



# Performance Rights Plan

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Collection House Limited ACN 010 230 716

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Date 21 February 2013

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## 1. Name of Plan

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This document sets out the Rules of the Collection House Limited Performance Rights Plan.

## 2. Objectives

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The Performance Rights Plan is a long term incentive aimed at creating a stronger link between the Company's key personnel's performance and reward, whilst increasing Shareholder value in the Company.

## 3. Definitions and Interpretation

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3.1 In these Rules, unless the context otherwise requires:

**AGM** means annual general meeting of Shareholders;

**Application** means an application in the form set out in Schedule 1 or in such other form as the Directors may from time to time prescribe, accepting an Invitation from the Directors to apply for Rights in the Plan;

**Application Date** means the date on which an Application is lodged with the Company by an Eligible Person in accordance with the requirements of these Rules;

**ASX** means the ASX Limited ACN 008 624 691;

**Board** means the Board of Directors of the Company from time to time;

**Business Day** means a day that is not a Saturday, Sunday, public holiday or bank holiday in Brisbane, Queensland;

**Change of Control Event** means:

- (a) the Company entering into a scheme of arrangement with its creditors or Shareholders or any class thereof pursuant to section 411 of the *Corporations Act*;
- (b) the commencement of a bid period (as defined in the *Corporations Act*) in relation to the Company to acquire any Share where the takeover bid extends to Shares issued and allotted after the date of the takeover bid; or
- (c) when a person or group of associated persons having a relevant interest in, subsequent to the adoption of these Rules, sufficient Shares in the Company to give it or them the ability, in general meeting, to replace all or a majority of the Directors in circumstances where such ability was not already held by a person associated with such person or group of associated persons,

**Company** means Collection House Limited ACN 010 230 716;

**Controllable Event** means cessation of employment other than by an Uncontrollable Event;

**Controlled Entity** means any Related Body Corporate (as defined in section 9 of the *Corporations Act*) or other entity controlled by the Company;

# Performance Rights Plan



**Corporations Act** means *Corporations Act 2001* (Cth), as amended from time to time;

**Directors** mean the directors of the Company from time to time;

**Eligible Person** means a Director, Officer or Employee who is from time to time engaged in full or part-time work for the Company or a Controlled Entity (or the respective nominee of such person) and the Board determines in its absolute discretion is to participate in the Plan;

**Employee** means an employee of the Company;

**Grant Date** means the date a Performance Right is granted to an Eligible Person;

**Invitation** means an invitation by the Board of Directors of the Company to participate in the Plan in respect of a Performance Period, in accordance with clause 4.1;

**Last Exercise Date** means the day ending 5.00pm Brisbane time on the date which falls 84 months from the Grant Date, unless otherwise determined by the Board of Directors of the Company;

**Listing Rules** means the Official Listing Rules of the ASX as amended from time to time;

**Notice of Exercise** means a notice from the Eligible Person exercising the Performance Right in the form set out in Schedule 2 or in such other form as the Directors may from time to time prescribe;

**Officer** has the same meaning as given to that term in section 9 of the Corporations Act

**Obligation** means any commitment, covenant, duty, obligation or undertaking whether arising by operation of law, in equity or by statute and whether expressed or implied;

**Participant** means an Eligible Person who applies for and becomes a member of the Plan;

**Performance Hurdles** means the conditions relating to the performance of the Company or Related Body Corporate (and the manner in which those conditions will be tested) for the purposes of determining the number of Participant's Performance Rights which may be exercised, as set out in the Invitation;

**Performance Period** means the period set out in the Invitation for the purpose of determining the extent (if any) to which the Performance Hurdles have been met;

**Performance Right** means a right granted in accordance with the terms of these Rules;

**Plan** means the Collection House Limited Performance Rights Plan established in accordance with these Rules;

**PPS Act** means the *Personal Property Securities Act 2009* (Cth).

**Related Body Corporate** has the same meaning as given to that term in the Corporations Act;

**Rules** means the rules of the Collection House Limited Performance Rights Plan as set out in this document as amended from time to time;

