

Rules of Temple & Webster Group Ltd Employee Share Option Plan

Sydney

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1 Definitions and interpretation

1.1 Definitions

In these Rules, unless the contrary intention appears:

Accelerated Vesting Event means the occurrence of:

- (a) a Special Circumstance in respect of a Participant; or
- (b) a Control Event;

Applicable Law means one or more, as the context requires of:

- (a) the Corporations Act;
- (b) Corporations Regulations;
- (c) the Listing Rules;
- (d) the ASX Settlement Operating Rules;
- (e) the Tax Act;
- (f) the Tax Administration Act;
- (g) any other applicable practice note, policy statement, class order, declaration, guideline, policy, procedure, ruling or guidance note made to clarify or expand any of (a) to (f) above; and
- (h) the Constitution;

Application Form means the form that the Board determines is to be used by an Eligible Employee to make an offer to participate under the Plan;

ASIC means the Australian Securities and Investments Commission;

Associated Company means at any time any body corporate that at that time is a related body corporate of the Company within the meaning of section 50 of the Corporations Act;

ASX Settlement Operating Rules means the operating rules of ASX Settlement Pty Limited ACN 008 504 532;

ASX means ASX Limited ACN 008 624 691 or a market conducted by it (as the context requires);

Board means all or some of the Directors of the Company acting as a board or, where appropriate, a committee of the board;

Bonus Issue means a Pro Rata Issue of Shares to holders of Shares for which no consideration is payable by them;

Business Day has the meaning given to that term in the Listing Rules;

Certificate means, with respect to an Option, a certificate issued under these Rules in the form approved by the Plan Committee from time to time;

Company means Temple & Webster Group Ltd ACN 608 595 660;

Constitution means the Company's constitution;

Control has the meaning given in section 50AA of the Corporations Act;

Control Event means any of the following:

- (a) an offer is made by a person for the whole of the issued ordinary share capital of the Company (or any part as is not at the time owned by the offeror or any person acting in concert with the offeror) and after announcement of the offer the offeror (being a person who did not Control the Company prior to the offer) acquires Control of the Company;
- (b) any other event occurs which causes a change in Control of the Company; or
- (c) any other event which the Plan Committee reasonably considers should be regarded as a Control Event;

Corporations Act means the *Corporations Act 2001* (Cth);

Corporations Regulations means any and all regulations made under the Corporations Act;

Date of Grant means, with respect to an Option, the date on which the Plan Committee grants the Option to an Eligible Employee;

Director means a person holding the office of director;

Dispose includes sell, assign, transfer or otherwise encumber;

Eligible Employee means an Employee selected by the Plan Committee to participate in the Plan;

Employee means any person who is a permanent full-time or permanent part-time employee of the Company or a Related Body Corporate of the Company (including a Director employed in an executive capacity) or an individual who provides services to a Group Company whom the Plan Committee determines to be an Employee for the purposes of the Plan;

Exercise Date means the date on which a Notice of Exercise is provided to the Company;

Exercise Period means the period commencing on the First Exercise Date and ending on the Last Exercise Date;

Exercise Price means the subscription price per Share payable by the holder of an Option on the exercise of the Option, being the amount determined in accordance with Rule 5.5;

First Exercise Date with respect to an Option means the day after the Vesting Date;

Group means the Company and each Group Company;

Group Company means:

- (a) a Holding Company or Subsidiary of the Company; and
- (b) a Subsidiary of the Holding Company of the Company;

Holding Lock has the meaning given to it in Listing Rule 19.12;

Last Exercise Date with respect to an Option means, unless otherwise specified in a Certificate in respect of that Option:

- (a) the date 5 years after the Date of Grant; or
- (b) if a Special Circumstance arises in respect of a Participant during those 5 years, then the date 12 months (or such longer period as may be determined by the Plan Committee) after the Special Circumstance arises;

Legal Personal Representative means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

Listing Rules means the ASX Listing Rules;

Notice of Exercise means a duly completed and executed notice of exercise of an Option by a Participant, in the form approved by the Plan Committee from time to time;

