

# Super Cheap Auto Equity Plan Performance Rights Plan

Approved by the Board of Directors of Super Cheap Auto Group Limited (ACN 108 676 204) 22 September 2009.

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## **1 Application**

These rules set out the terms on which Performance Rights are granted in accordance with clause 5.3 of the Trust Deed.

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## **2 Entitlement**

### **2.1 Entitlement to a Performance Right Share**

Subject to term 3 and 9 of these rules, the grant of a Performance Right to a Participant entitles the Participant, on the Performance Right becoming a Vested Performance Right, a right to be allocated one Performance Right Share to be held by the Trustee on trust for the Participant in accordance with the Trust Deed and these rules.

### **2.2 No consideration**

A Participant is not required to pay any consideration for:

- (a) the acquisition of a Performance Right; or
- (b) a Performance Right becoming a Vested Performance Right.

### **2.3 Performance Right Share allocation**

Subject to the Listing Rules, when a Performance Right becomes a Vested Performance Right, the Company must procure the Trustee to effect the allocation of a Performance Right Share to the Participant.

### **2.4 Agree to be bound by the Constitution**

By applying for Performance Rights, the Participant agrees to be bound by the Company's Constitution if and when the Performance Rights become Vested Performance Rights and Performance Right Shares are allocated to the Participant.

### **2.5 Equal rights**

Performance Right Shares will rank *pari passu* with all existing Shares from the date of allocation and will be entitled in full to those dividends which have a record date for determining entitlements after the date of issue.

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## **3 Vesting of Performance Rights**

### **3.1 Vesting schedule**

Subject to term 3.2, if a Performance Right has not lapsed under term 3.3, Performance Rights held by a Participant will become Vested Performance Rights in accordance with the following schedule:

<b>Time at which Performance Rights become Vested Performance Rights</b>	<b>Percentage of Performance Rights held by Participant that become Vested Performance Rights</b>
3 years after the Performance Right is granted.	50%
4 years after the Performance Right is granted.	25%
5 years after the Performance Right is granted.	25%

### **3.2 Board can determine Performance Rights vest**

A Performance Right held by a Participant that has not lapsed will also become a Vested Performance Right:

- (a) if the Board gives notice to a Participant under term 5 in respect of the Performance Rights; and
- (b) the Performance Rights becomes a Vested Performance Right at the time the Board makes the determination the Performance Rights are Vested Performance Rights.

### **3.3 Lapse of Performance Rights**

If any of the conditions set out in column 1 of the following table is satisfied in respect of any Performance Rights held by a Participant that have not become a Vested Performance Right:

- (a) the number of Performance Rights specified in column 2 of the following table held by the Participant will lapse; and
- (b) the Performance Rights that lapse under paragraph 3.3(a) will lapse at the time specified in column 3 of the following table.

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
If the Board makes determination that the Performance Condition is not satisfied after the end of the Performance Period under term 4.1	All of the Performance Rights held by the Participant that are not Vested Performance Rights	When the Board makes the determination that the Performance Condition is not satisfied
If the Participant ceases to be employed by a member of the Group during the Performance Period	All of the Performance Rights held by the Participant that are not Vested Performance Rights	When the Participant ceases to be employed by a member of the Group during the Performance Period

If the Board determines that the Participant has committed any act (whether by commission or omission) which amounts or would amount to fraud or serious misconduct	All of the Performance Rights held by the Participant that are not Vested Performance Rights	When the Board makes its determination that the Participant has or intends to commit fraud or serious misconduct
If the Participant provides a notice to the Company that they wish some or all of the Performance Rights they hold to lapse	The number of Performance Rights specified in the notice given by the Participant that are not Vested Performance Rights	When the Company receives the notice from the Participant that they wish some or all of the Performance Rights they hold to lapse

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#### **4 Performance Condition**

##### **4.1 Board must determine whether Performance Condition is satisfied**

The Board must, as soon as reasonably practicable after the end of the Performance Period, make a determination that:

- (a) the Performance Condition is satisfied; or
- (b) the Performance Condition is not satisfied.

##### **4.2 Performance Period**

The Performance Period for Performance Rights is the period from 1 July in Year 1 to 30 June in Year 3, or such other period as the Board may determine at the time of offer of the Performance Rights.

##### **4.3 Performance Condition**

The Performance Condition for Performance Rights will be satisfied if:

- (a) the EPS Performance Result for the Performance Period equals or exceeds 10%; and
- (b) the ROC Performance Result for the Performance Period equals or exceeds 15%,

or such other Performance Condition as the Board may determine at the time of offer of the Performance Rights.