**Securities Trading Policy** means the Securities Trading Policy adopted by the Board on 28 June 2012 as amended from time to time,

**Security Interest** means:

- (a) an interest in or right:
  - (1) reserved over property (including any retention of title to property or any right to set off or withhold payment of any deposit or other money);
  - (2) created or otherwise arising over property under a mortgage, charge, bill of sale (as defined in any relevant statute), lien, pledge, trust or right; or
  - (3) by way of security for the payment of a debt or other monetary Obligation or the performance of or compliance with any other Obligation;
- (b) any instrument or transaction which reserves, constitutes or evidences the interests and rights referred to in paragraph (a); and
- (c) any other interest which constitutes a security interest as that term is defined in the PPS Act;

**Share** means a fully paid ordinary share in the Company;

**Shareholder** means a person or company registered in the Register of Shareholders as the holder of one or more Shares and includes any person or company who is a shareholder of the Company in accordance with or for the purposes of the Corporations Act;

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

**Test Date** in relation to a Performance Right means the date at which Performance Hurdles are to be measured to determine whether that Performance Right becomes a Vested Performance Right;

**Uncontrollable Event** means:

- (a) death, serious injury, disability or illness which renders the Eligible Person incapable of continuing their employment with the Company or Related Body Corporate;
- (b) forced early retirement, retrenchment or redundancy; or
- (c) such other circumstances which results in a Participant leaving the employment of the Company and which the Board determines is an Uncontrollable Event;

**Unvested Performance Rights** means Performance Rights which are not yet exercisable in accordance with the Plan; and

**Vested Performance Rights** means Performance Rights which are immediately exercisable in accordance with the Plan.

3.2 In these Rules:

- (a) Words importing any gender include all genders.
- (b) The singular includes the plural and vice versa.
- (c) Headings are included for convenience only and do not affect the construction of these rules.

- (d) References to a statute or other law include regulations and other instruments under it and consolidations, amendments and re-enactments, or replacements of any of them.
- (e) References to the exercise of a power or discretion include a decision not to exercise the power of discretion.
- (f) The words “include”, “including” or “such as” are not used as, nor are they to be interpreted as words of limitation, and when introducing a list of items does not exclude a reference to other items whether of the same class or genus or not.
- (g) 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).
- (h) A group of persons or things is a reference to any two or more of them jointly and to each of them individually.
- (i) If a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day.
- (j) If an act under this agreement to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day.

3.3 Unless the context otherwise requires any word or phrase used in these Rules which is not defined but which is defined in the Listing Rules has the same effect as that contained in the Listing Rules.

## **4. Invitation to participate**

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### **4.1 Invitations**

- (a) The Board may from time to time in its absolute discretion issue or cause to be issued Invitations on behalf of the Company for Eligible Persons to participate in the Plan. That Invitation will be in such form as the Board determines from time to time and will include the following information:
  - (1) the date of the Invitation;
  - (2) the time period in which to accept the Invitation by returning the duly completed Application;
  - (3) the name of the Eligible Person to whom the Invitation is made;
  - (4) the number of Performance Rights which are capable of becoming exercisable if Performance Hurdles are met;
  - (5) the Performance Hurdles and Performance Period;
  - (6) the approximate Test Date(s) in respect of the Performance Rights;
  - (7) the Last Exercise Date; and
  - (8) an Application and copy of these Rules.

- (b) Invitations may be made by the Board on a differential basis to Eligible Persons, different classes of Eligible Persons, or to Eligible Persons within the same class, as the case may be.

## 4.2 Application

- (a) An Eligible Person who receives an Invitation can only participate in the Plan by returning a duly completed Application within the time period and as otherwise specified in the Invitation.
- (b) If an Application is not returned within the time specified or otherwise in accordance with the requirements set out in the Invitation, the Board may nevertheless in its sole discretion treat any Application received from an Eligible Person as being returned in accordance with paragraph (a).
- (c) For the avoidance of doubt, the Board in its sole discretion can refuse to allow an Eligible Person to participate in the Plan even though a duly completed Application is received from the Eligible Person in accordance with paragraph (a).