Official Quotation has the meaning given to it in the Listing Rules;

Option means a right issued to a Participant to subscribe for a Share on payment of the Exercise Price and otherwise on the terms and conditions of this Plan;

Participant means a person who holds Options issued under the Plan or Shares issued on the exercise of Options issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant;

Performance Conditions means, in relation to an Option, the performance conditions or hurdles (if any) determined by the Plan Committee which must be satisfied, or circumstances which must exist, before the Option can vest and be exercised;

Plan means the Temple & Webster Group Ltd Employee Share Option Plan governed by these Rules;

Plan Committee means a committee established by the Board to which power to administer the Plan has been delegated or if there has been no delegation, the Board;

Pro Rata Issue means an issue which has been offered to all holders of Shares on a pro rata basis;

Purpose means, in relation to the collection of personal information as contemplated by Rule 22, the facilitation of the operation and the administration of the Plan;

Redundancy means the termination or cessation of a Participant's employment or office with the Company and all Group Companies due to a determination that the need to employ a person for the particular kind of work carried out by that Participant has ceased (but, for the avoidance of any doubt, does not include the dismissal of any Participant for personal or disciplinary reasons or where the Participant leaves the employ of the Company of his or her own accord);

Related Body Corporate, Subsidiary and Holding Company each has the meaning given in section 9 of the Corporations Act;

Rules means this document, including any schedule or annexure to it;

Security Interest means:

- (a) a mortgage, charge, assignment by way of security, pledge, lien, hypothecation, title retention arrangement, encumbrance or other third party interest of any nature;
- (b) any arrangement having a commercial effect equivalent to anything in (a); and
- (c) any agreement to create an interest described in (a) or an arrangement described in (b);

Share means a fully paid ordinary share in the capital of the Company;

Shareholder means a holder of a Share or Shares;

Share Trading Policy means the Company's trading policy With respect to Shares;

Special Circumstance means with respect to a Participant:

- (a) Total and Permanent Disablement;
- (b) death; and
- (c) Redundancy;

Specific Terms means, in relation to an invitation to participate under the Plan, the specific terms and conditions (including any terms and condition under Rule 5.2(f)) of the invitation;

Tax includes any tax (direct or indirect), levy, impost, GST, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing;

Tax Act means the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth) or both, as the context requires;

Tax Administration Act means the *Taxation Administration Act 1953* (Cth);

Total and Permanent Disablement means, in relation to any Participant, that the Participant has, in the opinion of the Plan Committee (such opinion to be reasonably held), after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Participant unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience;

Vesting Conditions has the meaning given in Rule 6.2; and

Vesting Date means the date specified in either an invitation given to a Participant inviting that person to participate in the Plan or in a Certificate in respect of the Option or, if no date is specified, then the third anniversary of the Date of Grant of the Option; or such other date as the Plan Committee may substitute for that date.

1.2 Interpretation

In these Rules, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of these Rules;
- (b) reference to any legislation or a provision of any legislation includes a modification or re-enactment of the legislation or a legislative provision substituted for, and all legislation and statutory instruments and regulations issued under, the legislation;
- (c) words denoting the singular include the plural and vice versa;
- (d) words denoting a gender include the other genders;
- (e) reference to any document or agreement includes reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;

- (f) where any word or phrase is given a defined meaning in these Rules, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- (g) reference to a rule or paragraph is a reference to a rule or paragraph of these Rules, or the corresponding Rule or Rules of the Plan as amended from time to time;
- (h) a reference to the Constitution includes a reference to any provision having substantially the same effect which is substituted for or replaces the Constitution;
- (i) where a Participant is a director of a company in the Group, but is not also an employee of a company in the Group, a reference to the employment with a company in the Group of that Participant is a reference to that Participant holding office as a director of a company in the Group;
- (j) a Participant does not cease to be employed by a company in the Group where the Participant ceases to be employed by a company in the Group, but contemporaneously commences employment with another company in the Group;
- (k) reference to time is a reference to the time in Sydney, Australia; and
- (l) where an act or thing must be done on a particular day or within a particular period, that act or thing must be done before, and that period ends at, 5.00pm on the relevant day.

1.3 *Primary instruments*

These Rules are to be interpreted subject to the Applicable Laws, the Listing Rules and the ASX Settlement Operating Rules (in that order of precedence).

2 The Plan

2.1 *Purpose*

The purpose of the Plan is to provide Eligible Employees with an opportunity to share in the growth in value of the Shares and to encourage them to improve the performance of the Company and its return to shareholders. It is intended that the Plan will enable the Group to retain and attract skilled and experienced employees and provide them with the motivation to make the Group more successful.

2.2 *Tax deferred*

Subdivision 83A-C of the Tax Act applies to the Plan, subject to the requirements of the Tax Act. The Plan has been designed for the purposes of the Tax Act, to provide for deferral of Tax.

3 Principal conditions

3.1 *Options issued only to Employees*

No Options may be issued to a person under the Plan unless the person remains an Employee as at the Date of Grant, or the Plan Committee determines otherwise.

3.2 *Compliance with laws*

No Option may be issued to, or exercised by, an Eligible Employee or Participant if to do so would contravene an Applicable Law, including Listing Rules 6.15 to 6.24, or an ASX Settlement Operating Rule.

4 Operation of the Plan

The Plan operates according to these Rules which bind the Company, any Subsidiary and each Participant.

5 Issue of Options

5.1 *Plan Committee may determine issue*

Subject to these Rules, the Plan Committee may from time to time determine that the Company will invite an Eligible Employee to apply for Options.

5.2 *Form of Invitation*

The Board must give to each Eligible Employee invited to participate under the Plan an Application Form to complete, sign and return to the Company, together with the following information:

- (a) either:
 - (i) the number of Options to which the invitation relates; or
 - (ii) the basis on which the number of Options to which the invitation relates is to be determined;
- (b) either:
 - (i) the Vesting Date and the Last Exercise Date; or
 - (ii) the basis on which the Vesting Date and the Last Exercise Date are to be determined;
- (c) either:
 - (i) the Exercise Price; or
 - (ii) the basis on which the Exercise Price is to be determined;
- (d) the Performance Conditions attaching to the Options (if any);
- (e) whether a Holding Lock will apply to the Shares issued on exercise of the Options and, if so, the period not exceeding 2 years from the First Exercise Date for which that Holding Lock will apply; and
- (f) any other terms and conditions relating to the grant of the Options or the delivery of any Shares on exercise of the Options which, in the opinion of the Plan Committee, are fair and reasonable but not inconsistent with these Rules,

and the following documents:

- (g) when the first invitation is made to an Eligible Employee under these Rules, a summary or a copy of these Rules; and
- (h) any other information or documents that the Applicable Laws require the Company to give to the Eligible Employee.

5.3 *Offer and acceptance*

By completing, signing and returning the Application Form given to an Eligible Employee under Rule 5.2, the Eligible Employee offers to participate under the Plan and, on acceptance by the Board of the offer a contract is formed between the Company and the Eligible Employee on the terms and conditions of:

- (a) these Rules; and
- (b) the Specific Terms.

5.4 *Limit on Number of Options*

- (a) Subject to Rule 5.4(b), the number of Options the subject of an invitation to an Eligible Employee is as determined by the Plan Committee.
- (b) The Company must not invite an Eligible Employee to apply for Options, and must not issue Options pursuant to any invitation if, at the time of the invitation, the sum of the number of Shares:
 - (i) the subject of an invitation;
 - (ii) in the same class which would be issued if all outstanding invitations or Options made or acquired under the Plan and any other employee share plan of the Company or an Associated Company were exercised or accepted; and
 - (iii) in the same class issued under the Plan or issued under any employee share and option plan of the Company or an Associated Company during the period of 5 years prior to the date of the invitation, exceeds 5% of the total number of issued Shares in that class.
- (c) For the purpose of calculating the limit in Rule 5.4(b), any invitation made, or Option acquired or Shares issued by way of or as a result of:
 - (i) an invitation to a person situated at the time of receipt of the invitation outside Australia;
 - (ii) an invitation that did not require disclosure to the Participant because of an exemption to disclosure contained in section 708 of the Corporations Act;
 - (iii) an invitation that was made under a disclosure document, will be disregarded.

5.5 *Exercise Price*

Subject to any adjustment under Rule 11.3, the Exercise Price in respect of an Option is as determined by the Plan Committee.

5.6 *Exercise Price in Australian dollars*

The Exercise Price in respect of an Option must be denominated and payable in Australian dollars.

5.7 *Eligible Employee becomes a Participant*

On the issue of an Option to an Eligible Employee, the Eligible Employee becomes a Participant and is bound by these Rules.

5.8 *Certificates*

The Company must give a Participant one or more Certificates stating (or which, if applicable, attaches a separate document stating):

- (a) the number of Options issued to the Participant;
- (b) the Exercise Price of those Options or the basis on which it is to be determined;
- (c) the Date of Grant of those Options;
- (d) the Vesting Date of the Options or the basis on which it is to be determined;
- (e) the expected Last Exercise Date of the Options or the basis on which it is to be determined; and
- (f) any other specific terms and conditions applicable.

5.9 *Consideration for Options*

An Option will be issued for consideration comprising the services that are expected to be provided by an Eligible Employee to or for the benefit of the Group, but no further monetary or other consideration will be payable in respect of the issue of an Option.

5.10 *Entitlement to underlying Shares*

Subject to these Rules, each Option confers on its holder the entitlement to subscribe for and be issued one fully paid Share at the Exercise Price.

5.11 *Quotation of Options*

The Company will not apply for Official Quotation of any Options.

5.12 *Interest in Shares*

A Participant has no interest in a Share the subject of an Option held by the Participant unless and until the Share is issued to that Participant under these Rules.

6 *Vesting of Options*

6.1 *Vesting*

Subject to Rule 6.2, an Option vests on the Vesting Date.

6.2 *Vesting Conditions*

The vesting of any Option held by the Participant is subject to the following conditions being satisfied:

- (a) subject to Rule 6.3, the Participant must have been an employee, or a deemed employee for the purposes of section 83A-35 of the Tax Act, of a company within the Group at all times between the Date of Grant and the Vesting Date (inclusive);
- (b) the Performance Conditions relating to the Option;
- (c) any other conditions included in the Certificate; and
- (d) any other conditions imposed by the Plan Committee in its absolute discretion, (together the **Vesting Conditions**).

6.3 *Vesting brought forward*

- (a) If an Accelerated Vesting Event occurs while a Participant is employed with the Group and before the Vesting Date, the Plan Committee may, at its discretion:
 - (i) bring forward the vesting of all Options held by the Participant to a date determined by the Plan Committee; and
 - (ii) waive or vary any Vesting Conditions in regard to any Options.
- (b) If the Plan Committee determines to bring forward the vesting of an Option and waive or vary the Vesting Conditions under Rule 6.3(a)(i), the Company:
 - (i) must within 14 days of the alteration give notice to each Participant affected by the Accelerated Vesting Event in respect of the Option held by the Participant; and
 - (ii) may issue a replacement Certificate for the Option.

6.4 *Lapse of unvested Options*

Subject to Rule 6.5, if the Vesting Conditions in relation to an Option are not satisfied before 5pm on the Vesting Date, the Options will lapse at 5pm on the Vesting Date. If the Vesting Conditions are not satisfied by the Vesting Date, the Plan Committee must give the Participant written notice that the Vesting Conditions have not been satisfied.

6.5 *Waiver of Vesting Conditions*

The Plan Committee may, at its discretion, by notice to the Participant waive or vary any Vesting Conditions in regard to any Option at any time.

7 *Exercise of Options*

7.1 *Exercise during Exercise Period*

Subject to these Rules and the terms on which an Option is issued, an Option may be exercised at any time during the Exercise Period for that Option.

7.2 *Exercise before Exercise Period*

Subject to these Rules, an Option may be exercised before the Exercise Period if permitted under Rule 11.5.

7.3 *Exercise of Options*

Subject to these Rules, an Option which has not lapsed may be exercised by the Participant giving to the Company:

- (a) a Notice of Exercise signed by the Participant;
- (b) the Certificate for the Option; and
- (c) a cheque payable to the Company (or another form of payment acceptable to the Plan Committee) in the amount being the product of:
 - (i) the number of Options then being exercised by the Participant; and
 - (ii) the Exercise Price.

The Notice of Exercise is only effective (and only becomes effective) when any cheque received in payment of the Exercise Price has been honoured on presentation or when any electronic funds transfer in payment of the Exercise Price has deposited cleared funds in the Company's bank account.

7.4 *Issue of Shares*

Subject to these Rules, within 10 Business Days after the Notice of Exercise referred to in Rule 7.3 becomes effective, the Company must:

- (a) transfer (or procure the transfer) or issue the number of Shares specified in the Notice of Exercise to the Participant;
- (b) cancel the Certificate for the Options being exercised; and
- (c) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the-Notice of Exercise.

7.5 *Exercise of all or some Options*

- (a) A Participant may only exercise Options in multiples of 100 or another multiple as the Plan Committee determines unless the Participant exercises all Options covered by a Certificate able to be exercised by him or her at that time.
- (b) The exercise by a Participant of only some of the Options held by the Participant does not affect the Participant's right to exercise at a later date other Options held by the Participant (whether those other Options have the same First Exercise Date or otherwise).

7.6 *Quotation of Shares*

If other Shares are officially quoted on the ASX at the time of issue of Shares under this Plan, the Company must apply for Official Quotation of the Shares in accordance with the requirements under the Listing Rules.

7.7 *Shares rank equally*

Subject to the restrictions imposed under Rule 10, all Shares allotted on the exercise of Options granted under this Plan rank *pari passu* in all respects with Shares previously issued and, in particular, entitle the holders to participate fully in:

- (a) dividends declared by the Company after the date of allotment; and
- (b) all issues of securities made or offered pro rata to holders of Shares.

8 *Lapse of Options*

8.1 *Lapse of unvested Options*

Unless otherwise decided by the Plan Committee in its absolute discretion, if a Participant ceases to be employed by a company in the Group for any reason or a Control Event in respect of the Company occurs, all unvested options granted to that Participant will automatically lapse.

8.2 *Lapse of vested Options*

Unless otherwise specified in the Certificate or determined otherwise by the Plan Committee, an Option which has vested with the Participant lapses on the earlier of:

- (a) the Last Exercise Date;
- (b) a determination of the Plan Committee that the Option should lapse because the Participant, in the Plan Committee's opinion:
 - (i) has been dismissed or removed from office for a reason which entitles a company in the Group to dismiss the Participant without notice;

- (ii) has committed an act of fraud, defalcation or gross misconduct in relation to the affairs of that company (whether or not charged with an Offence); or
- (iii) has done an act which brings the Group or any company in the Group into disrepute; and
- (iv) the date determined by the Plan Committee (which in no event will be more than six months) after the date of termination of employment of the Participant with the Group (other than due to the occurrence of a Special Circumstance).

8.3 *Options cease*

If a Participant fails for any reason to exercise all the Options registered in the Participant's name before the occurrence of a circumstance set out in Rule 8.2, those Options that the Participant:

- (a) would have been entitled to exercise and that have not been exercised; and
 - (b) may have had a right or entitlement to have vested in the Participant,
- lapse and all rights of a Participant under the Plan in respect of those Options cease.

9 Dealings with Options

9.1 *Options personal*

Except where an Option has been transferred under Rule 9.3, an Option held by a Participant is personal to the Participant and may not be exercised by another person.

9.2 *No unauthorised disposal*

Except as permitted under Rule 9.3, a Participant must not dispose of or grant a Security Interest over or otherwise deal with an Option or an interest in an Option, and the Security Interest or disposal or dealing is not recognised in any manner by the Company.

9.3 *Permitted transfer of Options*

An Option which has vested with the Participant may be transferred, by an instrument of transfer, in the following circumstances only:

- (a) a transfer constituting the necessary transfer documents following an acceptance of an offer made under an off-market bid relating to Options;
- (b) a transfer to a bidder on the sale of the Options under Division 3 of Part 6A.1 of the Corporations Act;
- (c) a transfer to a 100% holder on the sale of the Options under Division 2 of Part 6A.2 of the Corporations Act;
- (d) a transfer under Part 6A.3 of the Corporations Act to a person entitled to acquire the Options under section 661A or 664A of the Corporations Act;
- (e) a transfer under a creditors' scheme of arrangement relating to the Options under section 411 of the Corporations Act; or
- (f) a transfer approved by the Board in those circumstances as may be determined by the Board.

10 Dealings with Shares

10.1 Share Trading Policy

The Participant must comply with the Share Trading Policy at all times, including for Shares issued under Rule 7.4.

10.2 Holding Lock

- (a) The Plan Committee may at its discretion, when inviting an Eligible Employee to apply for Options under Rule 5.1, specify that a Holding Lock will be applied to the Shares issued on exercise of those Options. The Holding Lock may be applied for a period not exceeding 2 years from the First Exercise Date (**Holding Lock Period**).
- (b) If a Holding Lock applies to the Shares:
 - (i) for the duration of the Holding Lock Period:
 - (A) Shares issued under the Plan will not be transferable; and
 - (B) Participants may not encumber the Shares by creating any Security Interest (other than a Security Interest in favour of the Company).
 - (ii) during the Holding Lock Period, each Participant
 - (A) agrees that the Shares issued under Rule 7.4 will be subject to a Holding Lock; and
 - (B) undertakes not to request (or permit or procure another person to request) removal of the Holding Lock,

except that some of the Shares may be released in accordance with column 2 of Annexure A upon the event in column 1 of Annexure A occurring.
 - (iii) The Company may implement any procedure it considers appropriate to restrict the Participant from dealing with the Shares while the Holding Lock is in place.

11 Participation rights, bonus Issues, rights issues, reorganisations of capital and winding up

11.1 New issues

Subject to the Listing Rules, a Participant is only entitled to participate (in respect of an Option granted under the Plan) in a new issue of Shares to existing shareholders generally if the Participant has validly exercised his or her Options within the relevant Exercise Period and become a Shareholder prior to the relevant record date, and is then only entitled to participate in relation to Shares of which the Participant is the registered holder.

11.2 Bonus issues

Subject to the Listing Rules, if there is a Bonus Issue to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the Bonus Issue.

11.3 *Pro rata Issues*

Subject to the Listing Rules, if there is a Pro Rata Issue (except a Bonus Issue) to the holders of Shares, the Exercise Price of an Option will be reduced according to the following formula:

$$O' = O - E[P - (S + D)] / N + 1$$

Where:

- O' = the Exercise Price immediately following the adjustment;
- O = the Exercise Price immediately prior to the adjustment;
- E = the number of Shares into which one Option is exercisable;
- P = the average market price per Share (weighted by reference to volume) during the 5 trading days ending on the day before the ex-rights date or ex entitlements date;
- S = the subscription price for a Share under the Pro Rata Issue;
- D = any dividend due but not yet paid on a Share (except any Share to be issued under the Pro Rata Issue); and
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

11.4 *Reconstructions*

In the event that, prior to the exercise of an Option, there is a reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, then the rights of the Participant including the number of Options that each Participant is entitled or the Exercise Price (if any), or both, will be reconstructed in the manner permitted by the Listing Rules.

11.5 *Winding up*

If (whether before or during the Exercise Period) a resolution for a members' voluntary winding up of the Company is proposed (other than for the purpose of a reconstruction or amalgamation) the Plan Committee may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Exercise Conditions, the Participants may, during the period referred to in the notice, exercise their Options if the Last Exercise Date for the Options has not expired.

11.6 *Fractions of Shares*

For the purposes of this Rule 11, if Options are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

11.7 *Calculations and adjustments*

Any calculations or adjustments which are required to be made under this Rule 11 will be made by the Plan Committee and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

11.8 *Notice of change*

To the extent required by the Listing Rules, the Company must give notice to each Participant of any adjustment to the number of Shares for which the Participant is entitled to subscribe or to the Exercise Price pursuant to the provisions of this Rule 11.

