

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

SG Fleet Group Limited (ASX: SGF)

ABN

40 167 554 574

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                             |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued                                                                                                                                                                                                  | <b>Unlisted Options</b> over ordinary shares and <b>Unlisted Performance Rights</b> over ordinary shares                                                                                                                                                                    |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued                                                                                                                                                 | <ul style="list-style-type: none"><li>• 1,857,990 <b>Unlisted Options</b> and</li><li>• 161,568 <b>Unlisted Performance Rights</b> being Long Term Incentive (<b>LTI</b>) awards for <b>FY2018</b> issued under the Company's Equity Incentive Plan (<b>Plan</b>)</li></ul> |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Refer to Annexure A for the Principal Terms of the Equity Incentive Plan.                                                                                                                                                                                                   |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>No.</p> <p>The Options and Performance rights:</p> <ul style="list-style-type: none"> <li>• do not rank equally with ordinary shares; and</li> <li>• do not confer a right to vote, a right to receive dividends or any other rights of a shareholder.</li> </ul> <p>Any ordinary share issued or transferred to the holder of an Option or Performance Right upon vesting will rank equally with ordinary shares, from the date of allotment.</p>
<p>5 Issue price or consideration</p>	<p>Eligible participants were not required to pay for the grant of Options or Performance Rights.</p> <p>For each Option that vests, Eligible Participants will be entitled to receive one share in the Company upon payment of the applicable exercise price. In respect of the <b>FY2018 Options</b>, an exercise price of <b>\$3.66</b> per Option is payable to exercise the Options, in cleared funds or under a cashless exercise mechanism approved by the Board.</p> <p>For each Performance Right that vests, Eligible Participants will be entitled to receive one share in the Company without payment.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The Options and Performance are granted as LTI awards under the Company's Equity Incentive Plan.</p>

+ See chapter 19 for defined terms.

6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?  If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	No.
6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of +securities issued without security holder approval under rule 7.1	N/A
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of +securities issued under an exception in rule 7.2	N/A
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A

+ See chapter 19 for defined terms.

7	<p><b>+Issue dates</b></p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	25/10/2017	<b>FY2018 Unlisted Options</b>
		25/10/2017	<b>FY2018 Unlisted Performance Rights</b>
8	<p>Number and <b>+class</b> of all <b>+securities quoted</b> on ASX (including the <b>+securities</b> in section 2 if applicable)</p>	Number	<b>+Class</b>
		257,358,146	Ordinary Shares
9	<p>Number and <b>+class</b> of all <b>+securities not quoted</b> on ASX (including the <b>+securities</b> in section 2 if applicable)</p>	Number	<b>+Class</b>
		187,005	<b>FY2014 Unlisted Options</b> granted on 04/03/2014 under the Employee Incentive Plan, established prior to listing and as disclosed in the IPO Prospectus
		1,857,990	<b>FY2018 Unlisted Options</b> granted on 25/10/2017 pursuant to the EIP approved at the 2017 AGM
		428,960	<b>FY2017 Unlisted Performance Rights</b> granted on 20/03/2017 under the Employee Incentive Plan, established prior to listing and as disclosed in the IPO Prospectus
		161,568	<b>FY2018 Unlisted Performance Rights</b> granted on 25/10/2017 pursuant to the EIP approved at the 2017 AGM
10	<p>Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	<p>Unlisted Options and Unlisted Performance Rights do not confer a right to receive dividends.</p>	

+ See chapter 19 for defined terms.

## Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A

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23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	<sup>+</sup> Issue date	N/A

+ See chapter 19 for defined terms.

### Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities  
(tick one)

(a)  +Securities described in Part 1

(b)  All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

#### Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

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+ See chapter 19 for defined terms.

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)

Number	+Class

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.

+ See chapter 19 for defined terms.



- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

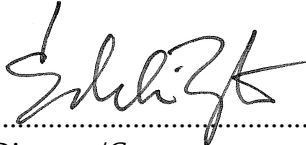
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  ..... Date: 25/10/2017  
(Director/Company secretary)

Print name: Edelvine Rigato

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+ See chapter 19 for defined terms.

# Annexure A

## Principal Terms of the Equity Incentive Plan

The Options and Performance Rights form part of remuneration and granted as Long Term Incentive (**LTI**) awards under the Company's Equity Incentive Plan (**Plan**).

