



SHAPE Australia Corporation Limited

Senior Executive Long Term Incentive (SELT) Rights Plan Rules

Cover notes regarding this Plan (not to be taken as part of the Rules):

- It is based on share rights (Rights) which are settled in shares. Therefore, the Rights are considered to be “securities” and Corporations Act s708 relief or Class Order relief must be available in respect of all offers under the Plan (for example, where senior managers are concerned).
- The Rights vest/lapse automatically.
- Non-executive Directors are excluded from Participation.
- Rights will be granted to such Senior Executives as the Board determines.
- Both purchases, and new issues of Shares, may be used to settle Rights on vesting.
- Continued service for the whole of the Measurement Period is a default requirement. However, malus/clawback/good behaviour bond features apply at all times, including following cessation of employment (addresses joining a competitor).
- Change of Control, including a takeover, is addressed.
- There are no disposal or sale restrictions on Shares received by an executive when Rights vest where the performance measurement period is at least 3 years.

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Shape Australia Pty Limited Rights Plan

1 Purpose

- 1.1 This SHAPE Australia Corporation Limited Senior Executive Long Term Incentive (SELT) Rights Plan (the Plan) is governed by these Rules.
- 1.2 The purposes of the Plan are to:
 - (a) enable the Group to provide variable remuneration that is performance focussed and linked to long-term value creation for Shareholders, to employees whose behaviour and performance have a direct impact on the Group's long term performance,
 - (b) create alignment between the interests of Participants and Shareholders,
 - (c) enable the Group to compete effectively for the calibre of talent required for it to be successful,
 - (d) ensure that Participants have commonly shared goals, and
 - (e) assist Participants to become Shareholders.

2 Interpretation

- 2.1 Unless the context otherwise requires:
 - (a) headings and subheadings are for convenience only and shall not affect interpretation except for specific cross-references,
 - (b) words denoting the singular shall include the plural, and the converse also applies,
 - (c) words denoting any gender include all genders,
 - (d) any reference to a party to any agreement or document includes its successors and permitted assigns and substitutes by way of assignment or novation, and
 - (e) any reference to any agreement or document includes that agreement or document as amended at any time.
- 2.2 The capitalised words used in these Rules have the meaning ascribed to them in Rule 35 Dictionary.

3 Administration

This Plan will be administered by the Board, but it may delegate responsibility to a committee of the Board in relation to all Participants or to the Managing Director in relation to other Participants. The Board is authorised, subject to the provisions of these Rules, to establish such guidelines for the administration of the Plan as are deemed appropriate, and to make determinations under the Plan as may be deemed necessary or advisable from time to time. Such determinations shall be conclusive and binding on all Participants.

4 Eligibility

All Eligible Persons are eligible to be granted Rights.

5 Grant of Rights

- 5.1 The Plan will operate through a series of Rights grants. The Board will in its absolute discretion determine those Eligible Persons who will be granted Rights.

- 5.2 Subject to compliance with the Corporations Act and the Company's Constitution, the Board may grant Rights at such times and to such Eligible Persons as it determines in its discretion.
- 5.3 The Board has no obligation to offer or grant to any Eligible Person Rights if to do so would require the Company to issue a Disclosure Document. Despite any provision of these Rules, no Rights may be offered or granted under the Plan if to do so would contravene the Corporations Act 2001, the Listing Rules or any other applicable laws.
- 5.4 Each grant of Rights may contain terms and conditions that vary between grants. The variable terms and conditions that apply to a grant of Rights under the Plan are to be determined by the Board and set out in writing and provided at the same time as the grant.
- 5.5 Details to be provided when Rights are granted will include each of the following to the extent applicable:
- (a) the name of the Eligible Person,
 - (b) the date of the grant,
 - (c) the number of each type of Right in each Tranche, if there are more than one,
 - (d) the price of the Rights which will be nil, unless otherwise determined by the Board,
 - (e) the Exercise Price which will be nil,
 - (f) the Term of Rights in each Tranche which will be 3 years unless otherwise determined by the Board,
 - (g) the Vesting Conditions which are to apply, as may be applicable to each Tranche,
 - (h) the Measurement Period applicable to each Tranche,
 - (i) the Vesting Date or how the Vesting Date will be determined,
 - (j) other terms and conditions that the Board determines to include.
- 5.6 The grant of Rights under the Plan does not guarantee nor confer any entitlement to receive any further grant of Rights under the Plan.
- 5.7 The Company will not apply for quotation of the Rights granted under the Plan.

6 Eligible Persons bound by Rules

All Eligible Person to whom Rights are granted are bound by these Rules and no Rights will vest without the Eligible Person acknowledging being so bound in the manner required by the Board from time to time.

7 Participants

- 7.1 Eligible Persons who have been granted Rights will be referred to as Participants in the Plan.
- 7.2 Such Eligible Persons will remain Participants until all Rights have either vested or lapsed and any risk of forfeiture has ceased to exist.

8 Rights May Not Be Disposed of or Transferred or Encumbered

Rights may not be disposed of or transferred or otherwise dealt with (including for purposes of this Rule, encumbered or made subject to any interest in favour of any other person) and will lapse immediately on purported disposal, transfer or dealing unless the transfer is effected by operation of law on death or legal incapacity to the Participant's legal personal representative or with the express written consent of the Company.

9 Measurement Periods

- 9.1 The Measurement Period applicable to each Tranche of Rights will be three years unless otherwise specified in the Grant Notice. The Measurement Periods for Rights will relate to periods when performance conditions must be satisfied for them to vest, subject to early vesting under Rules 11, 18 and 20.
- 9.2 Measurement Periods for grants of Rights will commence on the first day of the financial year in which the grant is made unless otherwise determined by the Board and specified in the Grant Notice.

