



Armidale Investment
CORPORATION

ASX Company Announcements

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The Manager
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20 Bridge Street
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Andrew Grant and Cameron McCullagh - Remuneration Package for Joint Managing Directors

Following the appointment of Mr Cameron McCullagh as Joint Managing Director alongside Mr Andrew Grant (the "Managing Directors") and the recent settlement of various partial acquisitions previously announced, Armidale Investment Corporation Limited (AIK) has undertaken a review of the Managing Director contracts.

As a result of these reviews, AIK advises that updated Executive Services Agreements have been entered into with the Managing Directors and notes the main terms of Mr Andrew Grant and Mr Cameron McCullagh's updated remuneration agreements.

The terms and conditions of the respective Managing Directors contracts of employment are attached as an addendum to this release.

For further information please contact:

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Joint Managing Director

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Company Secretary

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SUMMARY OF EXECUTIVE EMPLOYMENT AGREEMENT AND REMUNERATION PACKAGE

FOR MR ANDREW GRANT AND MR CAMERON MCCULLAGH

The following sets out a summary of the Employment Agreements for Mr Andrew Grant and Mr Cameron McCullagh as joint Managing Directors (the “Managing Directors”) for Armidale Investment Corporation Limited (AIK).

Annual Leave

The annual leave to which the Managing Directors are entitled under the *Fair Work Act 2009* (Cth) (as varied or replaced), which is currently 20 days per annum, is cumulative and pro-rata per year of service.

In addition, Mr Grant is entitled to a further 30 days’ paid annual leave per annum. This is not pro-rata per year of service. The annual leave offered by AIK in addition to the statutory minimum entitlement must be taken within 12 months of becoming entitled to that leave and does not accrue from year to year.

Annual leave must be taken in accordance with AIK’s policies and at a time agreed by AIK having regard to the operational requirements of AIK.

Personal/Carer’s Leave, Compassionate Leave and Long Service Leave

The Managing Directors are entitled to 10 days’ paid Personal/Carer’s leave for each 12 months of service and 2 days’ unpaid Carer’s leave per occasion.

The Managing Directors are entitled to take up to two days of paid compassionate leave per occasion and long service leave in accordance with relevant legislation.

Restrictions after employment

To protect AIK’s commercial information and trade contacts, the Managing Director’s contracts clearly define post-employment restrictions which shall apply for a period of six months upon termination of employment.

Termination

The key terms of the termination clause are:

The Managing Directors or AIK may terminate the employment contract by giving 12 weeks’ notice in writing. AIK may provide payment in lieu of all or any part of this notice period.

AIK may, without prejudice to any other right or remedy which it may have against either Managing Director, at any time by notice in writing, terminate a Managing Director’s employment with immediate effect (and without any obligation to give a Managing Director prior notice or payment in lieu of such prior notice) if he:

- a) is guilty of gross misconduct (including, but not limited to theft, fraud, or assault);
- b) is grossly negligent or otherwise incompetent in the performance of the duties of the Position;
- c) commits a serious or persistent breach of the terms of this contract;
- d) refuses to carry out a lawful and reasonable instruction that is consistent with this contract;



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- e) becomes bankrupt or suspends payment or compounds with or assigns his estate for the benefit of his creditors; or
- f) commits a crime or other civil wrong, which in the reasonable opinion of the Employer, may seriously impact on the Executive's ability to perform the duties of any of the Position or is likely to significantly damage the reputation or business of the Employer.

Remuneration

1. Key Terms

The key terms of Mr Grant and Mr McCullagh's remuneration are outlined in the table below.

	Mr Andrew Grant Per Annum	Mr Cameron McCullagh Per Annum*
Annual Base Salary	\$330,384.40	\$190,384.40
Superannuation (9.50%)	\$19,615.60	\$19,615.60
Total Fixed Remuneration Package	\$350,000.00	\$210,000.00

* Mr McCullagh's pay is based on 840 hours of work per annum

2. Annual Short Term Incentive (STI)

In addition to the Total Annual Remuneration Package, AIK will pay an annual short term incentive directly aligned to the performance of AIK's investment in Hal Group (Hal) to Mr Grant (the "Executive") as outlined below;

Hal STI

Mr Grant currently has a short term incentive which is rolled over into the updated Executive Service Agreement.

The Hal STI is linked to lease originations based on the Original Equipment Cost (OEC) of originations in each year. Allocation to the bonus pool will only commence when 80% of the budgeted lease OEC has been reached in each financial year. Once 80% of OEC origination has been achieved 0.125% of total OEC will be paid. Once 100% and above of OEC origination has been achieved 0.25% of total OEC will be paid.

The following table sets out how the bonus pool will operate:

<u>Year</u>	<u>Budgeted Origination</u>	<u>Bonus %</u>	<u>80% Budgeted</u>	<u>STI Payable @80%</u>	<u>Bonus %</u>	<u>STI Payable @ 100%</u>
<u>2015</u>	<u>\$23,000,000</u>	<u>0.125%</u>	<u>\$18,400,000</u>	<u>\$23,000</u>	<u>0.25%</u>	<u>\$57,500</u>
<u>2016</u>	<u>\$27,000,000</u>	<u>0.125%</u>	<u>\$21,600,000</u>	<u>\$27,000</u>	<u>0.25%</u>	<u>\$67,500</u>



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<u>2017</u>	<u>\$29,000,000</u>	<u>0.125%</u>	<u>\$23,200,000</u>	<u>\$29,000</u>	<u>0.25%</u>	<u>\$72,500</u>
<u>2018</u>	<u>\$29,000,000</u>	<u>0.125%</u>	<u>\$23,200,000</u>	<u>\$29,000</u>	<u>0.25%</u>	<u>\$72,500</u>
<u>2019</u>	<u>\$33,000,000</u>	<u>0.125%</u>	<u>\$26,400,000</u>	<u>\$33,000</u>	<u>0.25%</u>	<u>\$82,500</u>

For the avoidance of doubt the following example sets out a STI payment for FY2015

Hal Group OEC of lease origination \$23,000,000, STI payable in cash of \$57,500

This is conditional on the remaining in the employment of AIK during the entire period up to the date that the audited financial statements are signed.

3. