquirer (or a member of the Acquirer Group) will acquire the Target Shares.
	B	The Target and the Acquirer have agreed to implement the Scheme on the terms and conditions of this deed.
	C	The Acquirer and MHA have entered into a separate agreement for the sale and purchase of the Target On-Sale Business pursuant to the Share and Business Acquisition Agreement. It is fundamental that completion of the On-Sale occurs on the Implementation Date, immediately following implementation of the Scheme.

Governing law New South Wales, Australia

Date of deed See Signing page

Scheme Implementation Deed

General terms

1 Definitions and interpretation

1.1 Definitions

These meanings apply unless the contrary intention appears.

ACCC means the Australian Competition and Consumer Commission.

Accounting Standards means:

- (a) accounting standards as that term is defined in the Corporations Act;
- (b) the requirements of the Corporations Act in relation to the preparation and content of financial reports; and
- (c) if and to the extent that any matter is not covered by the accounting standards or requirements referred to in paragraphs (a) or (b), other relevant accounting standards and generally accepted accounting principles applied from time to time in Australia for a business similar to the Target.

Acquirer has the meaning given in the Details.

Acquirer Board means the board of directors of the Acquirer as constituted from time to time.

Acquirer Confidential Information means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between the parties to this deed and the MHA Group, respectively, before, on, or after the date of this deed relating to the business, ownership, intentions or other affairs of the Acquirer Group and/or the MHA Group.

Acquirer Group means the Acquirer and its Subsidiaries, including without limitation Steadfast Underwriting Agencies Pty Ltd ACN 162 390 169.

Acquirer Indemnified Parties means the Acquirer, MHA, each of their respective officers, employees, Related Bodies Corporate and the officers and employees of each of their respective Related Bodies Corporate.

Acquirer Information means the information regarding the Acquirer Group provided by the Acquirer to the Target for inclusion in the Scheme Booklet, being information:

- (a) about the Acquirer Group, its business, its interests and dealings in Target Shares, its intentions for the Target and Target's employees, and funding arrangements; and
- (b) required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations, the Listing Rules or ASIC Regulatory Guide 60.

For the avoidance of doubt, the Acquirer Information does not include information about the Target Group except to the extent it relates to any statement of the Acquirer's intention relating to the Target Group following the Effective Date,

provided the Acquirer has consented in writing to the inclusion of such statements in the Scheme Booklet.

Action means an action, dispute, cause of action, claim, demand, investigation, inquiry, prosecution, litigation, proceeding, suit, arbitration, mediation or dispute resolution.

Additional Dividend means a franked dividend of five cents per Target Share which the Target is permitted to pay on the Implementation Date immediately prior to implementation of the Scheme.

Adjusted Target Group Consolidated NPBT means the NPBT of the Target Group excluding:

- (a) the NPBT of the Insurance Operations;
- (b) the Sliding Scale Adjustment; and
- (c) Transaction Costs.

APRA means the Australian Prudential Regulation Authority.

ASIC means the Australian Securities & Investments Commission.

Associate has the meaning given to it in section 12 of the Corporations Act, as if section 12(1) of the Corporations Act included a reference to this deed and on the basis that the Target is a 'designated body'.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

Australian Treasurer means the current holder of the office of Treasurer of the Commonwealth of Australia.

Authorised Officer means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this deed.

Benefit Plans means each severance, incentive, bonus, retention, redundancy, change in control, retirement, long service leave, vacation or paid-time-off, benefit plan, policy, program, agreement or arrangement that is maintained, sponsored by or contributed to by the Target or its Subsidiaries or with respect to which the Target or its Subsidiaries have any liability (if any), including the 2012 long-term incentive scheme and 2014 long-term incentive and short-term incentive schemes.

Business Day means a day:

- (a) that is a business day as defined in the Listing Rules;
- (b) that is not a public holiday in Sydney, Australia; and
- (c) on which banks are open for general banking business in Sydney, Australia.

Business Pack and Middle Market Agencies Businesses means the Target Group's insurance agency businesses known as Calliden Business Package, General and Products Liability and Industrial and Special Risks (other than those known as Farmpack) as specified in the Agency and Claims Services Agreement between GLA and CAS dated 17 December 2013, as amended from time to time.

CAS means Calliden Agency Services Limited ACN 096 726 895.

CIL means Calliden Insurance Limited ACN 004 125 268.

Claim means any debt, cause of action, Liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent, whether at law, in equity, under statute or otherwise.

Competing Transaction means a transaction which, if completed, would mean a person (other than the Acquirer or its Related Bodies Corporate or MHA Group) would:

- (a) directly or indirectly, acquire an interest or Relevant Interest in or become the holder of:
 - (i) 15.1% or more of the Target Shares;
 - (ii) any shares issued in the capital of CIL or CAS, or held by the Target in QUS, except, in respect of QUS, under an employee share or bonus plan; or
 - (iii) more than 50% of the shares in any of the Target's Subsidiaries,
- (iv) including by way of takeover bid, scheme of arrangement, capital reduction, reconstruction, sale of assets, sale of shares or joint venture;
- (b) acquire control of the Target, CIL, CAS or QUS, within the meaning of section 50AA of the Corporations Act;
- (c) directly or indirectly acquire the Target On-Sale Business or any significant part of it or the Target Agency Business or any significant part of it;
- (d) otherwise acquire or merge (including by a reverse takeover bid, joint venture or dual listed company structure) with the Target, CIL, CAS or QUS; or
- (e) enter into any agreement, arrangement or understanding requiring the Target to abandon, or otherwise fail to proceed with, the Transaction.

Conditions Precedent means the conditions precedent set out in Schedule 2.

Confidentiality Agreement means the confidentiality agreement between the Target, the Acquirer and Munich Holdings of Australasia Pty Limited ACN 000 159 651 dated 6 June 2014, as varied on 23 July 2014.

Confidential Information means the Acquirer Confidential Information or the Target Confidential Information.

Controller has the meaning it has in the Corporations Act.

Corporations Act means the Corporations Act 2001 (Cwlth).

Corporations Regulations means the Corporations Regulations 2001 (Cwlth).

Court means the Federal Court of Australia (Sydney registry), or such other court of competent jurisdiction under the Corporations Act agreed in writing by the parties.

Cut-Off Data File means the data file on compact discs or other electronic format from Ansarada containing the contents of the Data Room.

Data Room means the electronic data room maintained by Ansarada in connection with the Transaction, an index of which as at 26 August 2014 has been initialled for identification by the parties upon execution of this deed, including written responses to requests for further information in the on-line data room.

DDR means the reference number of the relevant document in the Data Room.

Deed Poll means a deed poll substantially in the form of Annexure B to this deed.

Details means the section of this deed headed "Details".

Due Diligence Materials means all documents and other information that were at any time during the period ending on 26 August 2014 contained in the Data Room, including all written answers given to questions submitted by either the Acquirer Group or Munich Re and any of its Subsidiaries prior to the date of this deed in connection with transactions contemplated by this deed and the Share and Business Acquisition Agreement, to the extent those written answers were at any time during the period ending on 26 August 2014 contained in the Data Room.

Effective, when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date in relation to the Scheme means the date on which the Scheme becomes Effective.

Encumbrance means any:

- (a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power, or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or (2) of the Personal Property Securities Act 2009 (Cwlth); or
- (b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or
- (c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or
- (d) third party right or interest or any right arising as a consequence of the enforcement of a judgment,

or any agreement to create any of them or allow them to exist.

End Date means the date which is six months from the date of this deed or such other date as is agreed by the Acquirer and the Target.

Excluded Information means Confidential Information which:

- (a) is in or becomes part of the public domain other than through breach of this deed or an obligation of confidence owed to the party or entity providing the Confidential Information;
- (b) the recipient of the Confidential Information can prove by contemporaneous written documentation or otherwise was already known to it at the time of disclosure by the party or entity providing the Confidential Information (unless such knowledge arose from disclosure of information in breach of an obligation of confidentiality); or
- (c) the recipient of the Confidential Information acquired from a source other than the party providing the Confidential Information or any Related Body Corporate or Representative of the party or entity providing the Confidential Information where such source is entitled to disclose it (for the avoidance of doubt, this does not include any Acquirer Confidential Information supplied by either the Acquirer Group or MHA Group, to the Target, concerning the MHA Group).

Exclusivity Period means the period from and including the date of this deed to the earlier of:

- (a) the termination of this deed in accordance with its terms; and
- (b) the End Date.

First Court Date means the first day on which an application made to the Court, in accordance with item 8 of Schedule 4, for orders under section 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard.

GLA means Great Lakes Reinsurance (UK) PLC (trading as Great Lakes Australia ARBN 127 740 532).

Implementation Date means:

- (a) the fifth Business Day following the Record Date; or
- (b) such other date as is agreed by the Acquirer and the Target.

Incoming Directors means each person nominated in writing by the Acquirer to the Target prior to the Second Court Date to be appointed to the Target Board.

Independent Expert means the person appointed by the Target in accordance with clause 5.3.

Independent Expert's Report means the report prepared by the Independent Expert stating whether, in the Independent Expert's opinion, the Scheme is in the best interest of the Target Shareholders.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in

each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this deed); or

- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this deed reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Insurance Operations means the insurance underwriting activities undertaken by CIL as an insurer.

Interim Dividend means a fully franked dividend of one cent per Target Share which the Target is permitted to pay prior to implementation of the Scheme, in relation to the period up to 30 June 2014.

Liability means any liability or obligation (whether actual, contingent or prospective), including for any Losses irrespective of when the acts, events or things giving rise to the liability occurred.

LTI Costs means the costs incurred, expensed or provisioned that will be accounted for upon implementation of the Scheme by the Target in relation to the Transaction in connection with the full and final settlement of the 2012 long- term incentive scheme and 2014 long- term incentive and short- term incentive schemes.

Listing Rules means the Listing Rules of ASX.

Losses means all Claims, demands, damages, losses, costs, expenses and liabilities.

Material Contract means a contract, deed or commitment to which any Target Group entity is party and which is material to the Target On-Sale Business, the Target Agency Business or the business of the Target Group taken as a whole (whether including or excluding the Target On-Sale Business or the Target Agency Business).

MHA means Munich Holdings of Australasia Pty Limited (ACN 000 159 651).

MHA Group means MHA and/or any of its Subsidiaries, together with GLA.

MHA Group Information means the information regarding the MHA Group provided by MHA to the Target for inclusion in the Scheme Booklet, being information:

- (a) about the MHA Group, its business, its interests and dealings in Target Shares and its intentions for the Target On-Sale Business; and

- (b) required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations, the Listing Rules or ASIC Regulatory Guide 60.

For the avoidance of doubt, the MHA Group Information does not include information about the Target Group except to the extent it relates to any statements of MHA's intentions relating to the Target Group following the Effective Date, provided MHA has consented in writing to the inclusion of such statements in the Scheme Booklet.

Munich Re means Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft, incorporated in Munich, Germany.

NPBT means net profit before tax.

NTA means net tangible assets, being net assets minus intangible assets (including, but not limited to, goodwill and deferred tax benefits).

Outgoing Directors means each person nominated in writing by the Acquirer to the Target prior to the Second Court Date as being required to resign from the Target Board.

Permitted Dividends means the Additional Dividend and the Interim Dividend.

QUS means QUS Pty Ltd ACN 122 665 310.

Record Date means 7.00pm on the fifth Business Day following the Effective Date or such other date (after the Effective Date) as the Target and the Acquirer agree.

Register means the register of members of the Target maintained by or on behalf of the Target in accordance with section 168(1) of the Corporations Act and **Registry** has a corresponding meaning.

Regulator's Draft means the draft of the Scheme Booklet which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act.

Regulatory Authority includes:

- (a) ACCC;
- (b) APRA;
- (c) ASX;
- (d) ASIC;
- (e) the Australian Treasurer;
- (f) a government or governmental, semi-governmental or judicial entity or authority;
- (g) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (h) any regulatory organisation established under statute.

Regulatory Review Period means the period from the date on which the Regulator's Draft is submitted to ASIC to the date on which ASIC confirms that it does not intend to make any submissions at the Court hearing on the First Court Date or otherwise object to the Scheme.

Related Body Corporate has the meaning it has in the Corporations Act.

Relevant Interest has the same meaning as given by sections 608 and 609 of the Corporations Act.

Representative means, in relation to a party or entity:

- (a) a Related Body Corporate;
- (b) a director, officer or employee of the party or any of the party's Related Bodies Corporate; or
- (c) an adviser to the party or any of the party's Related Bodies Corporate, where an "adviser" means, in relation to an entity, a financier, financial adviser, corporate adviser, legal adviser, or technical or other expert adviser or consultant who provides advisory services in a professional capacity and who has been engaged by that entity.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from the Target Shares directly or indirectly after the date of this deed, including all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares or other securities, which are declared, paid or made by the Target or a Subsidiary of the Target, but excludes the Permitted Dividends.

Scheme means the scheme of arrangement between the Target and Scheme Participants under which all the Scheme Shares will be transferred to the Acquirer under Part 5.1 of the Corporations Act substantially in the form of Annexure A together with any amendment or modification made pursuant to section 411(6) of the Corporations Act.

Scheme Booklet means, in respect of the Scheme, the information booklet to be approved by the Court and despatched to the Target Shareholders which must:

- (a) include the Scheme, the Deed Poll, the Independent Expert's Report, an explanatory statement complying with the requirements of the Corporations Act, notices of the Scheme Meeting and proxy forms; and
- (b) comply with the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 and the Listing Rules.

Scheme Consideration means a cash payment of \$0.4150 for each Scheme Share less the amount of any dividend or distribution declared, or determined to be payable, or paid, by the Target on or after the date of this deed (for avoidance of doubt, other than the Permitted Dividends) in accordance with clause 8.3(j) and otherwise in accordance with the terms of this deed and the terms of the Scheme.

Scheme Meeting means the meeting to be convened by the Court at which the Target Shareholders will vote on the Scheme.

Scheme Participant means each person who is a Target Shareholder at the Record Date.

Scheme Resolution means the resolution to approve the Scheme.

Scheme Shares means all Target Shares held by Scheme Participants as at the Record Date and for the avoidance of doubt includes any Target Shares issued on or before the Record Date.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Share and Business Acquisition Agreement means an agreement to be entered into on or about the date of this deed under which the Acquirer agrees to procure the sale and transfer of the Target On-Sale Business (on the Implementation Date immediately after completion of the purchase of the Target Shares under the Scheme) to an entity or entities nominated by MHA and includes any related agreements.

Sliding Scale Adjustment means any negative adjustment to the commissions earned by the Target Group as a result of movements of portfolio loss ratios.

Specified Events means an event, occurrence or matter that:

- (a) occurs or fails to occur on or after the date of this deed;
- (b) occurs or fails to occur before the date of this deed but is disclosed to the Acquirer or only announced or publicly disclosed after the date of this deed; or
- (c) will or is highly likely to occur or fail to occur on or after the date of this deed and which has not either been fairly disclosed in the Due Diligence Materials or publicly disclosed to the ASX prior to the date of this deed,

and includes a change in law, regulation or regulatory policy by any government, government agency or regulatory authority (at state, territory or Commonwealth level).

Subsidiaries has the meaning it has in the Corporations Act.

Superior Proposal means a bona fide Competing Transaction which the Target Board, acting reasonably and in good faith, and after receiving written advice from its legal and financial advisers, determines:

- (a) is reasonably capable of being completed in a timely basis taking into account all aspects of the Competing Transaction; and
- (b) is more favourable to the Target Shareholders than the Scheme, in the opinion of the Target Directors, taking into account all terms and conditions of the Competing Transaction and the identity of the other parties to the Competing Transaction.

SVU Project Plan means the SVU project plan as described in the SVU Project PID in the Data Room (DDR 19.05.01).

Target has the meaning given in the Details.

Target Agency Business means:

- (a) all share capital and the business of CAS; and
- (b) the Target agency businesses (except to the extent they are part of the Target On-Sale Business).

Target Board means the board of directors of the Target as constituted from time to time.

Target Confidential Information means all confidential, non-public or proprietary information regardless of how the information is stored or delivered,

exchanged between the parties before, on or after the date of this deed relating to the business, technology or other affairs of the Target Group.

Target Director means a director on the Target Board.

Target Group means the Target and its Subsidiaries.

Target Group Director means a member of the board of a company which is a member of the Target Group.

Target Indemnified Parties means the Target and each of their respective officers and employees and Related Bodies Corporate and the officers and employees of each of their Related Bodies Corporate.

Target Information means all information contained in the Scheme Booklet other than the Acquirer Information, the MHA Group Information and the Independent Expert's Report.

Target On-Sale Business means:

- (a) all share capital of CIL as well as associated infrastructure and employees (subject to the relevant employees agreeing to enter into employment agreements with MHA or a Related Body Corporate of MHA or an entity nominated by MHA); and
- (b) the Business Pack and Middle Market Agencies Businesses as well as associated infrastructure and employees (subject to the relevant employees agreeing to enter into new employment agreements with MHA or a Related Body Corporate of MHA or an entity nominated by MHA).

Target Material Adverse Change means a Specified Event which individually, or when aggregated with other Specified Events of a similar kind or category, has resulted in:

- (a) the Target Group consolidated NTA being less than:
 - (i) \$39.95 million, less
 - (ii) any Additional Dividends or other distributions declared, or determined to be payable, or paid, by the Target on or after the date of this deed (but for the avoidance of doubt this does not include the Interim Dividend); or
- (b) the Adjusted Target Group Consolidated NPBT from 1 January 2014 to 30 November 2014 being less than \$3.30 million,

(in each case, for paragraphs (a) and (b), calculated on the basis of the Target's most recent management accounts, and other data available to management using the same significant accounting policies as applied in the audited financial accounts for the year ended 31 December 2013 with the exception that cost allocation will be in accordance with the 2014 cost allocation methodology fairly disclosed in the Due Diligence Materials, and the same actuarial principles (including reserving) as applied in the reviewed interim financial accounts for the half-year ended 30 June 2014,

but does not include any matter, event, circumstance or change:

- (c) fairly disclosed in the Due Diligence Materials, or that is reasonably foreseeable to arise from the disclosures in the Due Diligence Materials prior to the date of this deed;
- (d) occurring as a result of any matter, event or circumstance required by this deed, the Scheme or the transactions contemplated by them

(including any reasonable costs incurred as a result of implementing the Scheme);

- (e) occurring as a result of fluctuations to the working capital of the Target Group in the ordinary course of business;
- (f) resulting from changes in the general economic conditions of the Target's industry or laws in any of the jurisdictions in which the Target operates;
- (g) any change in taxation, interest rates generally or general economic conditions;
- (h) as a result of a declaration or determination of the Permitted Dividends;
- (i) that occurs with the written consent of the Acquirer or to which the Acquirer and MHA have not objected within five Business Days of the Acquirer and MHA being notified and consulted on the matter, event, circumstance or change; or
- (j) resulting from changes in generally accepted accounting principles or the interpretation of them by any Regulatory Authority,

provided that, only for the purposes of paragraphs (c) and (d) and no other purpose, any Transaction Costs in excess of \$2,000,000 or LTI Costs in excess of \$3,400,000 are not to be taken to have been fairly disclosed or reasonably foreseeable or reasonable for the purposes of those paragraphs.

Target Prescribed Event means, except to the extent contemplated by this deed or the Scheme, any of the events listed in Schedule 1 provided that a Target Prescribed Event will not occur where the Target has first notified to and consulted with the Acquirer and MHA in relation to the event and the Acquirer and MHA have approved in writing the proposed event or have not objected to the proposed event within five Business Days of being so notified and consulted.

Target Share means an issued fully paid ordinary share in the capital of the Target (the aggregate number of which as at the date of this deed is set out in the Details), together with all Rights attached to that share.

Target Shareholder means each person registered in the Register as a holder of Target Shares.

Timetable means the timetable set out in Schedule 3, subject to any amendments as the Acquirer and Target may agree in writing in accordance with clause 5.1(b) and provided that, at the time of development of the Scheme Booklet, the parties will negotiate in good faith a more detailed timetable which must be as expeditious as possible.

Transaction means the acquisition of the Target by the Acquirer through the implementation of the Scheme and other transactions contemplated by this deed.

Transaction Costs means the costs incurred, expensed, provisioned or that will be incurred upon implementation of the Scheme by the Target (excluding the LTI Costs) in relation to the Transaction, including the expenses incurred with Hall & Wilcox, the Independent Expert and Longreach Pty Ltd as well as with barristers and printers, other than costs:

- (a) in relation to compliance with clauses 3.8, 10.9 and 13 of this deed; or
- (b) relating to any tax ruling, any objection by or negotiations with any Regulatory Authority or failure by the Court to:
 - (i) convene the Scheme meeting on the First Court Date or

- (ii) approve the Scheme on the Second Court Date; or
- (c) costs attributable to the default, failure, delay or lack of reasonable co-operation by the Acquirer or their advisers;
- (d) incurred by the Target with the prior written consent of the Acquirer that such costs should fall outside the definition of Transaction Costs, such consent not to be unreasonably withheld or delayed.

Transaction Implementation Working Group means a working group made up of:

- (a) management of each of the Target, Acquirer and MHA Group;
- (b) representatives from each of the financial and legal advisers of the Target, Acquirer and MHA Group; and
- (c) such other persons as the parties may agree in writing from time to time.

Trust Account means the trust account referred to in clause 4.5(a).

1.2 References to certain general terms

Unless the contrary intention appears, a reference in this deed to:

- (a) (variations or replacement) a document (including this deed) includes any variation or replacement of it;
- (b) (clauses, annexures and schedules) a clause, annexure or Schedule is a reference to a clause in or annexure or Schedule to this deed;
- (c) (reference to statutes) a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) (law) law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) (singular includes plural) the singular includes the plural and vice versa;
- (f) (person) the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;
- (g) (executors, administrators, successors) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (h) (reference to a group of persons) a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
- (i) (dollars) Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia;
- (j) (calculation of time) a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;

- (k) (reference to a day) a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (l) (accounting terms) an accounting term is a reference to that term as it is used in Accounting Standards;
- (m) (meaning not limited) the words "include", "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- (n) (time of day) time is a reference to Sydney, New South Wales time;
- (o) (ordinary course of business) ordinary course of business is a reference to the ordinary course of business conducted by the Target Group, mainly as an insurer and underwriting agency and excludes:
 - (i) the sourcing of new or replacement underwriters (other than CIL);
 - (ii) the sale and purchase of underwriting agencies; and
 - (iii) the sale and purchase of any other businesses.

1.3 Next day

If an act under this deed to be done by a party on or by a given day is done after 5.30pm on that day, it is taken to be done on the next day.

1.4 Next Business Day

If an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.

1.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed.

1.6 MHA

The parties acknowledge that, in carrying out its obligations or exercising any of its discretions under this deed, the Acquirer may have regard to the interests of the MHA Group.

2 Agreement to propose Scheme and implement the Transaction

2.1 Target to propose Scheme

The Target agrees to propose the Scheme on and subject to the terms and conditions of this deed.

2.2 Acquirer to assist with Scheme

The Acquirer agrees to assist the Target to propose the Scheme on and subject to the terms and conditions of this deed.

2.3 Agreement to implement the Transaction

The parties agree to implement the Transaction on the terms and conditions of this deed.

3 Conditions Precedent

3.1 Conditions Precedent

Subject to this clause 3, the Scheme will not become Effective and the obligations of the Acquirer under clause 4.3 ("Scheme Consideration") are not binding unless each of the Conditions Precedent contained in Schedule 2 are satisfied or waived to the extent and in the manner set out in clauses 3.2 ("Benefit of certain Conditions Precedent") and 3.3 ("Waiver of Conditions Precedent").

3.2 Benefit of certain Conditions Precedent

A Condition Precedent may only be waived in writing by a party entitled to the benefit of that Condition Precedent as noted in the table set out in Schedule 2 and will be effective only to the extent specifically set out in that waiver.

A party entitled to waive the breach or non-fulfilment of a Condition Precedent under this clause 3.2 may do so in its absolute discretion.

3.3 Waiver of Conditions Precedent

If the Target or the Acquirer waives the breach or non-fulfilment of a Condition Precedent in accordance with this clause, then:

- (a) subject to subclause 3.3(b), that waiver precludes that party from suing the other parties for any breach of this deed arising as a result of the breach or non-fulfilment of that Condition Precedent or arising from the same event which gave rise to the breach or non-fulfilment of that Condition Precedent; but
- (b) if the waiver of the Condition Precedent is itself conditional and the other party or parties:
 - (i) accept the condition, then the terms of that condition apply notwithstanding any inconsistency with subclause 3.3(a); or
 - (ii) do not accept the condition, then the Condition Precedent has not been waived.

3.4 Best endeavours

Each of the Target and the Acquirer agree to use their best endeavours to procure that:

- (a) each of the Conditions Precedent for which they are responsible, as noted in the table set out in Schedule 2:
 - (i) is satisfied as soon as practicable after the date of this deed; and
 - (ii) where a Condition Precedent is required to be satisfied:
 - (A) over a stated period, continues to be satisfied at all times until the last time it is to be satisfied as noted in the table set out in Schedule 2 (as the case may require); or
 - (B) at a specific time, at that time; and

- (b) there is no occurrence that would prevent the Conditions Precedent for which they are responsible, as noted in the table set out in Schedule 2, being satisfied.

3.5 Regulatory matters

Without limiting clause 3.4 (“Best endeavours”), each party:

- (a) (approvals) must promptly apply for all consents, waivers and approvals of a Regulatory Authority which the Acquirer and the Target, acting reasonably, consider are necessary or desirable to implement the Scheme (“Regulatory Approvals”) and take all steps it is responsible for as part of the approval process for the Scheme, including responding to requests for information at the earliest practicable time, but the parties are not required to take any action which would require the divestiture of material assets of the Target or the Acquirer or their Subsidiaries except in accordance with the transactions contemplated by this deed;
- (b) (representation) has the right to be invited to be represented and make submissions at any proposed meeting with any Regulatory Authority relating to any Regulatory Approval; and
- (c) (consultation) must use its best endeavours to consult with the other parties in advance in relation to all material communications (whether written or oral, and whether direct or via a Representative) with any Regulatory Authority relating to any Regulatory Approval (“Communications”) and, without limitation:
 - (i) provide the other parties with drafts of any material written Communications to be sent to a Regulatory Authority and make such amendments as the other parties reasonably require; and
 - (ii) provide copies of any material written Communications sent to or received from a Regulatory Authority to the other parties promptly upon despatch or receipt (as the case may be),
- (d) in each case to the extent it is reasonable to do so.

3.6 Notices in relation to Conditions Precedent

Each party must:

- (a) (notice of satisfaction) promptly notify the others of satisfaction of a Condition Precedent and must keep the others informed of any material development of which it becomes aware that may lead to the breach or non-fulfilment of a Condition Precedent;
- (b) (notice of failure) immediately give written notice to the others of a breach or non-fulfilment of a Condition Precedent, or of any event which will prevent a Condition Precedent being satisfied; and
- (c) (notice of waiver) upon receipt of a notice given under subclause 3.6(b), give written notice to the other parties as soon as possible (and in any event before 8.00am on the Business Day before the Second Court Date) as to whether or not it waives the breach or non-fulfilment of any Condition Precedent resulting from the occurrence of that event, specifying the Condition Precedent in question.

3.7 Effect of waiver or non-fulfilment

A waiver of such breach or non-fulfilment in respect of one Condition Precedent does not constitute:

- (a) a waiver of the breach or non-fulfilment of any other Condition Precedent resulting from the same event; or
- (b) a waiver of the breach or non-fulfilment of that Condition Precedent resulting from any other event.

3.8 Consultation on failure of Condition Precedents

If:

- (a) there is a breach or non-fulfilment of a Condition Precedent which is not waived in accordance with this deed by the earlier of the End Date and the time or date specified in this deed for the satisfaction of the Condition Precedent;
- (b) there is an act, failure to act or occurrence which will prevent a Condition Precedent being satisfied by the time or date specified in this deed for the satisfaction of the Condition Precedent (and the breach or non-fulfilment which would otherwise occur has not already been waived in accordance with this deed); or
- (c) if the Scheme has not become Effective by the End Date,

then the parties must negotiate in good faith with a view to determining whether:

- (d) the Transaction may proceed by way of alternative means or methods;
- (e) to extend the relevant time for satisfaction of the Condition Precedent or to adjourn or change the date of an application to the Court; or
- (f) to extend the End Date.

3.9 Failure to agree

If the parties are unable to reach agreement under clause 3.8 ("Consultation on failure of Condition Precedents") within five Business Days (or any shorter period ending at 8.00am on the Business Day before the Second Court Date):

- (a) subject to subclause 3.9(b), any of the parties may terminate this deed (and such termination will be in accordance with clause 14.1(e)(i)); or
- (b) if a Condition Precedent may be waived and exists for the benefit of one party only, that party only may waive that Condition Precedent or terminate this deed (and such termination will be in accordance with clause 14.1(e)(ii)),

in each case before 8.00am on the Second Court Date. A party will not be entitled to terminate this deed pursuant to this clause 3.9 if the relevant Condition Precedent has not been satisfied or agreement cannot be reached as a result of a breach of this deed by that party.

4 Outline of Scheme

4.1 Scheme

Subject to the terms and conditions of this deed, the Target agrees to propose the Scheme to Scheme Participants under which:

- (a) all of the Scheme Shares will be transferred to the Acquirer; and
- (b) Scheme Participants will receive the Scheme Consideration from the Acquirer for each Scheme Share.

4.2 Payments

Pursuant to the Scheme, Scheme Participants will receive the Scheme Consideration for each Scheme Share in accordance with the Scheme and the Deed Poll.

4.3 Scheme Consideration

- (a) The Acquirer covenants in favour of the Target (in its own right and on behalf of each Scheme Participant) that in consideration of the transfer to the Acquirer of each Scheme Share held by a Scheme Participant, the Acquirer will, on the Implementation Date, pay to that Scheme Participant the Scheme Consideration for each Scheme Share and for that purpose will pay (or procure the payment of) the Scheme Consideration into the Trust Account for despatch as soon as is practicable.
- (b) By the First Court Date, the Acquirer will provide the Target written evidence that it will have available to it sufficient cash amounts whether from:
- (i) internal cash resources; or
 - (ii) external funding arrangements; or
 - (iii) a combination of both (i) and (ii),
- to satisfy its obligation to pay the Scheme Consideration in accordance with clause 4.3(a).

4.4 Undertakings held for Scheme Participants

The Target acknowledges that the undertakings by the Acquirer in clause 4.3 ("Scheme Consideration") are given to the Target in its own right and in its capacity as nominee for, or on behalf of, for each Scheme Participant.

4.5 Payment to Scheme Participants

The Target must:

- (a) receive in a trust account in accordance with the Scheme and as agent for each Scheme Participant the amount paid in accordance with clause 4.3 ("Scheme Consideration");
- (b) pay to each Scheme Participant such moneys as each Scheme Participant is entitled to receive in accordance with the Scheme; and
- (c) otherwise comply with its obligations under the Scheme.

4.6 Target On-Sale Business

The parties acknowledge that from implementation of the Scheme until completion of the Share and Business Acquisition Agreement (which is to occur immediately following implementation of the Scheme), the Acquirer (and its relevant seller entities) holds the Target On-Sale Business as agent for MHA and / or the relevant MHA purchaser entities.

5 Co-operation and timing

5.1 General obligations

- (a) The Target and the Acquirer must each:

- (i) use their best endeavours and commit necessary resources (including management and the resources of external advisers); and
- (ii) procure that its officers and advisers work in good faith and in a timely and co-operative fashion with the other parties (including by attending meetings and by providing information),

to produce the Scheme Booklet and implement the Scheme as soon as reasonably practicable and substantially in accordance with the Timetable.

- (b) The Target and the Acquirer agree to negotiate in good faith and agree reasonable variations to the Timetable if necessary or appropriate having regard to availability of the Court or counsel, requirements or requests of ASX or ASIC, or reasonable requests of the parties, but subject always to the principle that the Scheme is to be implemented as expeditiously as possible. However, to avoid doubt, nothing in this clause requires any party to agree to any variation of the End Date.
- (c) Where a variation to the Timetable is agreed pursuant to paragraph (b), the parties (acting reasonably, and as part of the Timetable negotiations) will agree corresponding adjustments to the reference dates and figures in the definition of Material Adverse Change.
- (d) Without limiting the foregoing paragraphs, each party acknowledges and agrees that:
 - (i) It is fundamental that completion of the On-Sale occurs on the Implementation Date, immediately following implementation of the Scheme;
 - (ii) The Acquirer and MHA must each use best endeavours to deliver a notice (signed by a director) to the other and to the Target, on or before 8.00am on the Second Court Date, confirming that they are ready, willing and able to complete the sale of the Target On-Sale Business in accordance with the Share and Business Acquisition Agreement on the Implementation Date, immediately following implementation of the Scheme; and
 - (iii) If, despite each party having used best endeavours under sub-paragraph (ii), a party is not able to deliver the notice contemplated by that sub-paragraph, the Acquirer, the Target and MHA must cooperate in good faith to agree the minimum necessary extension of the Timetable so that completion of the sale of the Target On-Sale Business can occur on the revised Implementation Date.

5.2 Transaction Implementation Working Group

- (a) The parties must establish a Transaction Implementation Working Group as soon as reasonably practicable after the date of this deed. The role of the Transaction Implementation Working Group will be to act as a forum for consultation and planning by parties to:
 - (i) implement the Transaction; and
 - (ii) subject to subclause 5.2(b), ensure the smooth transition of the management of the business and affairs of the Target Group to the Acquirer, and a smooth implementation of the transactions

contemplated by the Share and Business Acquisition Agreement, following the implementation of the Scheme.

- (b) The parties agree to consult with one another on the members of the Transaction Implementation Working Group.
- (c) Subject to this deed, nothing in this clause requires a party to act at the direction of another party. The business of each party will continue to operate independently from the other and representatives of each party will report to the full board of their respective appointors until the Implementation Date. The parties agree that nothing in this deed constitutes the relationship of a partnership, agency or a joint venture between the parties.

5.3 Independent Expert

The Target may appoint the Independent Expert (after consulting with the Acquirer and having regard to reasonable views of the Acquirer).

5.4 Access

- (a) Between the date of this deed and the earlier of the Implementation Date and the date this deed is terminated, the Target must:
 - (i) as soon as reasonably practicable provide the Acquirer and their Representatives as well as MHA Group and their Representatives with any documents, records and other information (subject to any existing confidentiality obligations owed to third parties, or applicable laws) reasonably requested by them; and
 - (ii) provide the Acquirer and MHA Group and their respective officers, employees and advisers and any other persons nominated by them with reasonable access to the Target's officers, employees and advisers which the Acquirer and MHA reasonably require, including for the purposes of:
 - (A) understanding the Target's business, financial position (including its cashflow and working capital position), trading performance and management control systems;
 - (B) implementing the Scheme;
 - (C) preparing for carrying on the business of the Target following implementation of the Transaction, and implementing the transactions contemplated by the Share and Business Acquisition Agreement; and
 - (D) any other purpose which is agreed in writing between the parties,

provided in every case that such access does not place an unreasonable burden on the ability of the Target to run its business or to perform its obligations under this deed.

- (b) Clause 5.4(a) ceases to operate upon a majority of the Target Board changing or withdrawing their recommendation that Target Shareholders vote in favour of the Scheme, or recommending a Superior Proposal, in each case in accordance with this deed.

5.5 Acquirer's right to separate representation

The Acquirer is entitled to separate representation at all Court proceedings relating to the Scheme. Nothing in this deed is to be taken to give Target any right or power to make or give undertakings to the Court for or on behalf of the Acquirer.

6 Implementation obligations of the parties

6.1 Target's obligations

The Target must comply with the obligations of the Target set out in Schedule 4 and take all reasonable steps that are necessary or reasonably requested by the Acquirer to implement the Scheme as soon as is reasonably practicable and in the most efficient manner for the Scheme Participants and in any event prior to the End Date.

6.2 Acquirer's obligations

The Acquirer must comply with the obligations set out in Schedule 5 and take all reasonable steps that are necessary or reasonably requested by the Target to assist the Target to implement transactions contemplated by this deed as soon as is reasonably practicable and in the most efficient manner for the Scheme Participants and in any event prior to the End Date.

6.3 Recommendation

Each Target Director, in the Target's public announcement to be issued in accordance with clause 15.1 ("Public announcement of Scheme"), the Scheme Booklet and any other material public statement made after the signing of this deed and relating to the Scheme or the Transaction must make a statement that, in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of the Target Shareholders:

- (a) each member of the Target Board recommends that the Target Shareholders vote in favour of the Resolutions; and
- (b) confirms that each member of the Target Board intends to vote the Target Shares in which they have a Relevant Interest in favour of the Scheme Resolution.

6.4 Withdrawal or modification of recommendation

Subject to clause 6.5 ("Duties to Target Shareholders"), the Target must use best endeavours to ensure that:

- (a) each member of the Target Board intends to vote any Target Shares in which they have a Relevant Interest in favour of the Scheme Resolution in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of the Target Shareholders; and
- (b) no member of the Target Board:
 - (i) withdraws or adversely modifies their recommendation of the Scheme as contemplated by clauses 6.3(a) and 6.3(b); or
 - (ii) makes any statement to the effect that they no longer recommend that the Target Shareholders vote in favour of the Scheme Resolution in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to

conclude that the Scheme is in the best interests of Target Shareholders.

6.5 Duties to Target Shareholders

A member of the Target Board may withdraw or adversely modify their recommendation or any other material public statement of the Scheme, and not vote any Target Shares in which they have a Relevant Interest in favour of the Resolutions, if the Target has complied at all times with its obligations under clause 10 ("Exclusivity") and:

- (a) the Target Board determines that a Competing Transaction constitutes a Superior Proposal and the Target has notified the Acquirer in writing that one or more members of the Target Board intends to withdraw or adversely modify their recommendation of the Scheme and five Business Days has passed since that notification is given; or
- (b) the Independent Expert concludes that the Scheme is not in the best interests of Target Shareholders, or adversely changes its previously given opinion that the Scheme is in the best interests of the Target Shareholders.

7 Scheme Booklet

7.1 Preparation

Without limiting clauses 6.1 ("Target's obligations") or 6.2 ("Acquirer's obligations"):

- (a) (preparation) the Target is generally responsible for the preparation of the Scheme Booklet but will:
 - (i) provide drafts of the Scheme Booklet to the Acquirer in accordance with clause 7.2(a); and
 - (ii) obtain the prior written approval of the Acquirer in accordance with clause 7.2(e) before:
 - (A) providing the Regulator's Draft to ASIC for approval pursuant to section 411(2) of the Corporations Act; and
 - (B) requesting that ASIC register the explanatory statement included in the Scheme Booklet in accordance with item 9 of Schedule 4; and
 - (iii) rely on the Acquirer, with respect to the Acquirer Information in the Scheme Booklet; and
 - (iv) rely on MHA, with respect to the MHA Group Information in the Scheme Booklet.
- (b) (MHA review) the Target acknowledges and agrees that the Acquirer may provide the Scheme Booklet and drafts thereof to the MHA Group for the purposes of enabling the MHA Group to review and comment on the draft document;
- (c) (compliance - Target) the Target must take all necessary steps to endeavour to ensure that the Target Information:
 - (i) complies with the requirements of:
 - (A) the Corporations Act;

- (B) the Corporations Regulations;
 - (C) ASIC Regulatory Guide 60; and
 - (D) the Listing Rules; and
- (ii) is not, having regard to applicable disclosure requirements, misleading or deceptive in any material respect (including because of any material omission); and
- (d) (compliance - Acquirer) the Acquirer must take all necessary steps to endeavour to ensure that the Acquirer Information:
- (i) complies with the requirements of:
 - (A) the Corporations Act;
 - (B) the Corporations Regulations;
 - (C) ASIC Regulatory Guide 60; and
 - (D) the Listing Rules; and
 - (ii) is not, having regard to applicable disclosure requirements, misleading or deceptive in any material respect (including because of any material omission).

7.2 Content of Scheme Booklet

Without limiting clause 6.1 ("Target's obligations"), the Target must:

- (a) (consult Acquirer):
 - (i) as soon as reasonably practicable after the date of this deed, provide to the Acquirer an initial draft of the Scheme Booklet for the purpose of enabling the Acquirer to review and comment on that draft document;
 - (ii) provide to the Acquirer amended drafts of the Scheme Booklet as reasonably agreed for the purpose of enabling the Acquirer to review and comment on those draft documents;
 - (iii) provided that the Target retains absolute discretion in relation to the Target Information, take comments made by the Acquirer into account in good faith when producing a revised draft of the Scheme Booklet; and
 - (iv) provide to the Acquirer a revised penultimate draft of the Scheme Booklet within a reasonable time before the Regulator's Draft is finalised and to enable the Acquirer to review the Regulator's Draft at least three Business Days before its submission;
- (b) (penultimate draft Scheme Booklet) take such comments made by the Acquirer in relation to the penultimate draft of the Scheme Booklet into account in good faith (provided that the Target retains absolute discretion in relation to the Target Information) prior to finalising the Regulator's Draft;
- (c) (approval of Regulator's Draft) as soon as reasonably practicable after finalisation of an advanced draft of the Regulator's Draft suitable for

review by ASIC, procure that a meeting of the Target Directors is convened to consider approving the Regulator's Draft as being in a form appropriate for provision to ASIC for review (and the Acquirer must also provide confirmation that they do not object to such submission, or if they do object, details of the basis of their objection);

- (d) (Regulatory Review Period) during the Regulatory Review Period:
 - (i) promptly provide to the Acquirer, and include in a revised draft of the Scheme Booklet, any new information not included in the Regulator's Draft which is required by the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 or the Listing Rules to be included in the Scheme Booklet; and
 - (ii) keep the Acquirer informed of any matters raised by ASIC in relation to the Scheme Booklet (and copies of all relevant correspondence) and use best endeavours, in co-operation with the Acquirer, to resolve any such matters;
- (e) (Acquirer Information) obtain approval from the Acquirer, which approval must not be unreasonably withheld or delayed, for the form and context in which the Acquirer Information appears in the Scheme Booklet before:
 - (i) providing the Regulator's Draft to ASIC for approval pursuant to section 411(2) of the Corporations Act; and
 - (ii) requesting that ASIC register the explanatory statement included in the Scheme Booklet in accordance with item 9 of Schedule 4; and
- (f) (MHA Group Information) obtain approval from MHA for the form and context in which the MHA Group Information appears in the Scheme Booklet before:
 - (i) providing the Regulator's Draft to ASIC for approval pursuant to section 411(2) of the Corporations Act; and
 - (ii) requesting that ASIC register the explanatory statement included in the Scheme Booklet in accordance with item 9 of Schedule 4.

7.3 Acquirer information

Without limiting clause 6.2 ("Acquirer's obligations"), the Acquirer:

- (a) consents to the inclusion of the Acquirer Information in the Scheme Booklet; and
- (b) acknowledges that:
 - (i) it is responsible for ensuring that the Acquirer Information is not misleading or deceptive in any material respect (whether by omission or otherwise) and that the Target will not verify or edit the final form of that information in the Scheme Booklet; and
 - (ii) the Scheme Booklet will state that the Acquirer is responsible for the Acquirer Information, in accordance with clause 7.4 ("Scheme Booklet responsibility statements").

7.4 Scheme Booklet responsibility statements

The responsibility statement to appear in the Scheme Booklet, in a form to be agreed by the parties, will contain words to the effect of:

- (a) the Target has prepared, and is responsible for, the Target Information in the Scheme Booklet, and that the Acquirer and MHA and their respective directors and officers do not assume any responsibility for the accuracy or completeness of that Target Information except to the extent that the Acquirer and/or MHA has provided the Target with information for the purpose of the Target preparing such information;
- (b) the Acquirer has prepared, and is responsible for, the Acquirer Information specific to the Acquirer in the Scheme Booklet, and that the Target and its directors and officers do not assume any responsibility for the accuracy or completeness of that Acquirer Information except to the extent that the Target has provided the Acquirer with information for the purpose of Acquirer preparing such information; and
- (c) MHA has prepared, and is responsible for, the MHA Group Information specific to the MHA Group in the Scheme Booklet, and that the Target and its directors and officers do not assume any responsibility for the accuracy or completeness of that MHA Group Information except to the extent that the Target has provided MHA with information for the purpose of MHA preparing such information; and
- (d) the Independent Expert has prepared and is responsible for the Independent Expert's Report and:
 - (i) the Target and its directors and officers do not assume any responsibility for the accuracy or completeness of the Independent Expert's Report; and
 - (ii) the Acquirer and its directors and officers do not assume any responsibility for the accuracy or completeness of the Independent Expert's Report.

7.5 Disagreement on content

If the Acquirer and the Target disagree on the form or content of the Scheme Booklet, they must negotiate in good faith to try to settle an agreed form of the Scheme Booklet. If complete agreement is not reached after reasonable consultation, then:

- (a) if the disagreement relates to the form or content of the Acquirer Information or the MHA Group Information contained in the Scheme Booklet, the Target will make such amendments as the Acquirer reasonably requires; and
- (b) if the disagreement relates to the form or content of any other part of the Scheme Booklet, the Target Board will, acting in good faith, decide the final form or content of the disputed part of the Scheme Booklet.

7.6 Verification

Each party must undertake appropriate verification processes for the information prepared by that party for the Scheme Booklet.

8 Conduct of business

8.1 Overview

From the date of this deed up to and including the Implementation Date, the Target must conduct its business in the ordinary course consistent with applicable laws, the business plans made public or disclosed to the Acquirer prior to execution of this deed, and in substantially the same manner as conducted

over the previous year, and must regularly consult with the Acquirer on the manner of conduct of the business.

8.2 Specific obligations

Without limiting clause 8.1 ("Overview") and other than with the prior written approval of the Acquirer or as required by this deed, the Target must and must procure that its Subsidiaries, during the period contemplated by clause 8.1 ("Overview"):

- (a) (business and assets) use best endeavours to maintain the condition of its business and assets;
- (b) (relationships) use best endeavours to preserve its relationships with customers, suppliers, licensors, licensees, joint venturers (unless otherwise approved in writing between the parties) and others with whom it has business dealings;
- (c) (change of control provisions) identify any change of control or similar provisions in any significant contracts (including all Material Contracts);
- (d) (consents) use best endeavours to obtain the consents of relevant persons who have rights in respect of the transactions contemplated by the Transaction and the transactions contemplated by the Share and Business Acquisition Agreement (including the proposed novation or assignment of Target Group contracts to the acquirers of the Target On-Sale Business), provided that it must consult with the Acquirer in relation to any such provisions and consents and must, if the Acquirer so requests, involve them in the discussions and negotiations with the relevant third parties;
- (e) (cash) use the Target Group's cash only for the following:
 - (i) ordinary course of business;
 - (ii) Transaction Costs and other reasonable costs in relation to the Transaction (without prejudice to the Acquirer's rights under this deed in relation to a Target Material Adverse Change); and
 - (iii) Permitted Dividends;
- (f) (claims) promptly notify the Acquirer of any Action (including, without limitation, before a court or Regulatory Authority) which may be threatened, brought, asserted or commenced against any member of the Target Group (except in the ordinary course of business) or their directors and officers and consult with the Acquirer in relation to such matter to the extent they reasonably require;
- (g) (insurance) use best endeavours to have in place, and maintain until the Implementation Date, insurance over its assets and business to at least the same extent as that in place at the date of this deed; and
- (h) (SVU) use best endeavours to bring in the SVU project plan on budget and in accordance with the SVU Project Plan.

8.3 Prohibited actions

Other than with the prior written approval of the Acquirer or as required by this deed the Target must not, and must procure that its Subsidiaries do not, during the period referred to in clause 8.1:

- (a) (Target Prescribed Event) take any action which would be reasonably expected to give rise to a Target Prescribed Event;
- (b) (Target Prescribed Event agreement) agree to do anything which would be reasonably expected to give rise to a Target Prescribed Event;
- (c) (Material Contracts) enter into, amend or terminate, or roll over, a Material Contract other than in the ordinary course of business or:
 - (i) a Material Contract which both:
 - (A) has been disclosed to the Acquirer; and
 - (B) the Acquirer has agreed in writing to the entry into, termination or roll-over of such specific disclosed Material Contract;
 - (ii) a contract or commitment entered into for the extension, or roll over, of any contract or commitment of less than \$250,000; or
 - (iii) pursuant to this deed;
- (d) (employment agreements) except as approved in writing by the Acquirer, such proposal not to be unreasonably withheld or delayed:
 - (i) increase the remuneration of (including with regard to superannuation benefits) or benefits provided to employees from the level of remuneration or benefits provided as disclosed in the Due Diligence Materials; or
 - (ii) amend any employment or consultancy arrangement,

to the extent that such increase, benefit or amendment would require the approval of the Target's remuneration committee or relates to a salary in excess of \$100,000;
- (e) (new employment or consultancy agreements) employ, contract or enter into consultancy arrangements with any person on terms and conditions not approved in writing by the Acquirer, such approval not to be unreasonably withheld, to the extent that such employment, contract or arrangement would require the approval of the Target's remuneration committee or relates to a salary in excess of \$100,000;
- (f) (termination of employees) terminate the employment of any employee other than for cause;
- (g) (accelerate rights) accelerate the rights of any of its directors or employees to benefits of any kind (except under terms of existing contracts where the proposed acceleration was fairly disclosed in the Due Diligence Materials);
- (h) (transaction based payments) enter into any contract or commitment (including any employment contract), or renew or amend any existing contract or commitment, to provide for a payment to be made to the counterparty directly or indirectly as a result of:
 - (i) the Target or the Acquirer entering into this deed;
 - (ii) the Acquirer acquiring a Relevant Interest in the Target Shares; or

- (iii) the Scheme or a transaction evidenced by this deed or the Scheme or the Share and Business Acquisition Agreement;
- (i) (financial advisers) amend in any material respect any arrangement with its financial advisers in respect of the transactions contemplated by this deed (including, without limitation any amendment which increases the amount payable to a financial adviser);
- (j) (dividends) announce, declare, determine as payable, or pay, any dividends (other than the Permitted Dividends or as otherwise agreed by the Acquirer in writing); or
- (k) (agreement) agree to do any of the matters set out above.

8.4 Permitted acts

Nothing in clause 8 restricts any member of the Target Group from doing anything:

- (a) that is contemplated in this deed;
- (b) that is fairly disclosed in the Due Diligence Materials or in any disclosure to ASX prior to the date of this deed; or
- (c) approved by the Acquirer in writing.

8.5 Appointment and retirement of Target Directors

As soon as practicable after the Second Court Date, and subject to but no later than immediately after the Scheme Consideration being paid into the Trust Account, the Target must:

- (a) cause the appointment of each Incoming Director to the Target Board;
- (b) procure that each of the Outgoing Directors retire from the Target Board and provide (subject to payment of any outstanding termination payment and remuneration) written notice to the effect that they have no claim outstanding for loss of office, remuneration or otherwise against the Target; and
- (c) reconstitute the boards of each other member of the Target Group in accordance with such directions (if any) given by the Acquirer to the Target.

9 Standstill

- (a) Subject to sub-clause (b), for a period of six months from the date of this deed, the Acquirer and its Related Bodies Corporate must not, and the Acquirer must use its best endeavours to procure that its directors and officers do not, without the prior written consent of the Target:
 - (i) subscribe, acquire, or offer to subscribe or acquire, or assist or induce any other person to acquire, any securities in the Target, other than pursuant to the Scheme;
 - (ii) enter, or assist or induce any other person to enter, into any agreement or arrangement which confers rights, the economic effect of which is equivalent, or substantially equivalent to, the acquisition, holding or disposal of any securities in the Target, other than pursuant to the Scheme;

- (iii) solicit proxies from holders of securities in the Target, or otherwise try to influence or control the management of the Target, other than in connection with the Scheme Meeting or pursuant to this deed;
 - (iv) assist (including by providing Target Confidential Information), encourage, counsel, induce, instruct or ask any other person to do anything in clauses (i), (ii) or (iii) above.
- (b) Nothing in this clause 9 prevents:
- (i) the Acquirer from proposing a control transaction at a higher financial value and on terms more favourable to the Target Shareholders to a control transaction proposed by a third party and acquiring securities in the Target on the terms of such a proposal; or
 - (ii) the Acquirer from doing anything in clauses 9(a)(i), 9(a)(ii) and 9(a)(iii) above if the Acquirer is notified of a Competing Transaction in accordance with clause 10.5.

10 Exclusivity

10.1 No existing discussions

The Target represents and warrants that, other than the discussions with the Acquirer in respect of the Transaction, it is not currently in negotiations or discussions in respect of any Competing Transaction with any person.

10.2 No-shop

Subject to clause 10.7 ("Further exceptions"), during the Exclusivity Period, the Target must ensure that neither it nor any of its Related Bodies Corporate nor any of its or their Representatives directly or indirectly:

- (a) solicits, invites, encourages or initiates any enquiries, negotiations or discussions; or
- (b) communicates any intention to do any of these things,

in respect of obtaining any offer, proposal or expression of interest, or responding to an offer to solicit a revised offer or proposal, from any person in relation to, or which may be reasonably expected to lead to, a Competing Transaction.

10.3 No-talk

Subject to clauses 10.6 ("Exceptions") and 10.7 ("Further exceptions"), during the Exclusivity Period, the Target must ensure that neither it nor any of its Related Bodies Corporate nor any of its or their Representatives:

- (a) negotiates or enters into; or
- (b) participates in negotiations or discussions with any other person regarding,

a Competing Transaction or any offer, proposal or expression of interest from any person in relation to, or which may be reasonably expected to lead to, a Competing Transaction.