## 4.3 Participants

Following receipt of a duly completed Application and subject to clause 4.2(c), and provided that the Eligible Person is then still in the full-time or part-time employment of the Company or Related Body Corporate, the Eligible Person will be entitled to participate in the Plan according to its terms.

## 4.4 Plan Limit

The total number of Performance Rights to be issued by the Company under the Plan shall not at any time exceed 5% of the Company's total issued Share capital when aggregated with:

- (a) the number of Shares which would be issued were each outstanding offer with respect to Shares and options to acquire unissued Shares under any employee share scheme of the Company (including the Plan) to be accepted, vested or exercised; and
- (b) the number of Shares issued during the previous 5 years pursuant to any employee share scheme (including the Plan);

but disregarding any offer made, or option acquired, or share issued by way of or as a result of:

- (c) an offer received outside of Australia;
- (d) an offer that did not need disclosure to investors because of Section 708 of the Corporations Act;
- (e) an offer that did not require the giving of a Product Disclosure Statement because of Section 1012D of the Corporations Act;
- (f) an offers made under a disclosure document under Chapter 6D of the Corporations Act or Product Disclosure Statement under Chapter 7 of the Corporations Act.

## 5. Grant of Performance Rights

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### 5.1 Grant

- (a) As soon as practicable after the receipt of a duly completed Application, the Company will grant to each Participant the number of Performance Rights as set out in the Invitation.
- (b) A Participant will not pay any consideration for the grant of Performance Rights.
- (c) An Eligible Person has no entitlement to be granted any Performance Rights unless and until such Performance Rights are granted.
- (d) None of the Performance Rights will be listed for quotation on the ASX or equivalent securities exchange.
- (e) One Vested Performance Right is exercisable into one Share.

### 5.2 Not transferable

Except on the death of a Participant, Performance Rights may not be transferred, assigned or novated except with the approval of the Board.

### 5.3 Security Interest

Subject to clause 5.2, Eligible Persons will not grant any Security Interest in or over or otherwise dispose of or deal with any Performance Rights or any interest in them until the relevant Shares are either issued or transferred to that Eligible Person, and any such Security Interest or disposal or dealing will not be recognised by the Company.

### 5.4 New issues

A Performance Right does not confer on the Eligible Person the right to participate in a new issues of Shares by the Company, including by way of bonus issue, rights issue or otherwise.

## 6. Vesting and exercise of Performance Rights

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### 6.1 Performance Hurdles

The Performance Hurdles applicable to any Performance Period relating to Performance Rights shall be set out in the Plan Invitation, including the approximate date or dates at which the Performance Hurdles will be measured.

### 6.2 Determining the number of Vested Performance Rights

As soon as reasonably practicable after each Test Date applicable to any Performance Period, the Board shall determine in respect of each Participant as at that Test Date:

- (a) whether, and to what extent, the Performance Hurdles applicable up to the Test Date have been satisfied;
- (b) the number of Performance Rights (if any) that will become Vested Performance Rights as at the Test Date;
- (c) the number of Performance Rights (if any) that will lapse as a result of the non-satisfaction of Performance Hurdles as at the Test Date; and



- (d) the number of Performance Rights (if any) in respect of the Performance Period that continue as Unvested Performance Rights,

and shall provide written notification to each Participant as to that determination.

## 6.3 Exercise of Performance Rights

- (a) Unless and until a Performance Right is exercised and the relevant Shares are either issued or transferred to that Participant as a result of that exercise, a Participant has no interest in those Shares.
- (b) A Performance Right can only be exercised by an Eligible Person providing a Notice of Exercise if at the time of exercise, it is a Vested Performance Right that has not lapsed under clause 7.
- (c) Unless otherwise provided in the Invitation, no amount shall be payable by a Participant on the exercise of Vested Performance Rights.
- (d) The exercise of any Performance Right may only be effected on the first Business Day of a calendar month and in such form as the Board may prescribe.
- (e) The exercise of some Performance Rights only does not affect the Participant's right to exercise other Performance Rights at a later time.
- (f) Following exercise of a Performance Right, the Company must issue or transfer to the Eligible Person exercising the Performance Right the number of Shares in respect of which the Performance Right has been exercised (as adjusted under clause 12, if relevant).