12 Terms of employment or appointment not affected

12.1 *Terms of office or employment or appointment not affected*

- (a) These Rules do not form part of any contract of employment or appointment, or any arrangement in respect of any such employment or appointment, between an Eligible Person and the Company or a Group Company, nor do they constitute a related condition or collateral arrangement to any such contract or arrangement.
- (b) Participation in the Plan will not in any way affect the rights and obligations of an Eligible Person under the terms under which he or she is employed or appointed.
- (c) The terms of an Eligible Person's employment or appointment with the Company or a Group Company will not in any way affect the rights and obligations of a Participant under this Plan.

12.2 *No claim as a consequence of termination of employment or appointment*

A Participant has no right to compensation or damages from the Company or any Group Company in respect of any loss of future rights under the Plan, as a consequence of termination of the Participant's employment or appointment for any reason.

12.3 *Rights of Participants*

Except as expressly provided in these Rules, nothing in these Rules confers on any person the right to receive any Shares or confers on any person any expectation of becoming a Participant.

13 General

13.1 *Expenses and costs*

Subject to these Rules, the Company and its Subsidiaries must pay all expenses, costs and charges incurred in the administration of the Plan in the amounts and proportions as they shall agree.

13.2 *Connection with other plans*

Unless the Plan Committee determines otherwise, participation in the Plan does not affect, and is not affected by, participation in any other incentive or other plan operated by the Company unless the terms of that other plan provide otherwise.

13.3 *Buy backs*

Subject to the Corporations Act, the Company may buy back Shares allocated to a Participant under the Plan.

14 Administration of the Plan

14.1 *Administration*

The Plan is administered by the Plan Committee.

14.2 *Powers of the Plan Committee*

The Plan Committee has power to:

- (a) determine appropriate procedures and make regulations for the administration of the Plan which are consistent with these Rules;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (c) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options at that time;
- (d) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any person or persons whom the Plan Committee reasonably believes to be capable of performing those functions and exercising those powers;
- (e) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules;
- (f) administer the Plan in accordance with these Rules as and to the extent provided in these Rules; and
- (g) make regulations for the operation of the Plan consistent with these Rules.

14.3 *Exercise of powers or discretion*

Any power or discretion which is conferred on the Plan Committee or Board by these Rules may be exercised by the Plan Committee or Board in the interests or for the benefit of the Company, and the Plan Committee or Board is not, in exercising that power or discretion, under any fiduciary or other obligation to another person.

14.4 *Determinations*

Where these Rules provide for a determination, decision, approval or opinion of the Plan Committee or Board, that determination, decision, approval or opinion may be made or given by the Plan Committee or Board (as applicable) in its absolute discretion.

14.5 *Interpretation*

The decision of the Plan Committee as to the interpretation, effect or application of these Rules is final and conclusive.

14.6 *Tax*

No company in the Group or any adviser to a company in the Group or the Board is liable for any Tax which may become payable by a Participant in the Plan and none of them represent or warrant that any person will gain any taxation advantage by participating in the Plan.

15 *Amendment to Rules*

15.1 *Amendment*

Subject to Rules 15.2 and 15.3, the Company may at any time by written instrument or by resolution of the Board, amend all or any of the provisions of these Rules (including this Rule 15).

15.2 *Accrued Rights*

No amendment of the provisions of these Rules may reduce the accrued rights of any Participant in respect of Options or Shares issued under the Plan prior to the date of the amendment other than:

- (a) an amendment introduced primarily:
 - (i) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legal requirements governing or regulating the maintenance or operation of the Plan or like plans;
 - (ii) to correct any manifest error or mistake;
 - (iii) to enable contributions or other amounts paid by the Company in respect of the Plan to qualify as income tax deductions;
 - (iv) to enable the Participant or the Company to reduce the amount of fringe benefits tax under the *Fringe Benefits Tax Assessment Act 1986*, the amount of tax under the Tax Act or the amount of any other tax or impost that may otherwise be payable by the Participant or the Company in relation to the Plan;
 - (v) for the purpose of enabling Participants generally (but not necessarily each Participant) to receive a more favourable taxation treatment in respect of their participation in the Plan; or
 - (vi) to enable the Company to comply with the Corporations Act the Listing Rules or any other legal requirement; or
- (b) with the consent of Participants who between them hold not less than 75% of the total number of those Options or Shares held by all those Participants before making the amendment

15.3 *Listing Rules*

No amendment may be made except in accordance with and in the manner stipulated (if any) by the Listing Rules.