10.4 Due diligence information

Subject to clauses 10.6 (“Exceptions”) and 10.7 (“Further exceptions”), during the Exclusivity Period, the Target must ensure that, other than in the ordinary course of business, neither it nor any of its Related Bodies Corporate nor any of its or their Representatives:

- (a) solicits, invites, initiates, encourages, permits or, facilitates any other person other than the Acquirer and MHA and their Representatives to undertake due diligence investigations on any member of the Target Group or their businesses or operations; or
- (b) makes available to any other person or permits any other person to receive other than the Acquirer and MHA and their Representatives (in the course of due diligence investigations or otherwise) any non-public information relating to any member of the Target Group or their businesses or operations.
- (c) If, as a result of the operation of clauses 10.6 (“Exceptions”) or 10.7 (“Further exceptions”), any such information is made available to any other person, the same information must immediately be made available to the Acquirer.

10.5 Notice of unsolicited approach

During the Exclusivity Period, the Target must promptly notify the Acquirer if it or any of its Related Bodies Corporate or Representatives receives (directly or indirectly) any unsolicited approach, enquiry, proposal or attempt to initiate any negotiations or discussions with respect to any Competing Transaction and must disclose to the Acquirer the fact that such an approach has been made and the nature of the approach, including the price or consideration proposed. A material variation to a previous approach or proposal is taken to be a new approach or proposal for the purposes of this clause.

10.6 Exceptions

Clauses 10.3 (“No-talk”) and, where relevant, clause 10.4 (“Due diligence information”) and (to the extent it relates to disclosure of identity only) clause 10.5 (“Notice of unsolicited approach”), do not apply to the extent that they restrict the Target or the Target Board from:

- (a) considering a Competing Transaction;
- (b) taking or refusing to take any action with respect to a Competing Transaction; or
- (c) responding to a new or revised proposal from a bidder who had engaged with the Target prior to the date of this deed, or any person approached by the Target prior to the date of this deed;

provided in each case that the Competing Transaction or proposal was not solicited, invited, encouraged or initiated by the Target in contravention of clause 10.2 (“No-shop”) and that the Target Board has determined, in good faith and acting reasonably that:

- (d) after consultation with its financial advisors, such a Competing Transaction could reasonably be considered to be, or to be capable of becoming, a Superior Proposal; and
- (e) after receiving written advice from external legal advisers, that failing to respond to such a Competing Transaction would:

- (i) be reasonably likely to constitute a breach of the Target Board's fiduciary or statutory obligations; or
- (ii) otherwise be unlawful to not undertake such action,

and subject always to clause 10.7 ("Further exceptions").

10.7 Further exceptions

Nothing in this deed prevents the Target from:

- (a) continuing to make normal presentations to, and to respond to enquiries from, brokers, portfolio investors and analysts in the ordinary course in relation to the Transaction or its business generally; or
- (b) fulfilling its continuous disclosure requirements.

10.8 Response to Competing Transaction

- (a) The Target Board must not enter into any legally binding agreement, arrangement or understanding with respect to a Competing Transaction or publicly change or withdraw its recommendation of the Scheme or the Resolutions unless the Target has first provided the Acquirer with:
 - (i) the identity of the person proposing the Competing Transaction;
 - (ii) the material terms of the Competing Transaction; and
 - (iii) any material information provided to the person making the Competing Transaction that has not either been publicly disclosed or previously provided to the Acquirer,
- (b) and has given the Acquirer five Business Days to amend the terms of the Transaction ("Counterproposal") so that the Counterproposal would provide an outcome that is equal or superior for Target Shareholders as a whole compared with the Competing Transaction.
- (c) The Target Board, acting reasonably and in good faith, must consider any Counterproposal, and if, in the opinion of the Target Board, the Counterproposal would provide an outcome that is superior for Target Shareholders as a whole compared with the Competing Transaction, taking into account all the terms and conditions of the Counterproposal, then the Target and the Acquirer must use their best endeavours to agree the amendments to this deed which are reasonably necessary to reflect the Counterproposal and to implement the Counterproposal, in each case as soon as reasonably practicable.
- (d) This clause 10.8 does not apply to the extent that it requires the Target or the Target Board to take, or omit to take, any action in respect of a Competing Transaction (which was not solicited, facilitated, encouraged, invited or initiated by the Target or any of its Representatives in breach of clause 10.2 ("No-shop")) where the Target Board has determined, in good faith and acting reasonably after receiving written advice from external lawyers, that taking, or omitting to take, such action would constitute a breach of the directors' fiduciary or statutory obligations, or would otherwise be unlawful.

10.9 Enforcement of 'standstill' obligations

The Target agrees not to terminate or waive, and to enforce, any 'standstill' obligation owed to it by any third party, except that it may waive such an obligation only to the extent necessary to permit a Competing Proposal:

- (a) that the Target Board has determined in accordance with clause 6.5(a) is a Superior Proposal;
- (b) that was not solicited, invited, encouraged or initiated by the Target in contravention of clause 10.2 ("No-shop"); and
- (c) in respect of which the Target has otherwise complied with clause 10, including clause 10.8 ("Response to Competing Transaction").

The Target confirms that it has not agreed to terminate or waive such an obligation in the month prior to the date of this deed.

10.10 Legal advice

The Target acknowledges that it has received legal advice on this deed and the operation of this clause 10.

11 Reimbursement of Acquirer costs

11.1 Background

This clause 11 has been agreed in circumstances where:

- (a) the Acquirer and the Target believe that the Transaction will provide significant benefits to the Acquirer, the Target and their respective shareholders, and the Acquirer and the Target acknowledge that, if they enter into this deed and the Scheme is subsequently not implemented, the Acquirer will incur significant costs;
- (b) the Acquirer requested that provision be made for the payments outlined in clause 11.2 ("Payment by Target to Acquirer"), without which the Acquirer would not have entered into this deed;
- (c) the Target Board and the Acquirer Board each believe that it is appropriate for all parties to agree to the payment referred to in this clause 11 to secure the Acquirer's participation in the Transaction; and
- (d) the parties have received legal advice on this deed and the operation of this clause 11.

11.2 Payment by Target to Acquirer

The Target agrees to pay \$900,000, in aggregate, to the Acquirer if any of the following circumstances occur:

- (a) **(withdrawal or modification of recommendation)** any Target Director:
 - (i) fails to recommend the Scheme or the Scheme Resolution as contemplated by clauses 6.3(a) and 6.3(b); or
 - (ii) withdraws or adversely modifies that recommendation;
 except:
 - (iii) if a Target Director changes their recommendation following the receipt of the Independent Expert's Report (or any update of that report) where that report (or any update of that report) states that in the opinion of the Independent Expert the Scheme is not in the best interests of Target Shareholders (other than because of a Superior Proposal to which clause 11.2(b) applies); or

- (iv) as a result of any matter or thing giving the Target the right to terminate under clause 14.1 (“Termination events”);
- (b) **(Competing Transaction)** either:
 - (i) the Target enters into a legally binding agreement to undertake a Competing Transaction; or
 - (ii) any Target Director withdraws or adversely modifies their recommendation of the Scheme or the Scheme Resolution as contemplated by clauses 6.3(a) and 6.3(b) as a result of a Competing Transaction being proposed; or
 - (iii) the Target Board announces that a Competing Transaction is a Superior Proposal; or
 - (iv) a Competing Transaction is announced and at any time before five months after the End Date the proponent of the Competing Transaction (together with its associates, as that term is defined with reference to Chapter 6 of the Corporations Act) has a Relevant Interest in more than 50% of the Target Shares, or acquires or obtains an economic interest in all or a substantial part of the assets of the Target Group, except where a matter or thing has arisen giving the Target the right to terminate under clauses 14.1(g), 14.1(h) and 14.1(j); or
- (c) **(material breach)** the Transaction does not proceed because the Target is in material breach of any clause of this deed (including a representation or warranty), provided that the Acquirer has, if practicable, given notice to the Target setting out the relevant circumstances and the relevant circumstances continue to exist five Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given.

11.3 No amount payable if Scheme becomes Effective

Notwithstanding the occurrence of any event under clause 11.2 (“Payment by Target to Acquirer”) no amount is payable under clause 11.2 (“Payment by Target to Acquirer”) if the Scheme becomes Effective.

11.4 Timing of payment

The Target must pay the Acquirer and MHA (in equal proportions) the amount referred to in clause 11.2 (“Payment by Target to Acquirer”) within ten Business Days of receipt by the Target of a valid written demand for payment from the Acquirer. The demand may only be made, after the occurrence of an event referred to in clauses 11.2(a), 11.2(b) or 11.2(c); and in each case, the basis for the demand is set out in the notice. The Acquirer shall hold the right of MHA to be paid its proportion of any amount paid by the Target under this clause on behalf of or for the benefit of MHA.

11.5 Nature of payment

The amount payable by the Target to the Acquirer under clause 11.2 (“Payment by Target to Acquirer”) is an amount to compensate the Acquirer for:

- (a) advisory costs (including costs of advisers other than success fees);
- (b) costs of management and directors’ time;
- (c) out-of-pocket expenses; and

- (d) reasonable opportunity costs incurred by the Acquirer in pursuing the transactions contemplated by this deed or in not pursuing other alternative acquisitions or strategic initiatives which the Acquirer could have developed to further its business and objectives,

but, subject to this deed, is without prejudice to and does not limit any rights which the Acquirer, any Acquirer Indemnified Party or any shareholder of the Acquirer may have against the Target, other than reduction of damages in light of the payment towards costs, opportunity costs and expenses.

11.6 Reimbursement Fee payable only once

Where the fee (**Reimbursement Fee**) becomes payable to the Acquirer under clause 11.2 and is actually paid in accordance with this deed, the Acquirer cannot make any claim against the Target for payment of any subsequent Reimbursement Fee.

11.7 Reduction in amount payable

- (a) The amount payable by the Target to the Acquirer under clause 11.2 is reduced by an amount equal to the amount which is recovered by the Acquirer as a result of a claim against the Target pursuant to any other remedies available to the Acquirer under this agreement including pursuant to clause 12.
- (b) Where the amount payable by the Target to the Acquirer under clause 11.2 has already been paid, the Acquirer must, within two Business Days of the event contemplated by clause 11.7(a) which would have reduced the amount payable, refund an amount to the Target which is equivalent to that calculated under clause 11.7(a).

11.8 Limitations of Liability

- (a) To the extent permitted by law, notwithstanding any other provision of this deed:
 - (i) the maximum liability of the Acquirer to the Target Indemnified Parties under or in connection with this deed including in respect of any breach of the deed will be \$5,400,000; and
 - (ii) the maximum liability amount referred to in clause 11.8(a)(i) represents the maximum and absolute amount of the liability of the Acquirer under or in connection with this deed and no further damages, fees, expenses or reimbursements of any kind will be payable by the Acquirer in connection with this deed, except that nothing in this clause 11.8(a) limits the liability of the Acquirer for any breach of clauses 4.2 to 4.5.
- (b) To the extent permitted by law, notwithstanding any other provision of this deed but subject to clause 11.9:
 - (i) the maximum liability of the Target to the Acquirer Indemnified Parties under or in connection with clauses 11.2(a) and 11.2(b) of this deed will be the \$900,000 Reimbursement Fee payable under clause 11.2; and
 - (ii) otherwise, the maximum liability of the Target to the Acquirer Indemnified Parties under or in connection with this deed including in respect of any breach of the deed (excluding in relation to clauses 11.2(a) and 11.2(b)) will be \$5,400,000; and

- (iii) the maximum liability amounts referred to in clauses 11.8(b)(i) and 11.8(b)(ii) represent the maximum and absolute amount of the liability of the Target under or in connection with this deed and no further damages, fees, expenses or reimbursements of any kind will be payable by the Target in connection with this deed.
- (c) Nothing in this clause 11.8 limits the liability of any party for fraud.
- (d) No party to this deed may make a claim against the other party for an amount to the extent the relevant claim is for any consequential or indirect losses (which, in the case of the Acquirer and for the avoidance of doubt, shall not exclude any liability or loss, other than for consequential or indirect losses, arising from a breach of warranty claim against the Acquirer under the Share and Business Acquisition Agreement).

11.9 Compliance with law

- (a) This clause 11 does not impose an obligation on the Target to pay the Reimbursement Fee to the extent (and only to the extent) that the obligation to pay the Reimbursement Fee:
 - (i) is declared by the Takeovers Panel to constitute 'unacceptable circumstances'; or
 - (ii) is determined to be unenforceable or unlawful by a court,
 - (iii) after all proper avenues of appeal and review, judicial and otherwise, have been exhausted.
- (b) The parties must not make or cause or permit to be made, any application to the Takeovers Panel or a court for or in relation to a declaration or determination referred to in this clause 11.9(a).

11.10 Survival

Any accrued obligations under this clause 11 survive termination of this deed.

11.11 Notice to be given by Acquirer

A notice under this clause 11 must be given by the Acquirer to be valid.

12 Representations and warranties

12.1 Target's representations and warranties

- (a) The Target represents and warrants to the Acquirer (on its own behalf and separately as nominee for, or on behalf of, each of the Acquirer Indemnified Parties) that each of the statements set out in Schedule 6 is true and correct in all material respects as at the date of this deed and as at 8.00am on the Second Court Date or as at such other time and date as may be specified in the relevant statements in Schedule 6.
- (b) The Acquirer acknowledges and agrees that the Target has disclosed or is deemed to have disclosed against the statements set out in Schedule 1 and Schedule 6, and the Acquirer is aware of, and will be treated as having actual knowledge of, all facts, matters and circumstances that:
 - (i) are provided for or described in this deed;

- (ii) are fairly disclosed in the Due Diligence Materials or ASX announcement prior to the date of this deed;
- (iii) were, prior to the date of this deed within the actual knowledge of the Acquirer or its Related Bodies Corporate; or
- (iv) in relation to any liability to MHA or its Related Bodies Corporate, were, prior to the date of this deed within the actual knowledge of Munich Re or its Related Bodies Corporate.

12.2 Target's indemnity

The Target indemnifies the Acquirer Indemnified Parties against all Losses incurred directly as a result of any of the representations and warranties in clause 12.1 ("Target's representations and warranties") not being true and correct in all material respects on the date(s) on which they are given.

12.3 Target warranty certificate

The Target must provide to the Acquirer by 8.00am on the Second Court Date a certificate signed by a Target Director and made in accordance with a resolution of the Target Board stating, as at that date, that the representations or warranties given by the Target in clause 12.1 ("Target's representations and warranties") remain true and correct or, if any such representation or warranty is not true and correct as at that date, providing complete particulars of the facts and matters which make the representation or warranty untrue or incorrect.

12.4 Acquirer's representations and warranties

The Acquirer represents and warrants to the Target (on its own behalf and separately as nominee for, or on behalf of, each of the Target Indemnified Parties) that each of the statements set out in Schedule 7 is true and correct in all material respects as at the date of this deed and as at 8.00am on the Second Court Date or as at such other time and date as may be specified in the relevant statements in Schedule 7.

12.5 Acquirer's indemnity

The Acquirer indemnifies the Target Indemnified Parties against all Losses incurred directly as a result of any of the representations and warranties in clause 12.4 ("Acquirer's representations and warranties") by the Acquirer not being true and correct in all material respects on the date(s) on which they are given.

12.6 Acquirer warranty certificate

The Acquirer must provide to the Target by 8.00am on the Second Court Date a certificate signed by a director of the Acquirer and made in accordance with a resolution of the Acquirer Board stating, as at that date, that the representations and warranties given by the Acquirer in clause 12.4 ("Acquirer's representations and warranties") remain true and correct or, if any such representation or warranty is not true and correct as at that date, providing complete particulars of the facts and matters which make the representation or warranty untrue or incorrect.

13 Court proceedings

13.1 Appeal process

If the Court refuses to make orders convening the Scheme Meeting or approving the Scheme, the Acquirer and the Target must appeal the Court's decision to the fullest extent possible except to the extent that:

- (a) the parties agree otherwise; or
- (b) external legal advisers representing that party in relation to the Scheme indicates in writing that, in their opinion, an appeal would likely have less than a 50% prospect of success,

in which case any of the parties may terminate this deed in accordance with clause 14.1(e)(iii).

13.2 Defence of proceedings

The Acquirer and the Target must vigorously defend, or must cause to be vigorously defended, any lawsuits or other legal proceeding brought against it (or any of its Subsidiaries) challenging this deed or the completion of the Transaction. The Acquirer and the Target will not settle or compromise (or permit any of its Subsidiaries to settle or compromise) any claim brought in connection with this deed without the prior written consent of the other parties, such consent not to be unreasonably withheld.

13.3 Costs

Any costs incurred as a result of the operation of this clause 13 will be borne in equal shares by each party.

14 Termination

14.1 Termination events

Without limiting any other provision of this deed (including clauses 3.9 ("Failure to agree") and 13.1 ("Appeal process")), this deed may be terminated:

- (a) **(End Date)** by any party, if the Scheme has not become Effective by the End Date;
- (b) **(lack of support)** by the Acquirer, at any time prior to 8.00am on the Second Court Date if any Target Director who was a Target Director as at the date of this deed changes their recommendation or ceases to recommend to Scheme Participants that they vote in favour of the Resolutions as contemplated by clauses 6.3(a) or 6.3(b), including any adverse modification to their recommendation as contemplated by clauses 6.3(a) or 6.3(b);
- (c) **(competing interest)** by the Acquirer, if a person (other than a member of the Acquirer Group or the MHA Group) acquires a Relevant Interest in more than 15.1% of the Target Shares or acquires a Relevant Interest in any shares in CIL, CAS or QUS following the date of this deed;
- (d) **(Superior Proposal)** by any party if the Target Board determines and publicly announces that a Competing Transaction (without breach of clause 10 ("Exclusivity")) is a Superior Proposal. However, Target cannot terminate this deed until after the procedure in clause 10.8 ("Response to Competing Transaction") has been followed in good faith;
- (e) **(consultation, appeal failure)** in accordance with and pursuant to:
 - (i) clause 3.9(a);
 - (ii) clause 3.9(b); or
 - (iii) clause 13.1 ("Appeal process");

- (f) **(material breach by Target)** by the Acquirer, if the Target breaches a material term of this deed or if MHA breaches the MHA deed poll and the Acquirer has, if practicable, given notice to the Target setting out the relevant circumstances and the relevant circumstances continue to exist five Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given;
- (g) **(material breach by the Acquirer)** by the Target, if the Acquirer breaches a material term of this deed or if MHA breaches the MHA deed poll and the Target has, if practicable, given notice to the Acquirer setting out the relevant circumstances and the relevant circumstances continue to exist five Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given;
- (h) **(Insolvency)** by any party if any other party or MHA or (in the case of termination by the Acquirer only) any Subsidiary of the Target becomes Insolvent;
- (i) **(agreement)** if agreed to in writing by the Acquirer and the Target; or
- (j) **(representation or warranty)** by any party if a representation or warranty given by another party under clause 13 is or becomes untrue in any material respect and the breach of the representation or warranty is of a kind that, had it been disclosed to the first party before its entry into this deed, could reasonably be expected to have resulted in that first party either not entering into this deed or entering into it on materially different terms (and the terminating party has, if practicable, given notice to the party who gave the warranty setting out the relevant circumstances and the relevant circumstances continue to exist five Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given),

provided, in the case of any termination in circumstances where the terminating party would (or would if the Scheme does not become Effective) be liable to pay an amount under clause 11 ("Reimbursement of Acquirer costs"), termination may only occur if such amount has been paid or its payment has been secured to the satisfaction of the party which would be entitled to receive it.

14.2 Termination

Where a party has a right to terminate this deed, that right for all purposes will be validly exercised if the party delivers a notice in writing to the other parties stating that it terminates this deed (and, if relevant, complies with the proviso at the end of clause 14.1 ("Termination events")).

14.3 Effect of Termination

In the event that a party terminates this deed, or if this deed otherwise terminates in accordance with its terms, then in either case all further obligations of the parties under this deed, other than the obligations set out in clauses 11 ("Reimbursement of Acquirer costs"), 13 ("Court proceedings"), 14.4 ("Damages"), 15 ("Public announcements"), 16 ("Confidential Information"), 17 ("Notices and other communications") and 18 ("Goods and services tax (GST)") will immediately cease to be of further force and effect without further liability of any party to the other, provided that nothing in this clause releases any party from liability for any pre-termination breach of this deed.

14.4 Damages

In addition to the right of termination under clause 14.1 ("Termination events") where there is no appropriate remedy for the breach of this deed (other than termination), the non-defaulting party is entitled to damages for Losses suffered

by it and expenses incurred by it as a result of the breach of this deed. Any award of damages will be reduced by any payment made under clause 11 ("Reimbursement of Acquirer costs").

15 Public announcements

15.1 Public announcement of Scheme

Immediately after signing this deed, the Target and the Acquirer will issue public announcements of the proposed Transaction in a form to be agreed by them (acting reasonably).

15.2 Required disclosure

Where a party is required by law, the Listing Rules or a memorandum of understanding with a Regulatory Authority to make any announcement or make any disclosure relating to a matter the subject of the Transaction, it may do so only to the extent required and after it has given the other parties as much notice as possible and has consulted to the fullest extent possible in the circumstances with the other parties and their legal advisers.

15.3 Other announcements

Subject to clauses 15.1 ("Public announcement of Scheme") and 15.2 ("Required disclosure"), no party may make any public announcement or disclosure in connection with the Transaction (including disclosure to a Regulatory Authority) other than in a form approved by each party (acting reasonably), subject to any approval by the other party being promptly given to ensure disclosure is made in the time required by the Listing Rules (if applicable) or the requirements of any Regulatory Authority. Each party will use its best endeavours to provide such approval as soon as practicable.

16 Confidential Information

16.1 Disclosure of Acquirer Confidential Information

No Acquirer Confidential Information may be disclosed by the Target to any person except:

- (a) Representatives of the Target or its Related Bodies Corporate requiring the information for the purposes of this deed; or
- (b) for the purposes of preparing the Scheme Booklet, associated documentation, pleadings, evidence and submissions for the Court hearings; or
- (c) with the consent of the Acquirer, in respect of the Acquirer Confidential Information which consent may be given or withheld in its absolute discretion; or
- (d) if the Target is required to do so by law or by the ASX (but only to the extent required and if the requirement was not caused by a voluntary action of the Target); or
- (e) if the Target is required to do so in connection with legal proceedings relating to this deed.

16.2 Use of Acquirer Confidential Information

The Target must use the Acquirer Confidential Information exclusively for the purpose of due diligence and preparing the Scheme Booklet (and other documentation referred to in clause 16.1(b)) and for no other purpose (and must

not make any use of any the Acquirer Confidential Information to the competitive disadvantage of the Acquirer or any of their Related Bodies Corporate).

16.3 Disclosure of Target Confidential Information

No Target Confidential Information may be disclosed by the Acquirer to any person except:

- (a) the MHA Group and its Representatives in connection with the Transaction and the Target On-Sale Business;
- (b) Representatives of the Acquirer or their Related Bodies Corporate requiring the information for the purposes of this deed; or
- (c) for the purposes of pleadings, evidence and submissions for the Court hearings (where applicable); or
- (d) with the consent of the Target which consent may be given or withheld in its absolute discretion; or
- (e) if the Acquirer is required to do so by law or by a stock exchange (but only to the extent required); or
- (f) if the Acquirer is required to do so in connection with legal proceedings relating to this deed.

16.4 Use of Target Confidential Information

The Acquirer must use the Target Confidential Information exclusively for the purpose of due diligence, commenting on the Scheme Booklet (or for preparing or commenting on other documentation referred to in clause 16.3(c) where applicable) and for no other purpose (and must not make any use of any the Target Confidential Information to the competitive disadvantage of the Target or any of its Related Bodies Corporate).

16.5 Disclosure by recipient of Confidential Information

Any party disclosing information under clause 16.1(a) or 16.1(c) or clause 16.3(a), 16.3(b) or 16.3(d) must use best endeavours to ensure that persons receiving Confidential Information from it do not disclose the information except in the circumstances permitted in clause 16.1 ("Disclosure of Acquirer Confidential Information") or clause 16.3 ("Disclosure of Target Confidential Information").

16.6 Excluded Information

Clauses 16.1 ("Disclosure of Acquirer Confidential Information"), 16.2 ("Use of Acquirer Confidential Information"), 16.3 ("Disclosure of Target Confidential Information"), 16.4 ("Use of Target Confidential Information") and 16.5 ("Disclosure by recipient of Confidential Information") do not apply to the Excluded Information.

16.7 Confidentiality Agreement

Each party acknowledges and agrees that it continues to be bound by the Confidentiality Agreement (for so long as that document remains in force) in respect of all information received by it from the other parties on, before or after the date of this deed.

16.8 Termination

This clause 16 will survive termination (for whatever reason) of this deed.

17 Notices and other communications

17.1 Form - all communications

Unless expressly stated otherwise in this deed, all notices, certificates, consents, approvals, waivers and other communications in connection with this deed must be:

- (a) in writing;
- (b) signed by the sender (if an individual) or an Authorised Officer of the sender; and
- (c) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

17.2 Form - communications sent by email

Communications sent by email need not be marked for attention in the way stated in clause 17.1 ("Form - all communications"). However, the email:

- (a) must state the first and last name of the sender; and
- (b) must be in plain text format or, if attached to an email, must be an Adobe Portable Document Format (pdf) file.

Communications sent by email are taken to be signed by the named sender.

17.3 Delivery

Communications must be:

- (a) left at the address set out or referred to in the Details;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details;
- (c) sent by fax to the fax number set out or referred to in the Details;
- (d) sent by email to the address set out or referred to in the Details; or
- (e) given in any other way permitted by law.

However, if the intended recipient has notified a changed address, fax number or email address, then communications must be to that address, fax number or email address.

17.4 When effective

Communications take effect from the time they are received or taken to be received under clause 17.5 ("When taken to be received") (whichever happens first) unless a later time is specified.

17.5 When taken to be received

Communications are taken to be received:

- (a) if sent by post, three days after posting (or seven days after posting if sent from one country to another);
- (b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent; or

- (c) if sent by email;
 - (i) when the sender receives an automated message confirming delivery; or
 - (ii) four hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,
- whichever happens first.

17.6 Receipt outside business hours

Despite clauses 17.4 (“When effective”) and 17.5 (“When taken to be received”), if communications are received or taken to be received under clause 17.5 (“When taken to be received”) after 5.00pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day and take effect from that time unless a later time is specified.

18 Goods and services tax (GST)

18.1 Consideration GST exclusive

Unless expressly stated otherwise in this deed, all amounts payable or consideration to be provided under this deed are exclusive of GST.

18.2 Payment of GST

If GST is payable on any supply made under this deed, for which the consideration is not expressly stated to include GST, the recipient agrees to pay to the supplier an additional amount equal to the GST payable at the same time that the consideration for the supply, or the first part of the consideration for the supply (as the case may be), is to be provided. However:

- (a) the recipient need not pay the additional amount until the supplier gives the recipient a tax invoice or an adjustment note; and
- (b) if an adjustment event arises in respect of the supply, the additional amount must be adjusted to reflect the adjustment event and the recipient or the supplier (as the case may be) must make any payments necessary to reflect the adjustment.

18.3 Reimbursements

If a party is required under this deed to indemnify another party, or pay or reimburse costs of another party, that party agrees to pay the relevant amount less any input tax credits to which the other party (or to which the representative member for a GST group of which the other party is a member) is entitled, except to the extent that the relevant event is a taxable supply for GST purposes.

18.4 Calculation of payments

If an amount payable under this deed is to be calculated by reference to:

- (a) the price to be received for a taxable supply then, for the purposes of that calculation, the price is reduced to the extent that it includes any amount on account of GST; and
- (b) the price to be paid or provided for an acquisition then, for the purposes of that calculation, the price is reduced to the extent that an input tax credit is available for the acquisition.

18.5 Interpretation

For the purposes of this clause 18:

- (a) a term which has a defined meaning in the GST Act has the same meaning when used in this clause 18;
- (b) "GST Act" means the A New Tax System (Goods and Services Tax) Act 1999 (Cwlth); and
- (c) each periodic or progressive component of a supply to which section 156-5(1) of the GST Act applies will be treated as though it is a separate supply.

19 Miscellaneous

19.1 Discretion in exercising rights

A party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this deed expressly states otherwise.

19.2 Partial exercising of rights

If a party does not exercise a right or remedy fully or at a given time, the party may still exercise it later.

19.3 No liability for loss

A party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy under this deed.

19.4 Approvals and consents

By giving its approval or consent a party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

19.5 Conflict of interest

The parties' rights and remedies under this deed may be exercised even if it involves a conflict of duty or a party has a personal interest in their exercise.

19.6 Remedies cumulative

The rights and remedies in this deed are in addition to other rights and remedies given by law independently of this deed.

19.7 Variation and waiver

A provision of this deed or a right created under it, may not be waived or varied except in writing, signed by the party or parties to be bound.

19.8 No merger

The warranties, undertakings and indemnities in this deed do not merge on the Implementation Date.

19.9 Indemnities

The indemnities in this deed are continuing obligations, independent from the other obligations of the parties under this deed and continue after this deed ends. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under this deed.

19.10 Enforceability

For the purpose of this deed:

- (a) the Target is taken to be acting as agent for, or on behalf of and for the benefit of all Target Indemnified Parties; and
- (b) the Acquirer is taken to be acting as agent for, or on behalf of and for the benefit of all Acquirer Indemnified Parties;

and all of those persons are to this extent taken to be parties to this deed.

19.11 Knowledge and belief

The parties agree that any statement made in this deed by a Target Person on the basis of their knowledge, information, belief or awareness, is made on the basis of matters that a Target Person:

- (a) is actually aware of; and
- (b) should reasonably be expected to be actually aware of having regard to their experience and their past and current position and responsibilities.

19.12 Release

Subject to section 199A of the Corporations Act, no party, and no officer, employee or director of a party, shall be liable for anything done or purported to be done in connection with the Scheme in good faith, but nothing in this clause shall exclude any liability which may arise from a fraudulent or grossly negligent act or omission on the part of such a person. Each party receives and holds the benefit of this release, to the extent that it relates to its officers, employees or directors, on behalf of them.

19.13 Further steps

Each party agrees, at its own expense, to do anything reasonable that any other party asks (such as obtaining consents, signing and producing documents and getting documents completed and signed):

- (a) to bind the party and any other person intended to be bound under this deed; or
- (b) to show whether the party is complying with this deed.

19.14 Construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this deed or any part of it.

19.15 Costs

Subject to clause 11 ("Reimbursement of Acquirer costs"), the parties agree to pay their own legal and other costs and expenses in connection with the preparation, execution and completion of this deed and other related documentation.

19.16 Entire agreement

This deed constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

19.17 Assignment

A party may not assign or otherwise deal with its rights under this deed or allow any interest in them to arise or be varied in each case, without the consent of the other parties (except that the Acquirer may grant an Encumbrance in favour of MHA, or any of its Subsidiaries, over all or any of its rights under this deed).

19.18 No undisclosed principals or undisclosed trusts

Except as expressly stated in writing in this deed, no person enters into this deed as an agent for any other person or as trustee of any trust or on behalf or for the benefit of any other person.

19.19 No representation or reliance

Each party acknowledges that:

- (a) no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this deed, except for representations or inducements expressly set out in this deed;
- (b) it does not enter into this deed in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this deed; and
- (c) clauses 19.19(a) and 19.19(b) above do not prejudice any rights a party may have in relation to information which had been filed by any other party with ASIC or ASX.

19.20 Governing law

This deed is governed by the law in force in the place specified in the Details. Each party submits to the non-exclusive jurisdiction of the courts of that place.

19.21 Counterparts

This deed may be executed in counterparts. All counterparts when taken together are to be taken to constitute one instrument.

19.22 Notification

Each party will promptly advise the other parties in writing if it becomes aware of any fact, matter or circumstance that constitutes or may constitute:

- (a) a breach of any of the representations and warranties given by it under this deed;
- (b) a Target Prescribed Event;
- (c) an event which results or may result in another party having a right to terminate this deed under clause 15.1; or
- (d) a breach by it of this deed.

EXECUTED as a deed

Scheme Implementation Deed

Schedule 1 - Target Prescribed Events

- (a) **(Conversion)** the Target, CIL or CAS converts all or any of its securities into a larger or smaller number of securities.
- (b) **(Reduction of share capital)** the Target, CIL or CAS resolves to reduce its share capital in any way or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its shares.
- (c) **(Buy-back)** the Target, CIL or CAS:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act.
- (d) **(Distribution)** other than the Permitted Dividends or otherwise than as agreed in connection with the Scheme, the Target, CIL or CAS makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
- (e) **(Issuing or granting securities or options)** the Target or any of its Subsidiaries:
 - (i) other than as part of refinancing, extending or rolling over its equipment or other facilities or term funding in the ordinary course, or pursuant to the QUS employee incentive scheme, issues new securities;
 - (ii) grants an option over its securities; or
 - (iii) agrees to make such an issue or grant such an option (including under any employment contract).
- (f) **(Convertible Securities or other instruments)** the Target or any of its Subsidiaries:
 - (i) issues securities or other instruments that (in each case) are convertible into equity or debt securities; or
 - (ii) agrees to issue securities or other instruments convertible into equity or debt securities (including under any employment contract).
- (g) **(Constitution)** the Target or any of its Subsidiaries adopts a new constitution or modifies or repeals its constitution or a provision of it.
- (h) **(Acquisitions, disposals or tenders)** the Target, any of its Subsidiaries:
 - (i) acquires or disposes of;
 - (ii) agrees to acquire or dispose of;

- (iii) offers, proposes, announces a bid or tenders for, any business, assets, entity or undertaking of the Target Group, other than:
 - (iv) in the ordinary course of business (including investments as part of the ordinary course of the insurance business); or
 - (v) as part of the Transaction Costs.
- (i) **(Encumbrances)** other than as part of refinancing, extending or rolling over its equipment or other facilities or term funding in the ordinary course, the Target, any of its Subsidiaries creates, or agrees to create, any Encumbrance over the whole or a material or substantial part of its business or property.
- (j) **(Commitments and settlements)** except in the ordinary course of business, the Target or any of its Subsidiaries:
 - (i) enters into, amends or terminates any Material Contract, including any contract or commitment requiring payments by one or more members of the Target Group (separately or taken as a whole) or any other onerous or long term contract or commitment;
 - (ii) waives any material third party default;
 - (iii) accepts as a settlement or compromise of a material matter less than the full compensation due to the Target or a Subsidiary of the Target; or
 - (iv) becomes subject to a material claim
- (k) **(Insolvency)** the Target or any of its Subsidiaries becomes Insolvent.
- (l) **(Breach of law)** any member of the Target Group takes or omits to take action which would result in a material breach of law (resulting in costs, charges, interest, penalties, fines or expenses in excess of \$100,000).
- (m) **(Change in actuarial or accounting policy)** any member of the Target Group changes any actuarial policy or any accounting policy applied by them to report their financial position, without the consent of the Acquirer.

Scheme Implementation Deed

Schedule 2 - Conditions Precedent (clause 3.1 ("Conditions Precedent"))

Condition	Party entitled to benefit	Party responsible
1. Regulatory approvals		
Before 8.00am on the Second Court Date:	All	All
(a) (ASIC and ASX) ASIC and ASX have issued or provided (and not withdrawn, revoked or varied) such consents, waivers, modifications, and/or approvals or have done such other acts which are necessary or the parties agree are reasonably desirable to implement the Scheme. If such consents, waivers, modifications and/or approvals are subject to conditions those conditions must be acceptable to the Target and the Acquirer (each acting reasonably);		
(b) (approvals from Regulatory Authorities)	All	All
(i) all necessary approvals are provided in respect of the Scheme and Share and Business Acquisition Agreement (and the transactions contemplated by those) under the <i>Financial Sector (Shareholdings) Act 1998</i> (Cth); and		
(ii) all other consents, waivers and approvals of a Regulatory Authority which the Acquirer and the Target, acting reasonably, consider are necessary or desirable to implement the Scheme and the		

Condition	Party entitled to benefit	Party responsible
Share and Business Acquisition Agreement are obtained.		
If such consents, waivers, notices of no objection and/or approvals are subject to conditions those conditions must be acceptable to the Target and the Acquirer (each acting reasonably); and		
(c) (Court orders) no Court or other court of competent jurisdiction or Regulatory Authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the implementation of any material aspect of the Transaction and no such order, decree, ruling, other action or refusal is in effect.	All	All
2. Consents	Acquirer	All
Consent to the Transaction, either unconditionally or on terms reasonably satisfactory to the Acquirer, or where no consent is required under the terms of the relevant agreement, the relevant counterparty does not indicate in writing that it intends to terminate the agreement, obtained from:		
(a) NSW Self Insurance Corporation under the Insurance Agency Agreement for Home Warranty Insurance Fund between NSW Self Insurance Corporation and CIL dated 4 January 2011, as amended;		
(b) ACE Insurance Limited (ABN 23 001 642 020) under: <ul style="list-style-type: none"> • the Mansions Master Binder Agreement between ACE Insurance Limited and CAS t/as Mansions of Australia dated (undated); 		

Condition	Party entitled to benefit	Party responsible
and		
<ul style="list-style-type: none"> the Insurance Distribution Agreement between ACE Insurance Limited and CAS dated (undated); 		
(c) Australian Unity Personal Financial Services Limited (ABN 26 098 725 145) under the Distribution Agreement between Australian Unity Personal Financial Services Limited, CIL and CAS dated 13 November 2013;		
(d) IUA agency agreement to be entered into between Lloyds (ProSight) and CAS;		
(e) South Australian Government Financing Authority under the Calliden BII Quota Share Reinsurance Agreement between South Australian Government Financing Authority and CIL dated 30 August 2013;		
(f) State of Western Australia through its Department of Commerce under the Calliden HII Quota Share Reinsurance Agreement between State of Western Australia through its Department of Commerce and CIL dated 31 October 2013;		
(g) the underwriter relevant to the (QUS) Agency Agreement;		
(h) Queensland Broker Holdings Pty Ltd under the QUS Shareholders Deed between Queensland Broker Holdings Pty Ltd, CIL and QUS dated 4 December 2013;		
(i) AXE Group Pty Ltd under: <ul style="list-style-type: none"> the Axelerator Production Server Licence Agreement between Axe Group Pty Limited and CIL (undated); the Axelerator Studio Licence Agreement between Axe Group Pty 		

Condition	Party entitled to benefit	Party responsible
Limited and CIL (undated);		
<ul style="list-style-type: none"> • the Axelerator Support Service Licence Agreement between Axe Group Pty Limited and CIL (undated); • the Axelerator UAT/Training Server Licence Agreement between Axe Group Pty Limited and CIL (undated); 		
(j) Sirius Financial Systems plc (registered in England and Wales (company number 1792078)) under:		
<ul style="list-style-type: none"> • the Sirius Modular Agreement between Sirius Financial Systems plc and the Target dated 14 March 2005; and • the Sirius Service Level Agreement between Sirius Financial Systems plc and the Target dated 14 March 2005; 		
(k) Ebix Exchange Pty Ltd (ABN 79 054 644 772) under the Ebix Services Agreement between Ebix Exchange Pty Ltd and the Target dated 8 April 2008;		
(l) Innovation Group (Australia) Pty Limited under the Contract and Service Level Agreement dated 21 July 2011 between CIL and Innovation Group (Australia) Pty Limited, as amended; ;		
(m) BA Insurance Systems Pty Limited (ABN 54 058 986 799) under the Software Licence and Support Agreement dated 11 March 2003 between BA Insurance Systems Pty Limited and Dawes Motor Underwriting Group (ABN 18 050 289 506);		
(n) Townwood Pty Limited (ABN 99 347 104 909) under the lease in relation to Level 7, Innovation Place, 100 Arthur		

Condition	Party entitled to benefit	Party responsible
Street, North Sydney, NSW dated 5 April 2013 between the Target and Townwood Pty Limited; and		
(o) The Commonwealth of Australia as represented by Fair Work Commission (ABN 93 614 579 199), the Trust Company Limited (ACN 004 027 749) and Bieson Pty Limited (ACN 110 465 168) under the sublease in relation to Level 9, 11 Exhibition Street, Melbourne between		
(p) the Commonwealth of Australia as represented by Fair Work Commission (ABN 93 614 579 199), the Target, the Trust Company Limited (ACN 004 027 749) and Bieson Pty Limited (ACN 110 465 168) (undated).		
3. Independent Expert The Independent Expert concludes in the Independent Expert's Report that the Scheme is in the best interest of the Target Shareholders..	Target	Target
4. Scheme approval The Target Shareholders approve the Scheme by the requisite majorities in accordance with the Corporations Act.	Cannot be waived	Target
5. Court approval The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.	Cannot be waived	Target
6. No Target Prescribed Event No Target Prescribed Event occurs between the date of this deed and 8.00am on the Second Court Date.	Acquirer	Target
7. No Target Material Adverse Change No Target Material Adverse Change occurs between the date of this deed and 8.00am on the Second Court Date.	Acquirer	Target
8. Target representations and	Acquirer	Target

Condition	Party entitled to benefit	Party responsible
warranties		
The Target's representations and warranties set out in Schedule 6 are true and correct in all material respects as at the date of this deed and as at 8.00am on the Second Court Date.		
9. Acquirer representations and warranties	Target	Acquirer
The Acquirer's representations and warranties set out in Schedule 7 are true and correct in all material respects as at the date of this deed and as at 8.00am on the Second Court Date.		
10. Target Group Board changes	Acquirer	Target
Before 8.00am on the Second Court Date all required regulatory approvals (if any) are obtained to permit the steps referred to in paragraphs (a), (b) and (c) of clause 8.5 ("Appointment and retirement of Target Directors").		
11. Share and Business Acquisition Agreement	Acquirer	Acquirer
The Share and Business Acquisition Agreement not having been terminated.		
12. Deed Poll - Acquirer	Target	Acquirer
The Deed Poll having been issued by the Acquirer.		

Scheme Implementation Deed

Schedule 3 - Timetable (clause 5.1 (“General obligations”))

Event	Date
Lodge Scheme Booklet with ASIC	Early October 2014
Application in respect of the Court hearing to be held on the First Court Date, filed with the Court, served on ASIC and delivered to ASX	Early October 2014
First Court Date	Mid to late October 2014
Printing and despatch of Scheme Booklet	Late October 2014
Second Court Date	Early December 2014
Lodge Court order with ASIC (Effective Date)	Early December 2014
Record Date	Mid-December 2014
Implementation Date	Mid-December 2014

Scheme Implementation Deed

Schedule 4 - Target's Obligations (clause 6.1 ("Target's obligations"))

- 1 **(Target Information)** ensure that the Target Information included in the Scheme Booklet complies with the Corporations Act, the Corporations Regulations, the Listing Rules and ASIC Regulatory Guide 60.
- 2 **(Further Target Information)** provide to the Acquirer and Target Shareholders such further or new Target Information as may arise after the Scheme Booklet has been despatched until the date of the Scheme Meeting as may be necessary to ensure that the Target Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission) and does not omit any information required by law.
- 3 **(Independent Expert)** promptly appoint the Independent Expert and provide any assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report for the Scheme Booklet.
- 4 **(Provide a copy of the Independent Expert's Report)** on receipt, provide the Acquirer with a copy of advanced drafts of the Independent Expert's Report received by the Target from the Independent Expert for review for factual accuracy.
- 5 **(Promote merits of the Transaction)** participate in and ensure that the managing director and a non-executive director of the Target participates in efforts reasonably requested by the Acquirer to promote the merits of the Transaction, including meeting with key Target Shareholders at the reasonable request of the Acquirer, unless and until the recommendations of the Target Directors contemplated by clauses 6.3(a) or 6.3(b) are withdrawn or adversely modified because of a Superior Proposal or because the Independent Expert concludes that the Scheme is not in the best interests of the Target Shareholders.
- 6 **(Registry details)** subject to the terms of the Scheme:
 - (a) provide all necessary information about the Scheme Participants to the Acquirer which the Acquirer requires in order to assist the Acquirer to solicit votes at the Scheme Meeting;
 - (b) provide all necessary directions to the Registry to promptly provide any information that the Acquirer reasonably requests in relation to the Register, including any sub-register, and, where requested by the Acquirer, the Target must procure such information to be provided to the Acquirer in such electronic form as is reasonably requested by the Acquirer; and
 - (c) undertake beneficial securityholder analysis at the request of the Acquirer, and promptly exercise its powers under section 672A of the Corporations Act if requested to do so by the Acquirer, acting reasonably.
- 7 **(Section 411(17)(b) statement)** apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme.

- 8 **(Court application and representation)** apply to the Court for an order under section 411(1) of the Corporations Act directing Target to convene the Scheme Meeting and engage counsel reasonably experienced in schemes of arrangement to represent Target in all Court proceedings related to the Scheme and provide drafts and consult with the Acquirer in relation to the content of any document required for the purpose of the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders) and take into account all reasonable comments provided for and on behalf of the Acquirer in relation to such documents.
- 9 **(Registration of explanatory statement)** request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act.
- 10 **(Send Scheme Booklet)** send the Scheme Booklet to Target Shareholders as soon as practicable after the Court orders the Target to convene the Scheme Meeting and otherwise substantially in accordance with the Timetable.
- 11 **(Resolutions)** convene the Scheme Meeting in accordance with any such orders made by the Court, and seek the approval of the Target Shareholders for the Scheme Resolution and, for this purpose, the Target Directors must participate in reasonable efforts to promote the merits of the Scheme, including meeting with key Target Shareholders at the reasonable request of the Acquirer.
- 12 **(Proxy reports)** request the Registry to report to it and the Acquirer and their Representatives on the status of proxy forms received by the Registry for the Resolutions, at 10 Business Days before the Scheme Meeting, at each subsequent Business Day up to the deadline for receipt of proxy forms and at such deadline. Provide to the Acquirer such other information as it may receive concerning the voting intentions of the Target Shareholders.
- 13 **(Court order)** apply to the Court for an order approving the Scheme in accordance with sections 411(4)(b) and 411(6) of the Corporations Act (and, if relevant and the Acquirer so requests, an order in accordance with section 411(4)(a)(ii)(A) of the Corporations Act dispensing with the need for the Resolution in relation to the Scheme to be passed by a majority in number of the members present and voting (either in person or by proxy)).
- 14 **(Certificate)** provide the Court by 8am on the Second Court Date with a certificate confirming (in respect of matters within its knowledge):
- (a) whether all the conditions precedent as set out in Schedule 2 (other than the condition relating to Court approval of the Scheme - item 3) have been satisfied or waived in accordance with the terms of this deed; and
 - (b) confirming that there has been no Target Material Adverse Change and setting out calculations of the metrics referred to in paragraphs (a) to (c) inclusive of the definition of Target Material Adverse Change.
- 15 **(Lodge)** on the Second Court Date lodge with ASIC an office copy of any such Court order approving the Scheme as approved by the Target Shareholders at the Scheme Meeting in accordance with section 411(10) of the Corporations Act.
- 16 **(Register information)** close the Register as at 7.00pm on the Record Date.
- 17 **(Registration)** register all transfers of the Target Shares to the Acquirer on the Implementation Date.
- 18 **(Listing)** take all reasonable steps to maintain the Target's listing on ASX, notwithstanding any suspension of the quotation of the Target Shares, up to and

including the Implementation Date, including making appropriate applications to ASX and ASIC.

- 19 **(Compliance with laws)** use its best endeavours to do everything reasonably within its power to ensure that the transactions contemplated by this deed are effected in accordance with all laws and regulations applicable in relation to the Scheme.
- 20 **(Suspension of incentive plans)** with effect from date of this deed, suspend all of its executive and employee incentive plans and any other plans that will or could result in securities in the Target being issued to any person.
- 21 **(Termination of incentive plans)** subject to Court approval of the Scheme, but with effect from the Implementation Date or such later date agreed by the parties acting reasonably, terminate all of its executive and employee incentive plans and any other plans (if any) that will or could result in securities in the Target being issued to any person.
- 22 **(Other steps)** do all other things necessary to give effect to the Scheme and the orders of the Court approving the Scheme.
- 23 **(Adviser fees)** on reasonable written request from the Acquirer, provide the Acquirer with details of fees and disbursements incurred by the Target, with its financial and legal advisers.
- 24 **(Consents, approvals and confirmations)** co-operate with the Acquirer and provide reasonable assistance in connection with obtaining consents, approvals and confirmations as may be required by the Acquirer its nominated entities in relation to, or under or in connection with this deed and the transactions contemplated by it, including applications for regulatory approval (including foreign), and any other assistance reasonably requested by the Acquirer or its nominated entities).
- 25 **(Cut-Off Data Tape)** deliver to the Acquirer the Cut-Off Data Tape at or about 10.00am on the Implementation Date, prior to the payment of the Scheme Consideration on the Implementation Date.
- 26 **(Data Room)** deliver a complete copy of the Data Room to the Acquirer on or by the Implementation Date.
- 27 **(NTA calculation)** prior to the Scheme Meeting, Target must undertake a preliminary calculation of the NTA of CIL (as at the time immediately following implementation of the Scheme and following payment of the Additional Dividend and any other dividends which Steadfast and MHA may decide to agree to).

Scheme Implementation Deed

Schedule 5 - Acquirer's Obligations (clause 6.2 ("Acquirer's obligations"))

- 1 **(Acquirer Information)** prepare and promptly provide to the Target for inclusion in the Scheme Booklet such Acquirer Information as the Target reasonably requires to prepare and issue the Scheme Booklet (including any information required under the Corporations Act, Corporations Regulations, the Listing Rules or ASIC Regulatory Guide 60 and information regarding sources of funding for the Scheme Consideration).
- 2 **(Review of Scheme Booklet)** review the drafts of the Scheme Booklet prepared by the Target and provide comments as soon as practicable.
- 3 **(Further Acquirer Information)** promptly provide to the Target such further or new Acquirer Information as may arise after the Scheme Booklet has been sent until the date of the Scheme Meeting as may be necessary to ensure that the Acquirer Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission) and does not omit any information required by law.
- 4 **(Independent Expert information)** provide any assistance or information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's report to be included in the Scheme Booklet.
- 5 **(Representation)** procure that it is represented by experienced counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act, at which, through its counsel the Acquirer must undertake (if requested by the Court) to do all such things and take all such steps within its power as may be necessary in order to ensure the fulfilment of its obligations under this deed and the Scheme.
- 6 **(Certificate)** provide the Court on the Second Court Date with a certificate confirming (in respect of matters within its knowledge) whether all the conditions precedent as set out in Schedule 2 (other than the condition relating to Court approval of the Scheme - item 3) have been satisfied or waived in accordance with the terms of this deed.
- 7 **(Deed Poll)** prior to the Scheme Booklet being sent to the Target Shareholders, sign and deliver the Deed Poll.
- 8 **(Share transfer)** if the Scheme becomes Effective, accept a transfer of the Target Shares as contemplated by clause 4.1(a) and the Scheme.
- 9 **(Consideration)** if the Scheme becomes Effective, procure the payment of the Scheme Consideration to the Target in the manner and amount contemplated by clause 4.3(a) and the Deed Poll.
- 10 **(Compliance with laws)** use its best endeavours to do everything reasonably within its power to ensure that the transactions contemplated by this deed are effected in accordance with all laws and regulations applicable in relation to the Scheme.

- 11 **(Other steps)** do all other things necessary to give effect to the Scheme and the orders of the Court approving the Scheme.

Scheme Implementation Deed

Schedule 6 - Target's representations and warranties (clause 12.1 ("Target's representations and warranties"))

- 1 **(Incorporation)** it is a valid existing corporation registered under the laws of its place of incorporation.
- 2 **(Execution)** the execution and delivery of this deed has been properly authorised by all necessary corporate action of the Target.
- 3 **(Corporate power)** it has full corporate power and lawful authority to execute and deliver this deed and to consummate and perform or cause to be performed its obligations under this deed in accordance with its terms.
- 4 **(Binding obligations)** (subject to laws generally affecting creditors' rights and the principles of equity) this deed constitutes legal, valid and binding obligations on it.
- 5 **(Target Information)** the Target Information provided in accordance with this deed and included in the Scheme Booklet, as at the date of the Scheme Booklet and as at 8.00am on the Second Court Date, will not contain any material statement which is misleading or deceptive in any material respect nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with the requirements of the Corporations Act, the Corporations Regulations, the Listing Rules and ASIC Regulatory Guide 60.
- 6 **(Due diligence)** to the best of the knowledge of each Target Director as at the date of this deed, all Due Diligence Materials were prepared in good faith, are true and correct in all material respects and are not misleading in any material respect.
- 7 **(Reliance)** as at the date of the Scheme Booklet and as at 8.00am on the Second Court Date, the Target Information contained in the Scheme Booklet will be included in good faith and on the understanding that the Acquirer and its directors will rely on that information for the purposes of considering and approving the Acquirer Information in the Scheme Booklet before it is finalised, approving the entry into the Deed Poll and implementing the transactions contemplated by this deed.
- 8 **(Further information)** the Target will, as a continuing obligation, provide to the Acquirer all such further or new information which may arise after the date of the Scheme Booklet until the date of the Scheme Meeting which may be necessary to ensure that there would be no breach of item 5 of this schedule if it applied as at the date upon which that information arose.
- 9 **(Continuous disclosure)** as at the date of this deed, as at the date of the Independent Expert's report and as at 8.00am on the Second Court Date the Target is not in breach of its continuous disclosure obligations under the Corporations Act and the Listing Rules in any material respect and it is not relying on the carve out in Listing Rule 3.1A to withhold any material information from disclosure, other than the information to be disclosed on the signing of this deed.