## 7. Time of lapse of Performance Rights

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A Performance Right lapses, to the extent it has not been exercised, on the earlier to occur of:

- (a) where Performance Hurdles have not been satisfied on the Test Date, the date the Board makes a determination under clause 6.2(c) that the Performance Right will lapse;
- (b) if a Participant's employment with the Company or Related Body Corporate ceases because of an Uncontrollable Event, the last day of any period specified in clause 8.1(c);
- (c) if a Participant's employment with the Company or Related Body Corporate ceases because of a Controllable Event:
  - (1) in respect of a Vested Performance Right – in accordance with clause 8.2(c);
  - (2) in respect of an Unvested Performance Right – the date of cessation of employment unless otherwise determined by the Board in accordance with clause 8.2(a);
- (d) the day the Board makes a determination that the Performance Rights lapses under clause 9;
- (e) the date of lapse under clause 10.2; or
- (f) the Last Exercise Date.

## 8. Cessation of employment

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### 8.1 Uncontrollable Event

If a Participant's employment with the Company or Related Body Corporate ceases because of an Uncontrollable Event:

- (a) all of the Participant's Performance Rights that are capable of becoming exercisable if Performance Hurdles are met at the next Test Date will become Vested Performance Rights;
- (b) the Board in its absolute discretion may determine the extent to which any other Unvested Performance Rights, that have not lapsed, will become Vested Performance Rights; and
- (c) the Participant may, at any time prior to the first to occur:
  - (1) the Last Exercise Date;
  - (2) 3 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Participant ceased that employment,exercise all Vested Performance Rights.

### 8.2 Controllable Event

If a Participant's employment with the Company or Related Body Corporate ceases because of a Controllable Event:

- (a) the Board in its absolute discretion will determine the extent to which the Unvested Performance Rights (if any), that have not lapsed, will become Vested Performance Rights and will notify the Participant of this determination; and
- (b) should the Board fail to make a determination in accordance with clause 8.2(a) above, all Unvested Performance Rights held by the Participant shall lapse immediately; and
- (c) the Participant may, at any time prior to the first to occur of:
  - (1) the Last Exercise Date; and
  - (2) 3 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Participant ceased that,exercise all Vested Performance Rights (including those that have become Vested Performance Rights under clause 8.2(a)).

## 9. Breach, fraud or dishonesty

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If in the opinion of the Board a Participant acts fraudulently or dishonestly or is in material breach of his or her obligations to the Company or Related Body Corporate then the Board may in its absolute discretion determine that all the Participant's Performance Rights will lapse and the Board's decision will be final and binding.

## 10. Change of Control Event

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### 10.1 Vesting and notification to Participants

Where a proposal (whether by takeover bid, scheme of arrangement or otherwise) is publicly announced in relation to the Company which the Board reasonably believes may lead to a Change in Control Event:

- (a) all of the Participant's Unvested Performance Rights, that have not lapsed, will become Vested Performance Rights; and
- (b) the Board shall promptly notify each Participant in writing that he or she may, within the period specified in the notice (**Change of Control Notice Period**), exercise Vested Performance Rights.

### 10.2 Lapse of Performance Rights

Unless the Board of Directors determines otherwise:

- (a) Vested Performance Rights that are not exercised by the end of the Change of Control Notice Period; and
- (b) Unvested Performance Rights,

shall lapse at the end of the change of Control Notice Period.