##### **4.4 Determination of EPS Performance Result and the ROC Performance Result**

The EPS Performance Result and the ROC Performance Result for the Performance Period will be determined in accordance with these rules by:

- (a) the Board; or

- (b) a person nominated by the Board from time to time who is not a Participant.

#### 4.5 EPS Performance Result

- (a) The EPS Performance Result for the Performance Period is the amount determined in accordance with the following formula:

$$\left[ \sqrt[3]{(1 + EPSG_{Year1}) \times (1 + EPSG_{Year2}) \times (1 + EPSG_{Year3})} - 1 \right] \times 100\%$$

where:

$EPSG_{Year1}$  is the EPS Growth for the Company for the financial year ended 30 June in Year 1

$EPSG_{Year2}$  is the EPS Growth for the Company for the financial year ended 30 June in Year 2

$EPSG_{Year3}$  is the EPS Growth for the Company for the financial year ended 30 June in Year 3,

or such other method of calculation as the Board may determine at the time of offer of the Performance Rights.

- (b) The EPS Growth for a financial year is the amount determined in accordance with the following formula:

$$\left( \frac{EPS_t}{EPS_{t-1}} - 1 \right) \times 100\%$$

where:

$EPS_t$  is the EPS for the Company for the financial year

$EPS_{t-1}$  is the EPS for the Company for the financial year immediately prior to the financial year,

or such other method of calculation as the Board may determine at the time of offer of the Performance Rights

- (c) The EPS for the Company for a financial year is the earnings per share for the Company determined on a consolidated basis as reported in the Financial Reports of the Company.

#### 4.6 ROC Performance Result

- (a) The ROC Performance Result for the Performance Period is the amount determined in accordance with the following formula:

$$\left( \frac{ROC_{PP}}{ROC_T} - 1 \right) \times 100\%$$

where:

$ROC_{PP}$  is the ROC for the Performance Period

$ROC_T$  is the ROC for the financial year ended 30 June in Year 1,

or such other method of calculation as the Board may determine at the time of offer of the Performance Rights.

- (b) The ROC for a period is the amount determined in accordance with the following formula:

$$\frac{AR}{AC}$$

where:

AR is the Average Return for the period

AC is the Average Capital for the period,

or such other method of calculation as the Board may determine at the time of offer of the Performance Rights

- (c) The Average Return for a period is the amount determined in accordance with the following formula:

$$\frac{\sum PAT_n}{n}$$

where:

$PAT_n$  is the profit attributable to the members of the Company for each financial year in the period, determined on a consolidated basis after income tax, as reported in the Financial Reports of the Company for the financial year

n is the number of financial years in the period,

or such other method of calculation as the Board may determine at the time of offer of the Performance Rights

- (d) The Average Capital for a period is the amount determined in accordance with the following formula:

$$\frac{CAP_s + \sum CAP_n}{n + 1}$$

where:

$CAP_s$  is the Capital at the end of the last financial year that ends prior to the commencement of the period

$CAP_n$  is the Capital at the end of each financial year in the period

n is the number of financial years in the period,  
or such other method of calculation as the Board may determine  
at the time of offer of the Performance Rights

- (e) The Capital on a particular date is the amount determined in  
accordance with the following formula where:

$$E + STB + LTB - C$$

where:

E is the total equity

STB is the aggregate of the short term borrowings

LTB is the aggregate of the long term borrowings

C is the aggregate of the cash and cash equivalents

for the Company on the date determined on a consolidated basis,  
as reported in the Financial Reports for the Company as at that  
date, or such other method of calculation as the Board may  
determine at the time of offer of the Performance Rights.

#### **4.7 No claim**

A Participant will not have any claim against the Board or the Company  
as a result of the exercise by the Board of a power, discretion or  
determination under this term 4.

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#### **5 Notice to Participant**

The Board may give a notice to a Participant for the purposes of term 3.2  
if:

- (a) a takeover bid is made to the holders of Shares (other than as a  
result of an allotment approved by the Board);
- (b) a statement is lodged with the ASX to the effect that a person has  
become entitled to not less than 50% of the Shares (other than as  
a result of an allotment approved by the Board);
- (c) pursuant to an application made to the Court, the Court orders a  
meeting to be held in relation to a proposed compromise or  
arrangement for the purpose of or in connection with a scheme for  
the reconstruction of the Company or its amalgamation with any  
other companies;
- (d) the Company passes a resolution for voluntary winding up; or
- (e) an order is made for the compulsory winding up of the Company.

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## **6 Transfer of Performance Rights**

A Participant must not assign, transfer, sell, encumber, hedge or otherwise deal with a Performance Right except in accordance with the Trust Deed and these Plan Rules.