- 10 **(Periodic disclosure)** the periodic financial disclosures made by the Target in its annual financial report and half-yearly financial report were not misleading or deceptive in any material respect when made and are prepared in accordance with the Corporations Act and with all relevant Accounting Standards in all material respects and, as to the annual financial report, give a true and fair view of the financial position and performance of the Target Group as at the date they were made.
- 11 **(Opinions)** any statement of opinion or belief contained in the Target Information is honestly held and there are reasonable grounds for holding the opinion or belief.
- 12 **(Provision of information to the Independent Expert)** as at the date of the Independent Expert's report and as at 8.00am on the Second Court Date, all information provided by or on behalf of the Target to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's report.
- 13 **(Compliance)** it and its Subsidiaries have complied in all material respects with all Australian and foreign laws and regulations applicable to them and material orders of Australian and foreign governmental agencies having jurisdiction over them and have all material licenses, permits and franchises necessary for them to conduct their respective businesses as presently being conducted.
- 14 **(Insolvency)** no member of the Target Group is Insolvent.
- 15 **(No default - Group)** neither it nor any of its Subsidiaries is in material default under any document, agreement or instrument binding on it or its assets nor has anything occurred which is or would with the giving of notice or lapse of time constitute an event of default, prepayment event or similar event, or give another party thereto a termination right or right to accelerate any right or obligation, under any such document or agreement with such an effect, and to the best of the knowledge of each Target Person, no other party to any such document, agreement or instrument is in material breach thereof or material default thereunder, where such breach or default will, or would reasonably be likely to have a material adverse effect on the Target.
- 16 **(Securities)** the Target's issued securities as at the date of this deed are 226,683,914 fully paid ordinary shares quoted on ASX, and the Target has not issued, or agreed to issue, any other securities or instruments which are still outstanding and which may convert into Target Shares or any other securities in the Target.
- 17 **(No Encumbrances)** there is no Encumbrance over all or any of its assets or revenues, other than as disclosed in the Due Diligence Materials.
- 18 **(CIL Shares and on-sale assets)**
- (a) all of the issued shares in CIL (the **CIL Shares**) have been validly allotted and are fully paid and no moneys are owing in respect of them.
 - (b) as at the date of this deed, there are 54,500,000 CIL Shares and they represent all of the shares issued in the capital of CIL.
 - (c) the Target is the sole legal and beneficial owner of all the CIL Shares.
 - (d) subject to Regulatory Approvals and to the best of the Target's belief, there is no restriction on the sale or transfer of the Target Group assets contemplated in the Share and Business Acquisition Agreement (**Sale**

Assets) to the MHA Group except, in the case of the CIL Shares, for the requirement to present the relevant share certificates and the requirement to pay any applicable stamp duty on the transfer before the registration of the transfers of the CIL Shares.

- (e) the Target Group has good and marketable title to and are the legal and beneficial owners of the Sale Assets free from all Encumbrances and there is no agreement to give or create any Encumbrance over the Sale Assets.
 - (f) the Target Group has full power and authority to transfer to the MHA Group good legal and equitable title to the Sale Assets free from all Encumbrances.
 - (g) to the best of the Target's belief, the legal and beneficial ownership of all of the Sale Assets will upon completion of the transfer of assets under the Share and Business Acquisition Agreement vest in the relevant MHA Group entities free from any Encumbrances.
- 19 **(Current Actions)** neither the Target nor any of its Subsidiaries is a party to or the subject of any Action, other than in the ordinary course of business, or the subject of any material ruling, judgement, order or decree by any Regulatory Authority or any other person, the amount of which is more than \$250,000.
- 20 **(Pending, threatened or anticipated Actions)** to the best of the knowledge of each Target Person, there is no Action, judgment, order or decree pending, threatened or anticipated, against the Target or any of its Subsidiaries, other than Actions in the ordinary course of business, the amount of which is more than \$250,000.
- 21 **(Benefit Plans)**
- (a) the Due Diligence Materials include a list of all Benefit Plans and complete and accurate copies of all such Benefit Plans.
 - (b) each Benefit Plan, other than any redundancy plan, has been funded and maintained, in form and operation, in accordance with its terms, applicable labour agreements and applicable law in all material respects.
 - (c) neither the Target nor any of its Subsidiaries maintains, contributes to or has any liability with respect to any defined benefit pension plan, defined benefit superannuation fund or any plan or arrangement that requires (or could require) the Target or its Subsidiaries to provide post-employment welfare benefits (other than as required under applicable laws).
 - (d) no Actions are pending or threatened with respect to any Benefit Plan.
 - (e) except as otherwise agreed between the parties, the consummation of the transactions contemplated by this deed will not accelerate the time of the payment or vesting of, or increase the amount of, or result in the forfeiture of compensation or benefits under any Benefit Plan, other than any redundancy plan.
- 22 **(Disclosure)** the Due Diligence Materials include all material information requested in writing by the Acquirer, MHA or their respective Representatives in connection with the transactions contemplated by this deed which is actually known to the Target Directors as at the date of this deed and has not intentionally modified or withheld any information from the Acquirer or MHA.

- 23 **(Change of control provisions)** to the best of the Target's belief, the Due Diligence Materials include all Material Contracts which result in, or could result in:
- (a) any monies borrowed by any member of the Target Group being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement;
 - (b) any such agreement being terminated or modified or any action being taken or arising thereunder;
 - (c) the interest of any member of the Target Group in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or
 - (d) the business of any member of the Target Group with any other person being adversely affected,
 - (e) as a result of the Target entering into this deed or the transactions contemplated by it including the acquisition of the Target Shares by the Acquirer.
- 24 **(Cut-Off Data File)** the Cut-Off Data File will be prepared in good faith, and will be a true and correct record of the Due Diligence Materials.

Scheme Implementation Deed

Schedule 7 - Acquirer's representations and warranties (clause 12.4 ("Acquirer's representations and warranties"))

The representations and warranties set out in this Schedule 7 are given by the Acquirer except where otherwise expressly stated.

- 1 **(Incorporation)** it is a valid existing corporation registered under the laws of its place of incorporation.
- 2 **(Execution)** the execution and delivery of this deed has been properly authorised by all necessary corporate action of the Acquirer.
- 3 **(Corporate power)** it has full corporate power and lawful authority to execute and deliver this deed and to consummate and perform or cause to be performed its obligations under this deed in accordance with its terms.
- 4 **(Binding obligations)** (subject to laws generally affecting creditors' rights and the principles of equity) this deed constitutes legal, valid and binding obligations on it.
- 5 **(Reliance)** as at the date of the Scheme Booklet and as at 8.00am on the Second Court Date, the Acquirer Information provided to the Target for inclusion in the Scheme Booklet will be provided in good faith and on the understanding that the Target and its directors will rely on that information for the purposes of preparing the Scheme Booklet and proposing and implementing the transactions contemplated by this deed in accordance with the Corporations Act.
- 6 **(Acquirer Information)** the Acquirer Information provided in accordance with this deed and included in the Scheme Booklet, as at the date of the Scheme Booklet and as at 8.00am on the Second Court Date, will not contain any material statement which is misleading or deceptive nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with the requirements of the Corporations Act, the Corporations Regulations, the Listing Rules and ASIC Regulatory Guide 60.
- 7 **(Further information)** the Acquirer will, as a continuing obligation, provide to the Target all such further or new information which may arise after the date of the Scheme Booklet until the date of the Scheme Meeting which may be necessary to ensure that there would be no breach of item 6 of this Schedule if it applied as at the date on which that information arose.
- 8 **(Opinions)** any statement of opinion or belief contained in the Acquirer Information is honestly held and there are reasonable grounds for holding the opinion or belief.
- 9 **(Provision of information to Independent Expert)** as at the date of the Independent Expert's report and as at 8.00am on the Second Court Date, all information provided by or on behalf of the Acquirer to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's report.

- 10 **(Funding)** on and from the date of this deed and at all times before 8.00am on the Second Court Date the Acquirer has reasonable grounds for believing it will have available to it, sufficient cash amounts (whether from internal cash resources or external funding arrangements or a combination of both) to satisfy its obligation to pay the Scheme Consideration in accordance with the obligations under this deed, the Deed Poll and the Scheme and to provide the Target with funding in accordance with clause 4.3(a) of this deed.

Scheme Implementation Deed

Signing page

DATED: 27 August 2014

EXECUTED as a deed

EXECUTED as a deed by **CALLIDEN GROUP LIMITED** in accordance with section 127(1) of the Corporations Act 2001 (Cwlth) by authority of its directors:

.....
Signature of director

.....
Name of director (block letters)

.....
Signature of director/company secretary*

*delete whichever is not applicable

.....
Name of director/company secretary* (block letters)

*delete whichever is not applicable

EXECUTED as a deed by **STEADFAST GROUP LIMITED** in accordance with section 127(1) of the Corporations Act 2001 (Cwlth) by authority of its directors:

.....
Signature of director

.....
Name of director (block letters)

.....
Signature of director/company secretary*

*delete whichever is not applicable

.....
Name of director/company secretary* (block letters)

*delete whichever is not applicable

Scheme Implementation Deed

Signing page

DATED:

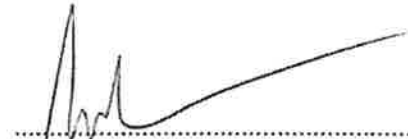
EXECUTED as a deed

EXECUTED as a deed by **CALLIDEN GROUP LIMITED** in accordance with section 127(1) of the Corporations Act 2001 (Cwlth) by authority of its directors:



Signature of director

RICHARD HILL
Name of director (block letters)



Signature of director/company secretary*

*delete whichever is not applicable

JACK LOWENSTEIN
Name of director/company secretary*
(block letters)

*delete whichever is not applicable

EXECUTED as a deed by **STEADFAST GROUP LIMITED** in accordance with section 127(1) of the Corporations Act 2001 (Cwlth) by authority of its directors:

Signature of director

Name of director (block letters)

Signature of director/company secretary*

*delete whichever is not applicable

Name of director/company secretary*
(block letters)

*delete whichever is not applicable

Scheme Implementation Deed

Annexure A - Scheme (clause 1.1 (“Definitions”))

Scheme of Arrangement

Dated 2014

Calliden Group Limited (ACN 061 215 601) ("**Target**")

Each person registered as a holder of issued fully paid ordinary shares in the capital of the Target as at 7.00pm on the Record Date ("**Scheme Participants**")

King & Wood Mallesons

Level 61

Governor Phillip Tower

1 Farrer Place

Sydney NSW 2000

Australia

T +61 2 9296 2000

F +61 2 9296 3999

DX 113 Sydney

www.kwm.com

02-5507-3076

Scheme of Arrangement

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Scheme of Arrangement

Details

Parties	Target and Scheme Participants	
Target	Name	Calliden Group Limited
	ACN	061 215 601
	Incorporated in	New South Wales
	Address	Level 7, 100 Arthur Street North Sydney NSW 2060 Australia
	Telephone	+61 2 9551 1111
	Fax	+61 2 9551 1155
	Attention	Managing Director
	Scheme Participants	Name
Governing law	New South Wales, Australia	

General terms

1 Definitions and interpretation

1.1 Definitions

In this Scheme:

ACCC means the Australian Competition and Consumer Commission.

Acquirer means Steadfast Group Ltd (ACN 073 659 677).

Additional Dividend means a franked dividend of five cents per Target Share which the Target is permitted to pay on the Implementation Date, immediately prior to implementation of the Scheme.

APRA means the Australian Prudential Regulation Authority.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691), Australian Securities Exchange or the Australian Stock Exchange, as appropriate.

Australian Treasurer means the current holder of the office of Treasurer of the Commonwealth of Australia.

Business Day means a day:

- that is a business day as defined in the Listing Rules;
- That is not a public holiday in Sydney, Australia; and
- On which banks are open for general banking business in Sydney, Australia.

CHES means the Clearing House Electronic Subregister System operated by ASX Clear Pty Limited (ABN 48 001 314 503) and ASX Settlement Pty Limited (ABN 49 008 504 532).

Corporations Act means the Corporations Act 2001 (Cwlth).

Court means the Federal Court of Australia (Sydney registry), or such other court of competent jurisdiction under the Corporations Act agreed in writing by the parties to the Scheme Implementation Deed.

Deed Poll means the deed poll executed by the Acquirer substantially in the form of Annexure C of the Scheme Implementation Deed or as otherwise agreed by the Acquirer and the Target under which the Acquirer covenants in favour of each Scheme Participant to perform its obligations under this Scheme including its obligations to pay the Scheme Consideration.

Details means the section of this Scheme headed "Details".

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any:

- (a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power, or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or (2) of the Personal Property Securities Act 2009 (Cwlth); or
- (b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or
- (c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or
- (d) third party right or interest or any right arising as a consequence of the enforcement of a judgment,

or any agreement to create any of them or allow them to exist.

End Date means the date which is six months from the date of the Scheme Implementation Deed or such other date as is agreed by the Acquirer and the Target.

Implementation Date means:

- (a) the fifth Business Day following the Record Date; or
- (b) such other date as is agreed by the Acquirer and the Target.

Interim Dividend means a fully franked dividend of one cent per Target Share which the Target is permitted to pay prior to implementation of the Scheme, in relation to the period up to 30 June 2014.

Listing Rules means the Listing Rules of the ASX.

MHA means Munich Holdings of Australasia Pty Limited (ACN 000 159 651).

Permitted Dividends means the Additional Dividend and the Interim Dividend.

Record Date means 7.00pm on the fifth Business Day following the Effective Date or such other date (after the Effective Date) as the Target and the Acquirer agree.

Register means the register of members of the Target maintained by or on behalf of the Target in accordance with section 168(1) of the Corporations Act and **Registry** has a corresponding meaning.

Registered Address means, in relation to a Target Shareholder, the address shown in the Register.

Regulatory Authority includes:

- (a) ACCC;
- (b) APRA;
- (c) ASX;

- (d) ASIC;
- (e) the Australian Treasurer;
- (f) a government or governmental, semi-governmental or judicial entity or authority;
- (g) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (h) any regulatory organisation established under statute.

Related Body Corporate has the meaning it has in the Corporations Act.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from the Target Shares directly or indirectly after the date of the Scheme Implementation Deed, including all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares or other securities, which are declared, paid or made by the Target, but excludes the Permitted Dividends.

Scheme means this scheme of arrangement between the Target and Scheme Participants under which all of the Scheme Shares will be transferred to the Acquirer under Part 5.1 of the Corporations Act as described in clause 6 of this Scheme, in consideration for the Scheme Consideration, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act.

Scheme Consideration means a cash payment of \$0.4150 for each Scheme Share less the amount of any dividend or distribution declared or paid by the Target on or after the date of this deed (for avoidance of doubt, other than the Permitted Dividends), in accordance with the terms of the Scheme implementation Deed and the terms of this Scheme.

Scheme Implementation Deed means the scheme implementation deed dated on or about the date of this document between the Target and the Acquirer under which, amongst other things, the Target has agreed to propose this Scheme to the Target Shareholders, and each of the Acquirer and the Target has agreed to take certain steps to give effect to this Scheme.

Scheme Meeting means the meeting of the Target Shareholders, ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act at which the Target Shareholders will vote on this Scheme.

Scheme Participant means each person who is a Target Shareholder as at the Record Date.

Scheme Share means a Target Share held by a Scheme Participant as at the Record Date and, for the avoidance of doubt, includes any Target Shares issued on or before the Record Date.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Share Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

Subsidiary has the meaning it has in the Corporations Act.

Target has the meaning given in the Details.

Target Group means the Target and its Subsidiaries. **Target Share** means a fully paid ordinary share in the capital of the Target, together with all Rights attached to that share.

Target Shareholder means each person registered in the Register as a holder of Target Shares.

Trust Account means the trust account operated by or on behalf of the Target to hold the Scheme Consideration on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with clause 6.3 of this Scheme.

1.2 Reference to certain general terms

Unless the contrary intention appears, a reference in this Scheme to:

- (a) **(variations or replacement)** a document, agreement or instrument is a reference to that document, agreement or instrument as amended, consolidated, supplemented, novated or replaced;
- (b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this Scheme;
- (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) **(singular includes plural)** the singular includes the plural and vice versa;
- (f) **(party)** a party means a party to this Scheme;
- (g) **(person)** the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;
- (h) **(executors, administrators, successors)** a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (i) **(references to a group of persons)** a group or persons or things is a reference to any two or more of them jointly and to each of them individually;
- (j) **(dollars)** Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia;
- (k) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (l) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

- (m) **(meaning not limited)** the words "include", "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and
- (n) **(time of day)** time is a reference to Sydney time.

1.3 Next Day

If an act under this deed to be done by a party on or by a given day is done after 5.30pm on that day, it is taken to be done on the next day.

1.4 Next Business Day

If an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.

1.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this Scheme.

2 Preliminary

2.1 Target

The Target is:

- (a) a public company limited by shares;
- (b) incorporated in New South Wales; and
- (c) admitted to the official list of the ASX and Target Shares are officially quoted on the stock market conducted by ASX.

As at 27 August 2014, the Target's issued securities were 226,683,914 Target Shares.

2.2 Acquirer

The Acquirer is:

- (a) a public company limited by shares;
- (b) incorporated in New South Wales; and
- (c) admitted to the official list of the ASX and the fully paid ordinary shares in the capital of it are officially quoted on the stock market conducted by ASX.

2.3 If this Scheme becomes Effective

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to the Acquirer, the Target will procure the Acquirer to provide the Scheme Consideration to the Target on behalf of each Scheme Participant in accordance with the terms of this Scheme;
- (b) all Scheme Shares will be transferred to the Acquirer on the Implementation Date;

- (c) the Target will enter the name of the Acquirer in the Register in respect of all Scheme Shares transferred to the Acquirer in accordance with the terms of this Scheme; and
- (d) the retirement and appointment of directors to the Target (and each other member of the Target Group) in accordance with clause 8.5 of the Scheme Implementation Deed will take effect.

2.4 Scheme Implementation Deed

The Target and the Acquirer have agreed by executing the Scheme Implementation Deed to implement the terms of this Scheme.

2.5 Deed Poll

The Acquirer has executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide the Scheme Consideration.