The Options and Rights will be granted at no cost.

### Performance condition

The LTI awards will be subject to an Underlying Earnings Per Share (**EPS**) performance condition. The Underlying EPS performance condition will be tested based on the compound annual growth rate (**CAGR**) of the Company's Underlying EPS over the relevant performance period.

The Options and Rights will be divided into 2 components, each with a different performance period, as follows:

- **Component 1:** 1/3 of the Options and 1/3 of the Rights will have a 2 year performance period commencing on 1 July of Year 1 of the performance period and ending on 30 June of Year 2 of the performance period; and
- **Component 2:** 2/3 of the Options and 2/3 of the Rights will have a 3 year performance period commencing on 1 July of Year 1 of the performance period and ending on 30 June of Year 3 of the performance period.

Options and Rights	Performance Period		
	Year 1	Year 2	Year 3
FY2017 Grant	1 July 2016 – 30 June 2017	1 July 2017 – 30 June 2018	1 July 2018 – 30 June 2019
FY2018 Grant	1 July 2017 – 30 June 2018	1 July 2018 – 30 June 2019	1 July 2019 – 30 June 2020

Calculation of the CAGR of the Underlying EPS and achievement against the performance condition will be determined by the Nomination and Remuneration Committee in its absolute discretion, having regard to any matters that it considers relevant.

The percentage of Options and Rights in each component that vest (and become exercisable, in the case of the Options), if any, will be determined by reference to the following vesting schedule, subject to any adjustments for abnormal or unusual profit items that the Nomination and Remuneration Committee, in its discretion, considers appropriate:

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+ See chapter 19 for defined terms.

<b><i>Company's CAGR of Underlying EPS over the Performance Period that applies to the relevant component</i></b>	<b><i>% of Options or Rights in a component that vest (and become exercisable, in the case of Options)</i></b>
Less than 6% CAGR	Nil
6% CAGR (threshold performance)	60%
Between 6% and 14% CAGR	Straight line pro rata vesting between 60% and 100%
14% CAGR or above (stretch performance)	100%

Testing of each component is expected to occur shortly after the end of the relevant performance period. Any Options or Rights that do not vest on the relevant test date will lapse and there is no retesting of the award.

### **Vesting and exercise of Rights and Options**

Each Option and each Right entitles the holder to one ordinary share in the Company on vesting (and exercise, in the case of Options), although the Board retains the discretion to pay a cash-equivalent payment instead where it considers it appropriate (for example, where an Option or Right vests or is exercised after cessation of employment).

Options may be exercised up to the third anniversary of the vesting date and if they are not exercised by this time, they will lapse. In respect of the **FY18 Options**, an exercise price of \$3.66 per Option is payable to exercise the Options in cleared funds or under a cashless exercise mechanism approved by the Board.

### **Dividend and voting rights**

Prior to vesting and exercise, Options and Rights do not entitle the holder to any dividends or voting rights.

### **Cessation of employment**

Where the employment of the holder is terminated for cause, all unvested Options and Rights and vested but unexercised Options will automatically lapse. In all other circumstances of cessation of employment, unvested Options and Rights will remain on foot and subject to the original terms and vested but unexercised Options will be exercisable for 3 months from the date of cessation. However, the Board retains a discretion to lapse some or all of the unvested Options and Rights in certain circumstances.

### **Change of control**

Where there is a takeover bid or the Board considers there is likely to be a change of control or an event that should otherwise be treated in accordance with the change of control rule in the Plan Rules (for example, a delisting), the Board has the discretion to accelerate vesting of some or all of the Options and Rights. Where only some of the Options and Rights are vested on a change of control, the remainder of the Options and Rights will immediately lapse. If a change of control occurs before the Board exercises its discretion:

- a pro rata portion of unvested Options and Rights will vest immediately and the Board retains a discretion to determine whether the remainder vest or lapse; and
- vested but unexercised Options will remain exercisable for a period notified by the Board.

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+ See chapter 19 for defined terms.

**Preventing inappropriate or unfair benefits**

The Options and Rights are subject to forfeiture or “clawback” provisions that the Board may apply in certain circumstances to ensure that neither Mr Blau or Mr Wundram do not obtain an inappropriate or unfair benefit, for example, if there is a material misstatement in a Group company’s accounts.

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+ See chapter 19 for defined terms.