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## **7 Transfer of Performance Right Shares**

### **7.1 No transfer except in accordance with this term**

The Trustee must not assign, transfer, sell, encumber or otherwise deal with a Performance Right Share which has been allocated to the Participant by the Trustee except in accordance with the Trust Deed and these rules.

### **7.2 Participant must not deal with Shares**

A Participant must not assign, transfer, sell, encumber or otherwise deal with a Performance Right Share or any legal or beneficial interest in such a Performance Right Share:

- (a) unless and until the Performance Right Share has been transferred to the Participant in accordance with this term 7; or
- (b) except in the circumstances set out in this term 7.

### **7.3 Forfeiture Condition**

- (a) If the Board determines that a Participant has committed or it is evident the Participant intends to commit, any act (whether by commission or omission) which amounts or would amount to fraud or serious misconduct, all of any Performance Right Shares held on behalf of the Participant are forfeited.
- (b) The Forfeiture Condition applies from the time that the Performance Right Share is allocated to the Participant until the expiration of the Restriction Period.

### **7.4 Restriction Period**

Subject to any determination made by the Board, the Restriction Period for a Performance Right Share is the period one year from the time that the Performance Right Share is allocated to the Participant.

### **7.5 Expiry of Restriction Period**

At end of the Restriction Period, a Participant has until the day which is two months from the end of the Restriction Period to give the Trustee a request for Performance Right Shares that the Participant wishes to either:

- (a) arrange through the Trustee for the sale of the Performance Right Shares; or
- (b) have the Trustee transfer the Performance Right Shares to the Participant.

## **7.6 No request received after expiry of Restriction Period**

- (a) Subject to term 7.6(b), if the Trustee does not receive a request from a Participant under term 7.5 within the period specified in term 7.5, the Trustee may transfer the Performance Right Shares held on behalf of the Participant to that Participant at any time following the end of the period referred to in term 7.5.
- (b) The Participant irrevocably directs the Trustee to sell following the end of the period referred to in term 7.5 such number of the Performance Right Shares held by the Trustee on behalf of the Participant as is necessary to satisfy any costs associated with the transfer of Performance Right Shares under this term 7.6.

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## **8 Quotation of Performance Right and Shares**

Performance Rights will not be quoted on the ASX. The Company will make application to the ASX for official quotation of Shares, if any, issued on Performance Rights becoming Vested Performance Rights, if other Shares are listed at that time, as soon as practicable after the Shares are issued.

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## **9 Participation in future issues**

### **9.1 Participation generally**

A Participant may only participate in new issues of securities to holders of Shares if the Performance Right has been exercised and Performance Right Shares have been allocated to the Participant by the Trustee before the record date for determining entitlements to the issue.

### **9.2 Bonus issues**

If the Company makes a bonus issue of shares or other securities pro rata to holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allocated to the Participant by the Trustee in respect of a Performance Right before the record date for determining entitlements to the bonus issue then the rights attaching to that Performance Right will be altered as follows:

- (a) the number of Performance Right Shares which the Participant is entitled to acquire on exercise of the Performance Right/s is determined by the formula:

$$S = N + (N \times R)$$

where:

N = The number of Shares per Performance Right which the Participant is entitled to acquire on the record date to determine entitlements to the bonus issue.

R = The number of Shares (including fractions) offered under the bonus issue for each Share held.

### 9.3 Rights issues

If the Company makes an offer of ordinary shares pro rata to all or substantially all holders of Shares (whether or not an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) then the number of Shares which the Participant is entitled to acquire on exercise of the Performance Right will not be changed.

### 9.4 Aggregation

If Performance Rights are exercised simultaneously then the Participant may aggregate the number of Shares or fractions of Shares or other securities to which the Participant is entitled to acquire under those Performance Rights. Fractions in the aggregate number only will be disregarded in determining the total entitlement.

### 9.5 Reconstruction

In the event of any reconstruction of the issued ordinary capital of the Company before the exercise of a Performance Right, the number of Shares attaching to each Performance Right will be reconstructed in the manner specified below.

If the manner is not specified then the Board will determine the effect of the reconstruction. In any event the reconstruction will not result in any additional benefits being conferred on Participants which are not conferred on Share holders of the Company (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) and in all other respects the terms for the exercise of Performance Right will remain unchanged.

In the event of any consolidation or sub-division of Shares or reduction or cancellation of capital then the reconstruction will be determined by the following formulae:

(a) Consolidation; and

(b) Subdivision:

$$S = C \times \frac{B}{A} ;$$

(c) Reduction of capital by return of share capital:

$$S = C ;$$

(d) Reduction of capital by cancellation of ordinary shares that is either lost or not represented by available assets:

$$S = C ;$$

(e) Pro rata cancellation of fully paid ordinary shares (not within (c) or (d)):

$$S = C \times \frac{B}{A}$$

where:

- A = The total number of Shares in issue before the capital reconstruction;
- B = The total number of Shares in issue after the capital reconstruction;
- C = The number of Shares which the Participant is entitled to acquire for on exercise of an Performance Right before the reconstruction;
- S = The number of Shares which the Participant is entitled to acquire for on exercise of a Performance Right after the reconstruction.