## 11. Shares acquired as a result of exercise of Performance Right

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- 11.1 Shares acquired upon exercise of the Performance Rights will upon allotment rank pari passu in all respects with other Shares, except as set out in this Plan.
- 11.2 The company will apply for quotation of the Shares on the ASX within 10 Business Days after the date of allotment of those Shares.

## 12. Administration of the Plan

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- 12.1 The Plan will be administered by the Board. The Board will have power to delegate the exercise of its powers or discretions arising under the Plan to any one or more persons (including, but not restricted to, a committee or sub-committee of the Board) for such period and on such conditions as the Board may determine.
- 12.2 The Board may at any time appoint or engage specialist service providers for the operation and administration of the Plan.
- 12.3 The Board will ensure a complete register of Participants is maintained to facilitate efficient management and administration and to comply with regulatory reporting requirements.
- 12.4 Shares to be provided under the Plan may either be satisfied by the issue of new Shares or by the transfer of existing Shares.
- 12.5 Except as otherwise expressly provided in this Plan, the Board has absolute and unfettered discretion in the exercise of any of its powers or discretions pursuant to this Plan and to act or refrain from acting under or in connection with this Plan.

- 12.6 If there is any dispute or disagreement as to the interpretation of this Plan, the Performance Rights, Performance Hurdles or any other matter relating to the Plan in any way whatsoever, the decision of the Board is final and binding upon all persons.

## 13. Capital events

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### 13.1 Variation of capital

If there are certain variations of the share capital of the Company including a capitalisation or rights issue, sub-division, consolidation or reduction in share capital, a demerger (in whatever form) or other distribution in specie, the Board may make such adjustments as it considers appropriate under clause 13.2, in accordance with the provisions of the Listing Rules.

### 13.2 Adjustments

An adjustment made under this clause will be to one or more of the following:

- (a) the number of Shares subject to any Performance Right; or
- (b) where a Performance Right has been exercised but no Shares have been issued or transferred following the exercise, the number of Shares which may be issued or transferred.

### 13.3 Notice of variation

As soon as reasonably practicable after making any adjustment under clause 13.2, the Board will give notice in writing of the adjustment to any Participant affected by it.

## 14. Rights of Participants

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Nothing in this Plan or participation in the Plan:

- (a) confers on any Eligible Person the right to continue as a Director, Officer or Employee of the Company or Related Body Corporate;
- (b) confers on any Eligible Person the right to become or remain a Director, Officer or Employee or to participate under the Plan;
- (c) will be taken into account in determining an Eligible Person's salary or remuneration for the purposes of superannuation or other pension arrangements (where applicable);
- (d) affects the rights and obligations of any Eligible Person under the terms of their office or employment with the Company or Related Body Corporate;
- (e) affects any rights which the Company may have to terminate the employment of an Eligible Person or will be taken into account in determining an Eligible Person's termination or severance pay;
- (f) may be used to increase damages in any action brought against the Company in respect of any such termination; and
- (g) confers any responsibility or liability on the Company or its directors, officers, employees, representatives or agents in respect of any taxation liabilities of the Eligible Person.

## 15. Dividends and voting rights

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Participants who are holding a Performance Right issued pursuant to the Plan have no rights to dividends and no rights to vote at meetings of the Company until that Performance Right is exercised and the Participant is the holder of a valid Share in the Company.

## 16. Taxation

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- 16.1 Neither the Company nor its Directors, officers, employees, representatives or agents take any responsibility or assume any liability for the taxation liabilities of Eligible Persons that arise in connection with the grant, vesting, or exercise of any Performance Right.
- 16.2 If any person (excluding the Participant but including the Company and any Related Body Corporate) is obliged as a result of or in connection with the grant, vesting, or exercise of any Performance Right to account for income tax or employment taxes under any wage, withholding or other arrangements for any other tax, social security contributions or levy or charge of a similar nature, then that person is entitled to be reimbursed by the Participant for the amounts so paid or payable.
- 16.3 Where clause 16.2 applies, the Company is not obliged to pay the relevant amount or issue or transfer the relevant Shares to the Participant, unless the relevant person is satisfied that arrangements have been made for reimbursement. Those arrangements may include, without limitation, the sale, on behalf of the Participant, of Shares issued or transferred or otherwise to be issued or transferred to the Participant and, where this happens, the Participant will also reimburse the costs of any such sale.