10 Vesting Conditions

- 10.1 Vesting Conditions may relate to:
- a) performance of the Group or an aspect of the Group's operations or the performance of the Participant, or
 - b) continued service of the Participant with the Group, or
 - c) any combination of the foregoing determined by the Board for each Tranche.
- 10.2 Vesting Conditions, if applicable, must be specified in the Grant Notice, along with the relationship between various potential levels of performance and levels of vesting that may occur.
- 10.3 Performance conditions may vary between different grants of Rights and between different Tranches of Rights granted.

11 Vesting of Rights

- 11.1 Following the end of the Measurement Period, the Board will determine for each Tranche of Rights to which the Measurement Period applies, and which have not previously lapsed or vested, the extent to which it has vested, if at all, and notify Participants in a Vesting Notice of both the extent of vesting and the Vesting Date.
- 11.2 The Board has absolute discretion to determine that any remaining unvested Rights will be forfeited in which case the Board shall notify Participants in writing, in a form determined by the Board in its absolute discretion.
- 11.3 Subject to Rule 21, on the vesting of a Right the Board will in its discretion, either procure the transfer of, or issue, a Share to the Participant.
- 11.4 If Shares are listed on the ASX at the time that a Participant's Rights vest, the Company will, subject to Rule 11.6, promptly apply for official quotation by ASX of all Shares allotted to the Participant upon such vesting, if the Company remains admitted to the official list of ASX at that time.
- 11.5 Subject to Rule 11.6, the Company must issue a 'cleansing notice' in relation to the Shares allotted upon exercise of the Rights in accordance with section 708A(5) of the Corporations Act and release the same to the ASX Company Announcements Platform within 5 Business Days after the date of allotment of those Shares.
- 11.6 The Company may suspend the effect of a Vesting Notice, and delay allotting Shares upon exercise of Rights, if it is in possession of information concerning an incomplete proposal or negotiation that it is withholding from disclosure under ASX Listing Rule 3.1 in reliance on ASX Listing Rule 3.1A, until such time as the Company discloses such information under ASX Listing Rule 3.1 or ceases to rely on ASX Listing Rule 3.1A to withhold from disclosure such information under ASX Listing Rule 3.1, or an earlier time determined by the Company in its sole discretion.

11.7 Unless the Board otherwise determines prior to the grant of a Tranche of Rights, there will be no disposal or sale restrictions on Shares received by an executive when Rights vest where the performance measurement period is at least 3 years. Where the performance measurement period is less than 3 years:

- (a) a Holding Lock will be applied to all Shares granted to a Participant for the duration of the Holding Lock Period;
- (b) while a Share is subject to a Holding Lock, the Share may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered without the prior written approval of the Board;
- (c) upon the expiration of the Holding Lock Period, the Company will release the Shares from their Holding Lock and notify the Participant of the release of Shares.

11.8 All Shares issued or transferred under this Plan on the vesting of a Participant's Rights will rank pari passu in all respects with the Company's then existing Shares.

12 Board Discretion Regarding Vesting of Rights

12.1 The Board retains discretion to increase or decrease, including to nil, the extent of vesting in relation to each Tranche of Rights if it forms the view that it is appropriate to do so given the circumstances that prevailed during the Measurement Period. In exercising this discretion, the Board shall take into account, amongst other factors it considers relevant, Company performance from the perspective of Shareholders over the relevant Measurement Period.

12.2 Before exercising its discretion under this Rule, the Board may seek advice from an independent advisor as to whether the discretion should be exercised and, if so, the alternative extent of vesting that should be considered by the Board.

13 Lapsing of Rights

Rights will lapse automatically on the earlier of:

- (a) For unvested Rights when there is no opportunity for them to vest at a later date, or
- (b) The end of their Term.

14 Fraud, Gross Misconduct, Etc.

In the event that the Board forms the opinion that a Participant has committed an act of fraud, defalcation or gross misconduct in relation to the Group, the Participant will forfeit all unvested Rights.

15 Board Discretion to Prevent Inappropriate Benefits

The Board has sole discretion to determine that some or all unvested Rights held by a Participant lapse on a specified date if allowing the Rights to vest would, in the opinion of the Board, result in an inappropriate benefit to the Participant. Such circumstances include but are not limited to:

- (a) if a Participant engages in any activities or communications that, in the opinion of the Board, may cause harm to the operations or reputation of the Group or the Board,
- (b) if the Board determines that a Participant or Participants took actions that caused harm or are expected to cause harm to the Group's stakeholders,

- (c) if the Board forms the view that a Participant or Participants have taken excessive risks or have contributed to or may benefit from unacceptable cultures within the Group,
- (d) if the Board forms the view that Participants have exposed employees, the broader community or environment to excessive risks, including risks to health and safety,
- (e) if a Participant joins a competitor (unless otherwise determined by the Board),
- (f) if there has been a material misstatement in the Group's financial reports, which once resolved, indicates that a larger number of Rights previously vested than should have, in light of the corrected information.

16 No Hedging

Participants must not enter into an arrangement with anyone if it would have the effect of limiting their exposure to risk in relation to Rights (vested or unvested).