3 Conditions precedent

3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date, neither the Scheme Implementation Deed nor the Deed Poll having been terminated;
- (b) all of the conditions precedent in schedule 2 of the Scheme Implementation Deed (other than the condition precedent in the Scheme Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived (other than those conditions precedent which cannot be waived) in accordance with the terms of the Scheme Implementation Deed by 8.00am on the Second Court Date;
- (c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, the Target and the Acquirer having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;
- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme and agreed to by the Acquirer and the Target having been satisfied or waived; and
- (e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

3.2 Conditions precedent and operation of clause 5

The satisfaction of each condition of clause 3.1 of this Scheme is a condition precedent to the operation of clause 5 of this Scheme.

3.3 Certificate in relation to conditions precedent

- (a) The Target and the Acquirer must provide to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent set out in clause 3.1 of this Scheme (other than the conditions precedent in

clause 3.1(c), 3.1(d) and clause 3.1(e) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

- (b) The certificates referred to in this clause 3.3 will constitute conclusive evidence of whether the conditions precedent referred to in clause 3.1 of this Scheme (other than the conditions precedent in clause 3.1(c), 3.1(d) and 3.1(e) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

4 Scheme

4.1 Effective Date

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 End Date

This Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the End Date.

5 Implementation of Scheme

5.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(e) of this Scheme) are satisfied, the Target must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme by 5:00pm on the day on which the Court approves this Scheme or such later time as the Acquirer and the Target agree in writing.

5.2 Transfer and registration of Target Shares

On the Implementation Date, but subject to the provision by the Acquirer of the Scheme Consideration for the Scheme Shares as contemplated by clause 6.2 of this Scheme and the Acquirer having provided the Target with written confirmation thereof:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to the Acquirer without the need for any further act by any Scheme Participant (other than acts performed by the Target as attorney and agent for Scheme Participants under clause 8.1 of this Scheme) by:
- (i) the Target delivering to the Acquirer a duly completed and executed Share Scheme Transfer executed on behalf of the Scheme Participants; and
 - (ii) the Acquirer duly executing the Share Scheme Transfer and delivering it to the Target for registration; and
- (b) immediately following receipt of the duly executed Share Scheme Transfer, the Target must enter the name of the Acquirer in the Register in respect of all Scheme Shares transferred to the Acquirer in accordance with the terms of this Scheme.

5.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to the Acquirer of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

5.4 Title and rights in Target Shares

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, on and from the Implementation Date, the Acquirer will be beneficially entitled to the Scheme Shares transferred to it under this Scheme, pending registration by the Target of the Acquirer in the Register as the holder of the Scheme Shares.

5.5 Scheme Participants' agreements

Under this Scheme, each Scheme Participant agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares (other than an entitlement to the Additional Dividend), in accordance with the terms of this Scheme.

5.6 Warranty by Scheme Participants

Each Scheme Participant warrants to the Acquirer and is deemed to have authorised the Target to warrant to the Acquirer as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to the Acquirer under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to the Acquirer under the Scheme.

The Target will provide such warranty to the Acquirer as agent and attorney of each Scheme Participant.

5.7 Transfer free of encumbrances

To the extent permitted by law, all Target Shares (including any rights and entitlements attaching to those shares) which are transferred to the Acquirer under this Scheme will, at the date of the transfer of them to the Acquirer, vest in the Acquirer free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

5.8 Appointment of Acquirer as sole proxy

Subject to the provision by the Acquirer of the Scheme Consideration for the Scheme Shares as contemplated by clause 6.2 of this Scheme, on and from the Implementation Date until the Target registers the Acquirer as the holder of all of the Target Shares in the Register, each Scheme Participant:

- (a) irrevocably appoints the Target as attorney and agent (and directs the Target in such capacity) to appoint the Acquirer and each of its directors from time to time (jointly and each of them individually) as its sole proxy and where applicable, corporate representative, to attend shareholders' meetings, exercise the votes attaching to the Target Shares registered in its name and sign any shareholders resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 5.8(a)); and
- (b) must take all other actions in the capacity of the registered holder of the Target Shares as the Acquirer directs.

The Target undertakes in favour of each Scheme Participant that it will appoint the Acquirer and each of its directors from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 5.8(a) of this Scheme.

Each Scheme Participant acknowledges and agrees that in exercising the powers referred to in this clause 5.8, the Acquirer and any director, officer, secretary or agent nominated by the Acquirer under clause 5.8 may act in the best interests of the Acquirer as the intended registered holder of the Scheme Shares.

6 Scheme Consideration

6.1 Consideration under the Scheme

On the Implementation Date, the Target must use its best endeavours to procure the Acquirer to pay (or procure the payment of) the Scheme Consideration to the Scheme Participants in accordance with clause 6.2 of this Scheme.

6.2 Satisfaction of obligations

The obligation of the Target to use its best endeavours to procure payment of the Scheme Consideration pursuant to clause 6.1 of this Scheme will be satisfied by the Target procuring the Acquirer no later than 1 Business Day before the Implementation Date to deposit (or procure the deposit of) in immediately available funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited (less bank fees and other charges) will be to the Acquirer's account).

6.3 Payment of Scheme Consideration

As soon as practicable, and within 5 Business Days after the Implementation Date, subject to receipt of the Scheme Consideration from the Acquirer in accordance with clause 6.2 of this Scheme, the Target must pay or procure payment to each Scheme Participant or, if the Target permits and subject to any regulatory requirements, in accordance with a Scheme Participant's directions an amount equal to the Scheme Consideration for each Scheme Share transferred to the Target on the Implementation Date by that Scheme Participant.

Unless otherwise directed by the Scheme Participants before the Record Date, the amounts referred to in this clause 6.3 of this Scheme must be paid by direct credit (to their bank accounts for receipt of Target dividends) or sending a cheque drawn on an Australian bank in Australian currency on the Implementation Date to each Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to their address recorded in the Register at 7.00pm on the Record Date.

6.3A Fractional Entitlements

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Participant would result in the Scheme Participant becoming entitled to a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent.

6.4 Unclaimed monies

The Target may cancel a cheque issued under clause 6.3 of this Scheme if the cheque:

- (a) is returned to the Target; or

- (b) has not been presented for payment within six months after the date on which the cheque was sent.

During the period of one year commencing on the Implementation Date, on request from a Scheme Participant, the Target must reissue a cheque that was previously cancelled under this clause 6.4.

6.5 Orders of a court

In the case of notice having been given to the Target (or the Registry) of an order made by a court of competent jurisdiction:

- (a) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant in accordance with clause 6.3 of this Scheme, then the Target shall procure that payment is made in accordance with that order; or
- (b) which would prevent the Target from dispatching payment to any particular Scheme Participant in accordance with clause 6.3 of this Scheme, the Target will retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration until such time as payment in accordance with clause 6.3 of this Scheme is permitted by law.

6.6 Joint holders

In the case of Scheme Shares held in joint names any bank cheque required to be paid to Scheme Participants must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at 7.00pm on the Record Date.

7 Dealings in Scheme Shares

7.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Scheme Shares will only be recognised by the Target if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before 7.00pm on the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before 7.00pm on the Record Date at the place where the Register is kept.

7.2 Register

The Target must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) of this Scheme on or before 7.00pm on the Record Date.

7.3 No disposals after Effective Date

If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever.

The Target will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after

7.00pm on the Record Date or received prior to that times but not in registrable or actionable form (except a transfer to the Acquirer pursuant to this Scheme and any subsequent transfer by the Acquirer or its successors in title).

7.4 Maintenance of Target Register

For the purpose of determining entitlements to the Scheme Consideration, the Target will maintain the Register in accordance with the provisions of this clause 7.4 until the Scheme Consideration has been paid to the Scheme Participants and the Acquirer has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to the Acquirer contemplated in clauses 5.2 and 6.1 of this Scheme, any statements of holding in respect of Scheme Shares will cease to have effect after 7.00pm on the Record Date as documents of title in respect of those shares (other than statements of holding in favour of the Acquirer and its successors in title). After 7.00pm on the Record Date, each entry current on the Register as at 7.00pm on the Record Date (other than entries in respect of the Acquirer or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

7.6 Details of Scheme Participants

Within 3 Business Days after the Record Date, the Target will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register at 7.00pm on the Record Date are available to the Acquirer in such form as the Acquirer reasonably requires.

7.7 Quotation of Target Shares

- (a) Suspension of trading on ASX in the Target Shares will occur from the close of trading on ASX on the Effective Date.
- (b) After the Scheme has been fully implemented, on a date determined by the Acquirer, the Target will apply:
 - (i) for termination of the official quotation of the Target Shares on ASX; and
 - (ii) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Power of attorney

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints the Target and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

- (a) executing any document necessary or expedient to give effect to this Scheme including the Share Scheme Transfer; and
- (b) enforcing the Deed Poll against the Acquirer,

and the Target accepts such appointment.

8.2 Variations, alterations and conditions

The Target may, with the consent of the Acquirer (which cannot be unreasonably withheld), by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.

8.3 Further action by Target

The Target will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

8.4 Authority and acknowledgement

Each of the Scheme Participants:

- (a) irrevocably consents to the Target, the Acquirer and MHA doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds the Target and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that Meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of the Target.

8.5 No liability when acting in good faith

None of the Target, the Acquirer, nor any of their respective officers, will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

8.6 Enforcement of Deed Poll

The Target undertakes in favour of each Scheme Participant to enforce the Deed Poll against the Acquirer on behalf of and as agent and attorney for the Scheme Participants.

8.7 Stamp duty

The Acquirer will:

- (a) pay all stamp duty (including any fines, penalties and interest) in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under or in connection with this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Participant against any liability arising from the Acquirer's failure to comply with this clause 8.7.

8.8 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to the Target, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at the Target's registered office or at the office of the registrar of the Target Shares.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Target Shareholder shall not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9 Governing law

9.1 Governing law

This Scheme is governed by the law in force in New South Wales, Australia.

9.2 Jurisdiction

Each party irrevocably and unconditionally:

- (a) submits to the non-exclusive jurisdiction of the courts of that place.
- (b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

Scheme Implementation Deed

Annexure B - Deed Poll (clause 1.1 ("Definitions"))

Deed Poll

Dated 2014

Given by Steadfast Group Limited (ACN 073 659 677) ("**Acquirer**")

In favour of each registered holder of fully paid ordinary shares in
Calliden Group Limited (ACN 061 215 601) ("**Target**") as at 7.00 pm on
the Record Date ("**Scheme Participants**")

King & Wood Mallesons

Level 61
Governor Phillip Tower
1 Farer Place
Sydney NSW 2000
Australia
T +61 9296 2000
F +61 9296 3999
DX 113 Sydney
www.kwm.com

Deed Poll

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Deed Poll

Details

Acquirer	Name	Steadfast Group Limited
	ACN	073 659 677
	Incorporated in	New South Wales
	Address	Level 3, 97-99 Bathurst Street Sydney NSW 2000 Australia
	Telephone	+61 2 9495 6500
	Fax	+61 2 9495 6565
	Attention	Company Secretary

In favour of	Each registered holder of fully paid ordinary shares in the Target as at 7.00 pm on the Record Date.
---------------------	--

Recitals	A	The directors of the Target have resolved that the Target should propose the Scheme.
	B	The effect of the Scheme will be that all Target Shares will be transferred to the Acquirer.
	C	The Target and the Acquirer have entered into the Scheme Implementation Deed.
	D	In the Scheme Implementation Deed, the Acquirer agreed (amongst other things) to provide the Scheme Consideration to the Target on behalf of the Scheme Participants, subject to the satisfaction of certain conditions.
	F	The Acquirer is entering into this deed poll for the purpose of covenanting in favour of Scheme Participants to perform its obligations in relation to the Scheme.

Governing law	New South Wales, Australia
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Date of deed poll	See Signing page
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Deed Poll

General terms

1 Definitions and interpretation

1.1 Definitions

In this deed poll (unless the context otherwise requires):

- (a) **Authorised Officer** means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this deed poll;
- (b) **Scheme Implementation Deed** means the Scheme Implementation Deed dated on or about 27 August 2014, between the Target and the Acquirer under which, amongst other things, the Target has agreed to propose the Scheme to the Scheme Participants, and each of the Acquirer and the Target has agreed to take certain steps to give effect to the Scheme;
- (c) **Scheme** means the proposed scheme of arrangement between the Target and Scheme Participants under which all the Target Shares will be transferred to the Acquirer under Part 5.1 of the Corporations Act, substantially in the form of Annexure A to this deed poll, or as otherwise agreed by the Acquirer and the Target, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, to the extent they are approved in writing by the Target and the Acquirer in accordance with clause 8.2 of the Scheme; and
- (d) all other words and phrases used in this deed poll have the same meaning as given to them in the Scheme Implementation Deed.

1.2 Interpretation

Clause 1.2 of the Scheme applies to the interpretation of this deed poll except that references to "this deed" in that clause are to be read as references to "this deed poll".

1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed poll.

1.4 Nature of deed poll

The Acquirer acknowledges that this deed poll may be relied on and enforced by any Scheme Participant (or the Target as their agent and attorney) in accordance with its terms even though the Scheme Participants are not a party to it.

2 Conditions precedent and termination

2.1 Conditions precedent

The Acquirer's obligations in respect of the Scheme and pursuant to this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The Acquirer's obligations under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect if:

- (a) the Scheme has not become Effective on or before the End Date; or
- (b) the Scheme Implementation Deed is terminated in accordance with its terms.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) the Acquirer is released from its obligations to further perform this deed poll except those obligations contained in clause 8.1 and any other obligations which are specifically stated to survive termination; and
- (b) each Scheme Participant retains the rights, powers or remedies they have against the Acquirer in respect of any breach of this deed poll which occurs before it is terminated.

3 Performance of Acquirer's obligations generally

The Acquirer must:

- (a) comply with its obligations under the Scheme;
- (b) do all acts and things necessary or desirable on its part to give full effect to the Scheme; and
- (c) on implementation of the Scheme, hold the Target On-Sale Business as agent for the MHA Group until completion of the Share and Business Acquisition Agreement.

4 Scheme Consideration

4.1 Scheme Consideration

Subject to clause 2, the Acquirer undertakes in favour of each Scheme Participant to pay the Scheme Consideration to the Trust Account on behalf of each Scheme Participant in accordance with the Scheme.

4.2 Manner of payment

The Acquirer's obligation to provide the Scheme Consideration to the Target on behalf of each Scheme Participant is satisfied by the Acquirer, no later than 1 Business Day before the Implementation Date, depositing in immediately available funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited (less bank fees and other charges) will be to the Acquirer's account).

5 Representations and warranties

The Acquirer represents and warrants in respect of itself that:

- (a) it is a corporation validly existing under the laws of its place of registration;

- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and
- (d) this deed poll is valid and binding upon it and enforceable against it in accordance with its terms.

6 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) the Acquirer has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.2.

7 Notices

7.1 Form - all communications

Unless expressly stated otherwise in this deed poll, all notices, certificates, consents, approvals, waivers and other communications in connection with this deed poll must be:

- (a) in writing;
- (b) signed by the sender (if an individual) or an Authorised Officer of the sender; and
- (c) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

7.2 Delivery

Communications must be:

- (a) left at the address set out or referred to in the Details;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details;
- (c) sent by fax to the fax number set out or referred to in the Details; or
- (d) given in any other way permitted by law.

However, if the intended recipient has notified a changed address or fax number, then communications must be to that address or fax number.

7.3 When effective

Communications take effect from the time they are received or taken to be received under clause 7.4 (whichever happens first) unless a later time is specified.

7.4 When taken to be received

Communications are taken to be received:

- (a) if sent by post, three days after posting (or seven days after posting if sent from one country to another); or
- (b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent.

7.5 Receipt outside business hours

Despite clauses 7.3 and 7.4, if communications are received or taken to be received under clause 7.4 after 5.00pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day and take effect from that time unless a later time is specified.

8 General

8.1 Stamp duty, fees and costs

The Acquirer must:

- (a) pay all stamp duty (including fines, penalties and interest) payable and assessed on or in connection with this deed poll, the performance of this deed poll, or any instruments entered into under this deed poll and in respect of a transaction effected by or made under the Scheme and this deed poll; and
- (b) pay bank fees and/or similar costs in respect of its obligations under the Scheme (including in connection with the transfer of the Target Shares to the Acquirer in accordance with the terms of the Scheme); and
- (c) indemnify on demand each Scheme Participant against any liability arising from failure to comply with clauses 8.1(a) or 8.1(b).

8.2 Waiver

- (a) A waiver of any right arising from a breach of this deed poll or of any right, power, authority, discretion or remedy arising upon default under this deed poll must be in writing and signed by the party giving the waiver.

- (b) A failure or delay in exercise, or partial exercise, of:

- (i) a right arising from a breach of this deed poll; or
- (ii) a right, power, authority, discretion or remedy created or arising upon default under this deed poll,

does not result in a waiver of that right, power, authority, discretion or remedy.

- (c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this deed poll or on a default under this deed poll as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) A party may not rely on any conduct of another party as a defence to exercise of a right, power, authority, discretion or remedy by that other party.

8.3 Variation

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless:

- (a) the variation is agreed to by the Target and the Acquirer in writing; and
- (b) the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event the Acquirer must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

8.4 Remedies cumulative

The rights, powers and remedies of the Acquirer and the Scheme Participants under this deed poll are cumulative and are in addition to, and do not exclude any, other rights, powers and remedies given by law independently of this deed poll.

8.5 Scheme Implementation Deed

Without limiting clause 8.4, this deed poll operates in addition to, and does not supersede, the Scheme Implementation Deed, which remains in full force and effective according to its terms.

8.6 Assignment

The rights and obligations of the Acquirer and each Scheme Participant under this deed poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity except as permitted under clause 20.17 of the Scheme Implementation Deed.

8.7 Governing law and jurisdiction

This deed poll is governed by the law in force in the place specified in the Details. The Acquirer submits to the non-exclusive jurisdiction of the courts of that place.

8.8 Further action

The Acquirer must execute all deeds and other documents and do all things (on its own behalf or on behalf of each Scheme Participant) necessary or expedient to give full effect to this deed poll and the transactions contemplated by it.

EXECUTED as a deed poll