15.4 *Retrospectivity*

Subject to the above provisions of this Rule 15, any amendment made under Rule 15.1 may be given such retrospective effect as is specified in the resolution by which the amendment is made and, if so stated, amendments to these Rules, including the terms applicable to Options and Shares issued under this Plan, have the effect of automatically amending the terms of Options and Shares issued and still subject to these Rules.

15.5 *Eligible Employees outside Australia*

The Plan Committee may make any additions, variations or modifications to the Rules, in relation to the implementation of the Plan and the specific application of the Rules, to Eligible Employees residing outside Australia, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to that Eligible Person, a company in the Group or the Plan.

16 Financial assistance

Subject to the requirements of any Applicable law, the Company may provide financial assistance to an Eligible Employee in connection with the issue or exercise of an Option under the Plan.

17 Rights of Participants

Participants do not, as Participants, have any right to attend or vote at general meetings of Shareholders.

18 Notices

Notices may be given by the Company to Participants in any manner that the Plan Committee may from time to time determine.

19 Severance

If any of these Rules are void, voidable or unenforceable, that provision will be severed and the remainder of these Rules will have full force and effect.

20 Governing law & jurisdiction

These Rules and the rights and obligations of Participants under the Plan are governed by the law of New South Wales and the Commonwealth of Australia, and each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and the Commonwealth of Australia.

21 Advice

Eligible Employees should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan.

22 Data protection

22.1 *Collection and purpose*

The Company needs to collect personal information about Eligible Employees for the Purpose. If this personal information is not provided to the Company, the Company may not be able to achieve the Purpose.

22.2 *Consent*

By completing and returning an application for Options form, an Eligible Employee authorises and instructs each company in the Group and any agent of any company in the Group:

- (a) to collect, disclose and transfer between each other (including those located outside Australia) any personal information as the Company may request;
- (b) to disclose any personal information to the Australian Taxation Office, ASX, ASIC or any governmental agency or authority as may be required in connection with the administration of the Plan; and
- (c) to store and process personal information,

in accordance with the Purpose. An Eligible Employee may withdraw this authorisation.

22.3 *Access to personal information*

An Eligible Employee may access any personal information held by the Company by contacting the Company Secretary and may require any personal information to be corrected if that personal information is inaccurate or incomplete.

Annexure A Early Release of Holding Lock

Event	Adjustment to Holding Lock
You demonstrate to the satisfaction of the Plan Committee that you are experiencing severe financial hardship	At the discretion of the Plan Committee, sufficient Shares acquired as a result of the vesting of Options will be released from the Holding Lock as are required to relieve your severe financial hardship.
Your employment with the Company and all Group Companies ceases due to a Special Circumstance	All the Shares acquired as a result of the vesting of Options will be released from the Holding Lock upon the date of cessation of your employment with the Company or a Subsidiary {or as soon as practicable thereafter).
Your employment with the Company and all Group Companies is terminated for reasons other than a Special Circumstance	50% of the Shares acquired as a result of the vesting of Options will be released from the Holding Lock upon the date of cessation of your employment with the Company and all Group Companies (or as soon as practicable thereafter) with the remaining 50% of the Shares acquired as a result of the vesting of Options to be subject to the Holding Lock until 12 months after the date of cessation of your employment with the Company and all Group Companies.
A Control Event occurs after the Vesting Date	All the Shares acquired as a result of the vesting of Options will be released from the Holding Lock on the earlier of the Control Event occurring and a date determined by the Board.