17 Bonus Issues, Rights Issues and Capital Reorganisation

- 17.1 In cases of bonus share issues by the Company the number of Rights held by a Participant shall be increased by the same number as the number of bonus shares that would have been received by the Participants had the Rights been fully paid ordinary shares in the Company, except in the case that the bonus share issue is in lieu of a dividend payment, in which case no adjustment will apply.
- 17.2 In the case of general rights issues to Shareholders there will be no adjustment to the Rights.
- 17.3 In the case of an issue of rights other than to Shareholders there will be no adjustment to the Rights.
- 17.4 In the case of other capital reconstructions the Board may make such adjustments to the Rights as it considers appropriate with a view to ensuring that holders of Rights are neither advantaged nor disadvantaged.

18 Termination of Employment

- 18.1 If a Termination of Employment occurs and is classified as a Bad Leaver then all unvested Rights will be forfeited, unless and to the extent otherwise determined by the Board in its discretion.
- 18.2 If a Termination of Employment occurs and the employee is classified as a Good Leaver then subject to Rule 19, the Board shall in its discretion determine the extent, if any, to which unvested Rights shall vest and any remaining unvested Rights shall be forfeited.

19 Retirement Benefit Limit

Notwithstanding any other provision in these Rules, the Company is not required to provide or procure the provision of any benefit which would result in a breach by the Company of Division 2 of Part 2D.2 of the Corporations Act relating to termination benefits to any Participants who are the holder of a managerial or executive office unless any prior approval required from the Shareholders for the provision of such a benefit has been sought and obtained by the Company. The Company has no obligation to seek shareholder approval for a termination benefit for any Participants.

20 Change of Control

In the event of a Change of Control, all unvested rights that have not expired at the time of the announcement to the ASX of the Change of Control may be exercised for Shares which

will immediately vest based on the amount that would have been received had the Target performance level been reached.

21 Separate Clawback or Malus Policy

While the Group has a separate malus or clawback policy that applies to variable remuneration, and that policy addresses unvested and/or vested Rights, then in the event of any inconsistency between the Plan Rules and the policy, the latter shall prevail.

22 Employee Share Scheme Taxing Provisions to Apply

Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to this Plan including to all Rights granted under the Plan and all Shares that arise from the vesting of Rights.

23 Maximum Number of Shares

23.1 Existing Interest

No Eligible Person may accept an offer of a grant of Rights if at the time the offer is made, the Eligible Person owns, or has an interest in, or otherwise controls 10% or more of the issued share capital of the Company.

23.2 10% Limit

No Participant may continue to participate in this Plan if that Participant owns, or has an interest in, or otherwise controls 10% or more of the issued share capital of the Company.

23.3 Listing Rules generally

Performance Rights must not be exercised for Shares under this Plan if the grant would breach the limit on the issue of equity securities in ASX Listing Rule 7.1.

23.4 Plan Limit

Should the Company rely on a Class Order to make an Offer under the Plan, the total number of Shares issued at any time to Eligible Persons under this Plan must not exceed the maximum permitted under any Class Order providing relief from the prospectus regime of the Corporations Act 2001 (Cth) to ensure compliance with any relevant Class Order.

24 Board Determinations and Amendment of the Plan

- 24.1 A determination by the Board or a Board committee or a delegate of the Board may be evidenced by minutes of a meeting of the Board or Board committee or a record of a determination by the delegate (as applicable). Any such minute or determination shall be prima facie evidence of the determination in the absence of manifest error.
- 24.2 The Board may at any time by written instrument, or by resolution of the Board, amend or repeal all or any of the provisions of the Rules, including this Rule.
- 24.3 No amendment to or repeal of the Rules is to reduce the existing rights of any Participant in respect of any grant of Rights prior to the date of the amendment or repeal, other than with the consent of the Participant or where the amendment is introduced primarily:
- (a) for the purpose of complying with or conforming to the Listing Rules or a present or future State, Territory or Commonwealth legal requirement governing, regulating or effecting the maintenance or operation of the Plan or like plans;
 - (b) to correct any manifest error or mistake;
 - (c) to address possible adverse tax implications for Participants generally or the Group arising from:

- i. a ruling of any relevant taxation authority;
- ii. a change to tax legislation or the application or termination of the legislation or any other statute or law (including an official announcement by any relevant taxation or government authority);
- iii. a change in interpretation of tax legislation by a court of competent jurisdiction or by any relevant taxation authority; or
- iv. to enable the Group to comply with the Corporations Act or the Listing Rules.

25 Not Exclusive Method of Providing Variable Remuneration

This Plan shall not be an exclusive method of providing variable remuneration for employees of the Group, nor shall it preclude the Group from authorising or approving other forms of variable remuneration.

26 No Right to Continued Employment

Neither the establishment of the Plan nor grant or vesting of Rights or any other action under the Plan shall be held to confer upon any Participant the right to continue in the employment of the Group or affect any rights the Group may have to terminate the employment of the Participant.

27 Relationship to Other Plans

Participation in the Plan shall not affect or be affected by participation in or payment under any other plan of the Group, except as otherwise determined by the Board.

28 Notices

- 28.1 A notice (meaning for the purposes of this Rule 28, notice, application, permission or other communication) under the Rules or in connection with the Plan may be given in writing, addressed to the person to whom it is given, and is taken to be given and received if sent in accordance with Rules 28.2, 28.3 or 28.4.
- 28.2 For the purposes of Rule 28.1 a notice is duly given and received by the Company or another Company if sent to the Company by pre-paid mail or by facsimile or other electronic communication, to an address at which it is actually received by:
- (a) the person who is, from time to time, designated by the Board as the person to whom the notice should be sent or by whom it should be received, and whose name or title and address are notified to the sender; or
 - (b) if no other person is designated by the Board for this purpose, the secretary of the company.
- 28.3 For the purposes of Rule 28 notice is duly given and received by a company other than a Company if sent to the company:
- (a) by pre-paid mail to its registered office; or
 - (b) by facsimile or other electronic communication to the last known facsimile or other electronic communication address of its registered office.
- 28.4 For the purposes of Rule 28.1 a notice is duly given and received by a natural person (other than a person referred to in Rule 28.1) if sent to:
- (a) the person's last known mailing address or the person's last known facsimile or other electronic communication address; or
 - (b) in the case of a Participant who has not ceased to be an employee of the Group, to the last known mailing, facsimile or other electronic communication address of the place

of business at which the person performs the whole or substantially the whole of his or her employment.