## **9.6 Advice**

The Company must give notice to each Participant of any adjustment to the number of Shares which the Participant is entitled to acquire on exercise of a Performance Right in accordance with the Listing Rules.

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## **10 Amending these rules**

### **10.1 Board may amend these rules**

Subject to terms 10.2 and 10.3, 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 term 10).

### **10.2 Restrictions on amendments**

No amendment of the provisions of these rules is to reduce the rights of any Participant in respect of:

- (a) a Performance Right; or
- (b) any Performance Right Shares credited to the Account of the Participant,

prior to the date of the amendment, other than an amendment introduced primarily:

- (c) to enable the Trustee or the Company to take into account any changes to the system of taxation in Australia;
- (d) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legal requirements governing or regulating the offer, maintenance or operation of a Performance Right or Performance Right Shares;
- (e) to correct any manifest error or mistake;

- (f) to enable contributions or other amounts paid by any body corporate in the Group to the Trust in respect of a Performance Right or a Performance Right Share to qualify as income tax deductions for that body corporate or any other body corporate in the Group;
- (g) to enable the Trustee, the Participant or any body corporate in the Group to reduce the amount of fringe benefits tax under the *Fringe Benefits Tax Assessment Act 1986*, the amount of tax under the *Income Tax Assessment Act 1936* or the *Income Tax Assessment Act 1997* or the amount of any other tax or impost that may otherwise be payable by the Trustee, the Participant or the body corporate in relation to the Performance Rights or Performance Right Shares;
- (h) to enable Participants generally (but not necessarily each Participant) to receive a more favourable taxation treatment in respect of their Performance Rights or Performance Right Shares; or
- (i) to enable the Trustee or any body corporate in the Group to comply with the Corporations Act or the Listing Rules or relevant instruments of relief issued by ASIC from time to time.

### **10.3 Amendments must be made in accordance with the Listing Rules**

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

### **10.4 Amendments may have retrospective effect**

Subject to the above provisions of this term 10, any amendment made pursuant to term 10.1 may be given such retrospective effect as is specified in the written instrument or resolution by which the amendment is made.

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## **11 Interpretation**

### **11.1 Meanings in Trust Deed apply**

Subject to term 11.2, in these rules, words and expressions which have a particular meaning under the Trust Deed have the same meaning.

### **11.2 Definitions**

The following words and phrases have these meanings in these rules unless the contrary intention appears:

**Average Capital** means the amount determined for a period in accordance with term 4.6(d).

**Average Return** means the amount determined for a period in accordance with term 4.6(c).

**Capital** means the amount determined on a particular date in accordance with term 4.6(e).

**EPS** means the amount determined for a financial year in accordance with term 4.5(c).

**EPS Growth** means the amount determined for a financial year in accordance with term 4.5(b).

**EPS Performance Result** means the amount determined in accordance with term 4.5(a).

**Financial Report** means the financial reports prepared by the Company in accordance with the Corporations Act, consisting of:

- (a) financial statements; and
- (b) any notes to those financial statements; and
- (c) any directors' declaration about the financial statements and notes,

together with any reports (including any directors' reports) attached to any of those documents or intended to be read with any of them.

**Performance Condition** means the condition specified in term 4.3.

**Performance Period** means the period specified in term 4.2.

**Performance Right** is a right to be allocated one Performance Right Share when the right becomes Vested Performance Right in accordance with these rules.

**Performance Right Share** means an ordinary fully paid share in the capital of the Company which is allocated to a Participant when a Performance Right becomes a Vested Performance Right under these rules.

**Restriction Period** means the period specified in term 7.4.

**ROC** means the amount determined for a period in accordance with term 4.6(b).

**ROC Performance Result** means the amount determined for the Performance Period in accordance with term 4.6(a).

**Rules** means the terms and conditions of Performance Rights Plan.

**Trust Deed** means the Super Cheap Auto Equity Plans Trust Deed, dated 22 September 2009, as amended from time to time.

**Vested Performance Right** means a Performance Right that has become a Vested Performance Right in accordance with these rules.

**Year** means:

- (a) for Year 1, the period commencing on 1 July in the year the relevant Performance Right was granted and ending on 30 June of that year; and

- (b) for each subsequent Year, the period commencing 1 July in the relevant year and ending on 30 June of that year.