## 17. Listing Rules

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- 17.1 The terms and conditions of the Plan must at all times comply with the Listing Rules. If there is any inconsistency between the terms and conditions of the Plan and the Listing Rules then the Listing Rules will prevail.
- 17.2 Notwithstanding clause 17.1 of these Rules, no Performance Right may be offered, issued, vested or exercised if to do so:
- (a) would contravene the Corporations Act;
  - (b) would contravene the Company's Securities Trading Policy;
  - (c) would contravene the Company's constitution; or
  - (d) would contravene the local laws or customs of an Employee's or a Director's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.

## 18. Amendments to the Plan

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- 18.1 Subject to clauses 18.2 and 18.3 the Board may at any time by written instrument, amend all or any of the provisions of these Rules, including this Rule 18. Any amendment to the Rules is subject to any restrictions or procedural requirements imposed by the ASX Listing Rules or the Corporations Act.

- 18.2 Any amendment to the provisions of these Rules must not materially reduce the rights of any Participant as they existed before the date of the amendment, unless the amendment is introduced primarily:
- (a) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
  - (b) to correct any manifest error or mistake;
  - (c) to enable contributions or other amounts paid by an Eligible Person to the Plan to qualify as income tax deductions for that Eligible Person;
  - (d) for reasons relating to the amount payable under fringe benefits tax; or
  - (e) to enable the Plan to comply with the Corporations Act, the Listing Rules or its constitution.
- 18.3 Subject to clause 18.2, any amendment made under clause 18.1 may be given retrospective effect as specified in the written instrument by which the amendment is made.

## **19. Termination or Suspension of the Plan**

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The Plan may be terminated or suspended at any time by resolution of the Directors and notification thereof to the ASX in accordance with the Listing Rules.

## **20. Governing Law**

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- 20.1 The Plan, the Rules and the operation of the Plan shall be governed by the laws of the State of Queensland.
- 20.2 Each Participant and the Company irrevocably and unconditionally submits to the non-exclusive jurisdiction of the Courts of Queensland.

## Schedule 1

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**COLLECTION HOUSE LIMITED  
(ACN 010 230 716)**

Collection House Limited  
Performance Rights Plan

### **APPLICATION FOR RIGHTS**

I, .....

of .....

hereby apply for ..... Performance Rights, in accordance with the terms and conditions of the Invitation made to me by the Directors of the Company under Clause 4 of the Performance Rights Plan, to subscribe for an equal number of Shares in the capital of the Company subject to meeting Performance Hurdles and I agree that upon issue of those Performance Rights, I shall hold those Performance Rights and deal with them only in accordance with the terms and conditions of the said Performance Rights Plan of Collection House Limited (a copy of which is attached hereto), subject to and in accordance with Collection House Limited's Constitution and Securities Trading Policy.

Terms used in this document shall have the meaning ascribed to them in the Collection House Limited Performance Rights Plan.

Dated this                      day of                      20

Signed: .....

Name: .....

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Schedule 2

COLLECTION HOUSE LIMITED  
(ACN 010 230 716)

Collection House Limited  
Performance Rights Plan

NOTICE OF EXERCISE FORM

To: The Directors  
Collection House Limited ("the Company")

I, .....  
of .....

hereby exercise my Performance Rights to subscribe for apply for  
..... fully paid (in words) ..... (in figures)  
Ordinary Shares in the capital of the Company.

I request you allot to me and I agree to accept the Shares subject to the Constitution and Securities Trading Policy of the Company. If this application is signed by an attorney, the attorney hereby declares that he has no notice of revocation of the power under authority of which this application is signed.

Terms used in this document shall have the meaning ascribed to them in the Collection House Limited Performance Rights Plan.

Signed: .....

Date: .....