- 28.5 A notice given under Rule 28.1 to a person being a natural person (referred to in Rule 28.4), is duly given even if the person is then deceased (and whether or not any Company has notice of his or her death), unless the legal personal representative of the person has established title to this position to the satisfaction of the Company and supplied to the Company an address to which documents should be sent.
- 28.6 A notice sent in accordance with Rule 28.1 is treated as given and received:
- (a) in the case of a notice sent to the Company or another Company, at the time it is actually received by the appropriate person referred to in Rule 28.1;
 - (b) in the case of any other notice sent by prepaid mail, 48 hours after it was put into the post properly stamped; and
 - (c) in the case of any other notice sent by facsimile or other electronic communication, at the time of transmission.

29 Constitution

The Rules are subject to the Company's constitution. Each Participant holds all Shares subject to the Company's securities trading policy and all applicable laws from time to time.

30 Attorney

Each Participant, in consideration of a grant of Rights:

- (a) irrevocably appoints the Company and any person nominated from time to time by the Board (each an "attorney"), severally, as the Participant's attorney to complete and execute any document or other agreement to give effect to these Rules and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of these Rules,
- (b) covenants that the Participant shall ratify and confirm any act or thing done pursuant to this power,
- (c) releases the Company, the Board, each Group Member and each attorney from any liability whatsoever arising from the exercise of the powers conferred by this clause, and
- (d) indemnifies and holds harmless the Company, the Board, each Group Member and the attorney in respect of such liability.

31 Listing Rules

While the Company remains admitted to the official list of ASX, the Listing Rules apply to the Plan. To the extent there is any inconsistency between the Rules and the Listing Rules:

- (a) the Listing Rules prevail; and
- (b) these Rules must be interpreted and applied subject to the requirements of the Listing Rules.

32 Plan Costs

- 32.1 The Company will pay all costs that may arise in connection with the acquisition of Shares by a Participant on vesting of Rights, including any brokerage, commission or other transactions.

32.2 Participants are responsible for their own costs of disposing of any Shares acquired under the Plan.

33 Effective Date of these Rules

These rules will be effective from date of approval by the Board and will continue until the Plan is amended or terminated.

34 Governing Law

These Rules are governed by the laws of New South Wales, Australia.

35 Dictionary

Unless the context otherwise requires, the following terms and abbreviations have the following meanings.

ASX	means ASX Limited ABN 98 008 624 691 or the or the financial market operated by it, as appropriate in the context;
Bad Leaver	means a Participant who ceases to be an employee of the Group for reasons classified by the Board as not qualifying for being a Good Leaver;
Board	means the Board of Directors of the Company;
Company	means SHAPE Australia Corporation Limited ACN 654 729 352;
Change of Control	means when: <ul style="list-style-type: none">(a) a bona fide takeover bid (within the meaning of the Corporations Act) is declared unconditional and the bidder has acquired a Relevant Interest in at least 50.1% of the Company's issued Shares;(b) a person obtains Voting Power in the Company which the Board (being the Directors before that person obtains the Voting Power), acting in accordance with their duties, determines to be sufficient to control the composition of the Board; or(c) there is an analogous event which the Board, acting in accordance with their duties, determines to be a 'Change of Control';
Class Order	means an order made by ASIC providing conditional relief from disclosure and licensing provisions of the Corporations Act 2001 (Cth) for certain offers involving securities made to employees under an employee share scheme.
Corporations Act	means the <i>Corporations Act</i> 2001 (Cth);
Director	means a member of the Board whether in an executive or non-executive capacity;

Disclosure Document	has the same meaning as in section 9 of the Corporations Act;
Effective Date	means a date determined by the Board upon which a decision by the Board takes effect, which may be a past, present or future date, and may be different from the date upon which the event occurs or is recorded;
Eligible Person	means a senior manager of the Group or any other employee or officer of the Group whom the Company considers should be invited to participate in the Plan.
Exercise Price	Means the amount, if any, payable to exercise a Right.
Good Leaver	means a Participant who ceases to be an employee of the Group for reasons including: death, total and permanent disablement, permanent retirement from the workforce with the Board's prior written consent, and other circumstances determined by the Board from time to time;
Grant Notice	means the document issued to a Participant to notify them that a grant of Rights has been made to them, which must include the date of the grant;
Group	means the Company and its Related Bodies Corporate;
Holding Lock	means a prohibition on dealing with Shares during the Holding Lock Period as defined in Chapter 19 of the Listing Rules.
Holding Lock Period	means, where the Measurement Period is less than three years, the period starting on the date the relevant Shares are acquired by the Participant and ending on the date that is three years after the commencement of the Measurement Period;
Listing Rules	means the official listing rules of the ASX as they apply to the Company from time to time;
Managing Director	means a Director who simultaneously holds the most senior executive role within the Company;
Measurement Period	means in relation to Rights means the period or periods applying to the vesting of the Rights;
Participant	see Rule 7;
Plan	SHAPE Australia Corporation Limited Senior Executive Long Term Incentive (SELT) Rights Plan.
Related Bodies Corporate	Has the meaning in section 50 of the Corporations Act.
Relevant Interest	has the meaning in section 608 of the Corporations Act;
Right	means an entitlement to a Share subject to performance related Vesting Conditions being satisfied;

Rules or Plan Rules	means these Rules that govern the Plan;
Shareholders	means those persons who hold Shares;
Share	means a fully paid ordinary share in the Company,
Tranche	means a group of Rights defined by the fact that each Right in the group has identical terms and features;
Term	means the period between the date of grant of a Right and the date on which it will vest or lapse unless otherwise determined by the Board and specified in the Grant Notice;
Termination of Employment	means a cessation of employment or engagement of a Participant with the Group;
Vesting Notice	means the document issued to a Participant to notify them that Rights have vested, including the date of vesting;
Vesting Conditions	means conditions that must be satisfied in order for vesting of a Right to occur, as contemplated in Rule 10.
Vesting Date	means the date on which unvested Rights become vested, as specified in a Vesting Notice;
Volume Weighted Average Price	means the volume weighted average price of trading of Shares sold on the ASX market over the 10 trading days up to but excluding the Vesting Date.
Voting Power	has the same meaning as in section 610 of the Corporations Act;
\$	Australian Dollars.



SHAPE Australia Corporation Limited
Senior Executive Long Term
Incentive Rights Plan (SELT)
Explanatory Booklet

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SHAPE Australia Corporation Limited

Senior Employee Long Term Incentive Rights Plan (SELT)

1 Issuer Details

SHAPE Australia Corporation Limited ACN 654 729 352 is an Australian public company and the applicable contact details are:

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2 Disclaimer – No Financial or Tax Advice Given Herein

This Explanatory Booklet relates to the SHAPE Australia Corporation Limited Senior Employee Long Term Incentive Rights Plan (the Plan). It should be read in conjunction with your Invitation/Grant Notice and the Plan Rules (Rules) which govern the operation of the Plan.

This Explanatory Booklet has been prepared by SHAPE Australia Corporation Limited (SHAPE, the Company) and is designed to assist you in deciding whether participation in the Plan is appropriate for you. The information in this Explanatory Booklet does not take into account your personal objectives, financial situation and needs.

No prospectus or other disclosure document will be issued by the Company in respect of your participation in the Plan or the grant to you of performance rights.

Any advice given by the Company in connection with this booklet is general advice only. Importantly the Invitation/Grant Notice and this Explanatory Booklet are not financial product advice, and you should be aware that your participation in the Plan may have taxation and other financial consequences for you. You should obtain professional advice from a person licensed by the Australian Securities & Investments Commission to provide financial products advice in relation to your participation in the Plan before accepting an Invitation or grant to you of performance rights.

The capitalised terms used in this Explanatory Booklet have the meanings indicated in the section of the Rules titled “Dictionary”.

3 Background

The Group has adopted a senior executive remuneration strategy under which senior executive remuneration is composed of three components being Fixed Pay, Short Term Variable Remuneration (STVR) and Long Term Variable Remuneration (LTVR). The mix of STVR and LTVR reflects the necessity to focus on both short-term delivery of business plans and longer term, sustainable growth in Shareholder value.

The LTVR has been designed to align the interests of Participants with Shareholder interests by providing Participants with the opportunity to receive Shares through this element of the remuneration strategy. Participants should be aware that there may be tax consequences flowing from participation in this Plan. While this document contains no financial or tax advice, the typically expected taxing points for Participants are addressed in the latter part of this document.

4 The Financial Instrument – Share Right

The Plan involves the granting of a share right (Right) which entitles the Participant, if the relevant performance or vesting conditions are satisfied, to receive a fully paid ordinary share in the Company (Share). All Rights that do not satisfy the relevant performance condition at the time for vesting, lapse and have no further effect.

5 Participation

Each year the Company intends to select and grant to Eligible Persons Rights under the Plan. The Board of SHAPE will decide:

- those Eligible Persons,
- the numbers of Rights that each Eligible Person will be granted, and
- the terms and conditions of the Plan including Vesting Conditions.

If you are granted Rights in any particular year, you will receive notice of the grant setting out the relevant details concerning those Rights.

While the Company intends to consider granting Rights annually this may not happen and the terms of the Plan may be altered, suspended or terminated. Being granted Rights in any year does not confer on any employee any entitlement to ongoing employment or guarantee that they will receive any future grant of Rights.

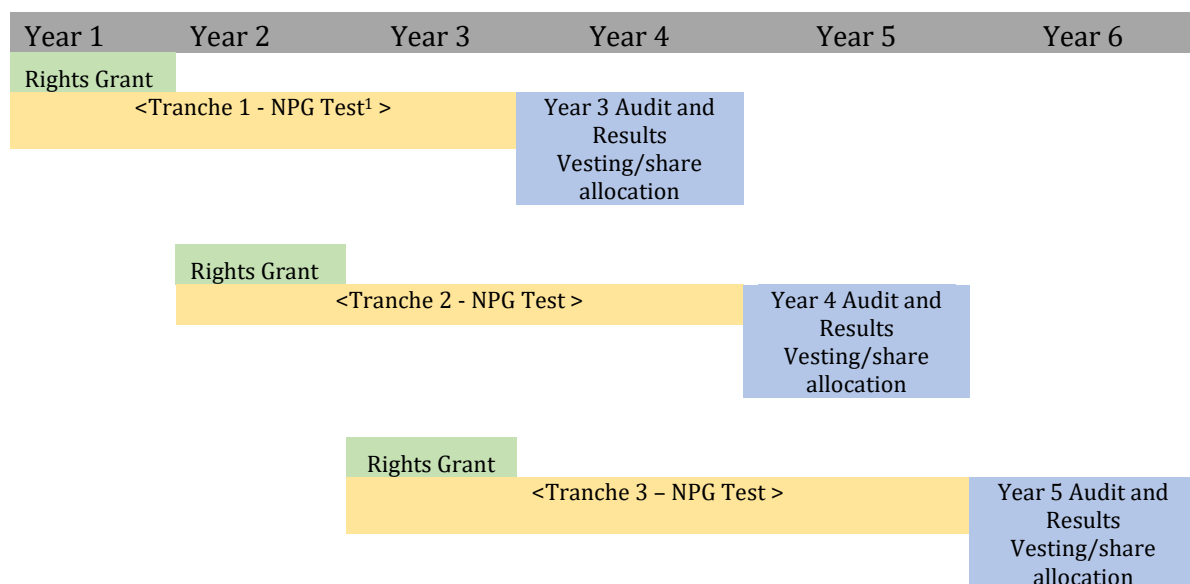
6 Worked Example

6.1 Illustration

Following is a worked example which is used to explain the intended operation of the Plan. It is based on certain assumptions such as the granting Share Price and dividend rate.

THIS IS A FICTITIOUS EXAMPLE FOR ILLUSTRATIVE PURPOSES ONLY.

The following chart illustrates the likely timing of key points involved in the operation of the plan:



¹ The 'NPG Test' is explained below.

6.2 Assumptions

For purposes of this example the following is assumed:

- the Fixed Pay is \$250,000 per annum,
- a target LTVR benefit of 10% of Fixed Pay (\$25,000) is intended for Target performance (Target LTVR%), with a stretch opportunity of up to double that amount ie 20% of Fixed Pay (\$50,000)
- The LTVR benefit will be in the form of Rights subject to the following Vesting Conditions:
 - performance is measured by reference to what is referred to as Profit before Income Tax and Employee Profit Share in the Group's management accounts (called Net Profit or NP in this booklet)
 - Net Profit Growth (NPG) as the sole performance measurement, and
 - Continued service with a Group Company up until the Vesting Date applies,
- The Share Price at the beginning of Year 1 is \$1.61,
- Annual dividends over the measurement period are estimated by the Board as being 16 cents per share per annum,
- the Measurement Period is 3 years, commencing on the first day Year 1 and ending on the last day of Year 3,
- the Net Profit for the year prior to the Measurement Period was \$18,716,630.
- the Net Profit for the final year of the Measurement Period was \$24,331,675.
- the Share Price at the last day of the Measurement Period is \$2.09, and
- the Rules contain terms and conditions that could interrupt the normal process applicable to Rights, such as in the case of a termination of employment or a Change of Control event arising; it is assumed that such events do not occur during the Measurement Period.

6.3 Example Rights Grant Calculation

The Board approves the grant of Rights to be made based on the calculations outlined below.

Right Value	=	Share Price	-	Estimated Annual Dividend over Measurement Period	x	Years in Measurement Period
	=	\$1.61	-	\$0.16	x	3
	=	\$1.61	-	\$0.48		
	=	\$1.13				
Number of Rights	=	Participants Fixed Pay	x	Stretch LTI%	÷	Rights Value
	=	\$250,000	x	20%	÷	\$1.13
	=	\$50,000	÷	\$1.13		
	=	44,248				

It should be noted that this number of Rights (the grant number) represents the maximum/stretch level of award. If Target performance is achieved exactly, but no element of stretch performance, 50% of this number of Rights will vest, and 50% will lapse, delivering the intended Target LTVR reward as valued at grant date. Any growth in share price between the

grant calculation and the date of sale of Shares, as well as dividends declared and paid on the shares, will flow as a benefit to the Participant.

6.4 Determining the Vesting Percentage at the End of the Measurement Period

The vesting of the Rights will be determined by reference to compound annual growth rate of NP between the base year (year prior to commencement of the Measurement Period) and the final year of the Measurement Period and applying the following scale:

Performance Level	Standard of Performance: CAGR for EPS Growth Over Measurement Period	Vesting % of Tranche
Stretch	$\geq 12.00\%$	100%
Between Target & Stretch	$> 8.00\% \ \& \ < 12.00\%$	Pro-rata
Target	8.00%	50%
Between Threshold & Target	$> 5.00\% \ \& \ < 8.00\%$	Pro-rata
Threshold	5.00%	25%
Below Threshold	$< 5.00\%$	0%

Actual NPG for this example was calculated to be 9.14% as follows:

$$\text{CAGR} = \left(\left(\frac{\text{FYV}}{\text{BYV}} \right)^{\left(\frac{1}{\text{YinMP}} \right)} - 1 \right)$$

$$\left(\left(\frac{\$24,331,675}{\$18,716,630} \right)^{\left(\frac{1}{3} \right)} - 1 \right)$$

$$9.14\%$$

CAGR = Compound Annual Growth Rate
 FYV = Final Year Value
 BYV = Base Year Value
 YinMP = Years in Measurement Period

Based on this NPG result the following level of vesting was calculated:

$$\text{Actual Award} = \text{Target Award} + (\text{Stretch Award} - \text{Target Award}) \times \left(\frac{\text{Actual Result} - \text{Target Performance Goal}}{\text{Stretch Performance Goal} - \text{Target Performance Goal}} \right)$$

$$= 22,124 + (44,248 - 22,124) \times \left(\frac{9.14\% - 8.0\%}{12\% - 8.0\%} \right)$$

$$= 22,124 + 22,124 \times \frac{1.14\%}{4\%}$$

$$= 22,124 + 6,305$$

$$= 28,429$$

Please note that vesting cannot result in fractional outcomes and outcomes will be rounded.

The Participant was issued with a Vesting Notice notifying them that 28,429 Rights vested and that number of Shares would be allotted in their name. Note that 15,819 Rights (44,248 - 28,429) did not vest and lapsed because the Stretch performance target was not achieved.

6.5 Tax liability on vesting of Rights and allocation of shares

At the time of vesting and allotment of the Shares, the Shares had a value of \$2.09 each. Thus, the assessable income to be taxed was \$59,417 (28,429 x \$2.09).² At the current top marginal rate of personal income tax including Medicare Levy of 47%, the tax payable would be \$27,926.

The shareholder will need to meet this tax liability when it falls due for payment.

If the shareholder does not have sufficient available funds to meet the tax liability, the following options may be available to assist in meeting some or all of the liability:

- Selling sufficient shares to meet the liability, subject to complying with the Company's securities trading policy and all applicable laws. (This option will not be available in respect of shares that are subject to escrow, Holding Lock or other restrictions on disposal.)
- Borrowing funds from the Group. If the operating cash requirements of the Group allow in any year, a loan may be available from the Group to assist the shareholder in satisfying the tax liability, subject to complying with the financial assistance rules in the Corporations Act. There is no guarantee that such loan will be made available in any particular year. The loan terms and conditions, if a loan is made, will be determined by the Group at the time it is made.

SHAPE makes no warranty that these means of possible assistance in paying a tax liability will be available to any holder of Rights on the Rights vesting and the acquisition of unrestricted shares in SHAPE.

Consistent with the expected tax outcome described above, the Participant would be expected to have a tax cost base for the shares acquired equal to the amount assessable – being \$59,417 in the current example. Any further future gain (or loss) made on the disposal of the shares relative to this cost base would be expected to be treated as capital gain (or loss).

For completeness, any Rights which do not vest and which lapse (in this example, 15,819 Rights) should not give rise to any tax consequences for Participants.

END OF EXAMPLE ILLUSTRATION

7 Termination of Employment

If a Termination of Employment occurs and is classified as a Bad Leaver event then all unvested Rights will be forfeited, unless and to the extent otherwise determined by the Board in its discretion.

If a Termination of Employment occurs and is classified as a Good Leaver event then the Board shall in its discretion determine the extent, if any, to which unvested Rights shall vest and any remaining unvested Rights shall be forfeited.

² Note that this assumes that the Shares are retained by the Participant for more than 30 days. If disposal of Shares was to occur within 30 days, a slightly modified taxing point would arise – see broader outline of tax implications at 13 following.

8 Fraud, Gross Misconduct etc.

In the event that the Board forms the opinion that a Participant has committed an act of fraud, defalcation or gross misconduct in relation to the Group then the Participant will forfeit all unvested Rights.

9 Preventing Inappropriate Benefits

The Board has sole discretion to determine that some or all unvested Rights held by a Participant lapse on a specified date if allowing the Rights to vest would, in the opinion of the Board, result in an inappropriate benefit to the Participant. Such circumstances include but are not limited to:

- (a) if a Participant engages in any activities or communications that, in the opinion of the Board, may cause harm to the operations or reputation of the Group or the Board,
- (b) if the Board determines that a Participant or Participants took actions that caused harm or are expected to cause harm to the Group's stakeholders,
- (c) if the Board forms the view that a Participant or Participants have taken excessive risks or have contributed to or may benefit from unacceptable cultures within the Group,
- (d) if the Board forms the view that Participants have exposed employees, the broader community or environment to excessive risks, including risks to health and safety,
- (e) if a Participant joins a competitor (unless otherwise determined by the Board),
- (f) if there has been a material misstatement in the Group's financial reports, which once resolved, indicates that a larger number of Rights previously vested than should have, in light of the corrected information.

10 Change-in-control

In the event of a Change of Control (e.g. a bona fide takeover bid is declared unconditional), all unvested rights will immediately vest based on the amount that would have been received had the Target performance level been reached

11 Vesting and allocation of Shares

Unless the Board otherwise determines prior to the grant of a tranche of Rights, there will be no disposal or sale restrictions by reason only of the Plan Rules on Shares received by an executive when Rights vest where the performance measurement period is at least 3 years. Other disposal or sale restrictions will apply, including under the Company's securities trading policy. If the performance measurement period is less than 3 years, any Shares received by an executive when rights vest will not be capable of being sold or otherwise disposed of under the Plan Rules until the date that is 3 years after the commencement of the performance measurement period.

12 Amendment of the Plan

The Board may at any time by written instrument, or by resolution, amend all or any of the provisions of the Rules. No amendment to the Rules may reduce a Participant's existing rights in respect of any Invitation that had commenced prior to the date of the amendment, other than with the Participant's consent or where the amendment is introduced primarily:

- for the purpose of complying with or conforming to the Listing Rules or a present or future State, Territory or Commonwealth legal requirements governing, regulating or affecting the maintenance or operation of the Plan or like plans,
- to correct any manifest error or mistake,
- to address possible adverse tax implications for Participants generally or the Group arising from:
 - a ruling of any relevant taxation authority,
 - a change to tax legislation (including an official announcement by any relevant taxation or government authority), or
 - a change in interpretation of tax legislation by a court of competent jurisdiction or by any relevant taxation authority, or
 - to enable the Group to comply with the *Corporations Act* or the Listing Rules.

13 Assumed Australian Taxation Implications

Taxation laws are complex and may change from time to time. Therefore, Participants should seek advice from their professional taxation advisors on the taxation implications of becoming a Participant in the Plan.

As a general guide, the following are the expected taxation implications for Participants at the time of preparing this document.

- a) Assuming that the Participant remains employed with the Group³, unvested Rights should not be taxable as income at any time prior to vesting.
- b) Shares received during employment or on termination of employment with the Group that arise from the vesting of Rights will generally be taxed as income based on the Share Price at the time the Rights vest. However, if shares acquired from the rights are disposed of within 30 days of acquiring the shares, the amount taxed to the Participant will be the market value of the shares at the time of sale of shares, rather than the time that the Rights vest.
- c) Rights that lapse prior to vesting or that are forfeited should not give rise to a tax liability for Participants.
- d) The tax cost base of shares acquired via the Rights (assuming that the shares are held for at least 30 days, so that the 30 day sale rule referred to in a) does not apply) should be equal to Share Price at the time of vesting. Any further future gain (or loss) made on the disposal of the shares relative to this cost base would be expected to be treated as capital gain (or loss).
- e) Where the participant sells the shares at least 12 months after acquiring the shares, CGT discount may be available on any capital gain realised, depending on whether the Participant qualifies for the capital gains tax concessional tax treatment. For this purpose, the 12 month period commences when the Rights vest and the shares are acquired.

Employers that provide shares and rights to employees have annual reporting obligations both to Participants and also the Australian Taxation Office. You will be provided with an annual

³ Under current tax law, if Rights were retained after cessation of employment, termination of employment would give rise to a taxing point. The Federal Government has announced a change to remove this rule, but at the time of writing this change had not been legislated.

statement in respect of any Rights that are understood to have given rise to a taxing event during the year.

14 Administration and Costs

This Plan will be administered by the Company, or the Board may appoint an Administrator to administer the Plan on its behalf. The Company will meet all the costs of operating the Plan for Eligible Persons.

15 Cooling Off Arrangements

There are no cooling-off arrangements applicable to the Rights.

16 Complaints Handling/Dispute Resolution Procedures

There are no formal procedures to deal with complaints or disputes concerning your participation in the Plan but any enquiries or concerns should be raised with the Company Secretary.

17 Typical Questions and Responses

Following are questions that may have arisen as you read this Guide:

Questions	Responses
Can I apply for additional Rights?	No. The Board decides how many Rights each employee is invited to apply for.
If I elect not to participate in the Plan will the Group compensate me in another form such as additional salary?	No.
Can I keep Shares acquired under the Plan?	Yes. Note however if you keep the Shares you could be exposed to loss should the Share Price subsequently fall. Keeping or selling the Shares is a personal decision on which you should seek independent professional advice.
Will I get Shares every year during the relevant 3 year measurement period for a specific grant of Rights?	<p>No, the Measurement Period is 3 Years, and in the normal course of events, no vesting will occur prior to the end of this period.</p> <p>Only at the end of the 3 year measurement period will Rights be subject to testing for vesting against the Vesting Conditions, at which point they will be converted to shares.</p> <p>Assuming the Plan operates for other years during a 3 year measurement period for a particular grant of Rights, as presently intended by the Board, additional Rights may be granted during that 3 year measurement period.</p>
Can I get the Rights awarded in Cash instead of shares?	No, Rights may only be settled in Shares.
What if we miss our objectives as specified in the Vesting Conditions?	In the event that the minimum performance required to trigger vesting for a Tranche is not achieved over the Measurement Period, no Rights will have vested and no shares will be allocated. The only exception is where the Board determines, in its absolute discretion, that special circumstances exist that would justify such vesting.
How much do I have to pay for the Shares?	You do not have to pay anything for the Shares that are allocated when Rights vest.
What happens to Rights that don't vest?	Rights that don't vest, lapse. No consideration is payable to the holders of Rights that lapse.

<p>What happens to the number of shares I get if growth targets are met in some years and not others?</p>	<p>The vesting of the Rights will be determined by reference to compound annual growth rate of net profit between the base year (year prior to commencement of the measurement period) and the final year of the measurement period, rather than on an individual year basis.</p>
<p>How are the base values for each measurement period determined?</p>	<p>The net profit for a particular financial year becomes the base value for the subsequent 3 year measurement period. eg net profit for FY19 is the base year for the 3 year measurement period 1 July 2019 to 30 June 2022 and net profit for FY20 will be the base year for the 3 year measurement period 1 July 2020 to 30 June 2023.</p>
<p>Will I pay tax on my Rights and, if so, when?</p>	<p>Rules relating to the taxation of employee shares and rights are complex and you should seek tax advice relevant to your own circumstances.</p> <p>However, as noted in the general guidance provided at section 13 of this Explanatory Booklet, Rights would generally be taxable to you when they vest at their value at that time, although there are exceptions to this general rule. For example, if shares are sold within 30 days of vesting, the taxing point will be the time of sale. Also, if there are sale restrictions over your shares (where there is a shorter measurement period), the taxing point may be deferred until the time at which the sale restrictions are lifted.</p> <p>Rights that do not vest and lapse should not be taxable to you.</p> <p>For shares retained from the Rights issue, the cost base of these shares for CGT purposes would generally be the amount assessed to you at the taxing point referred to above.</p>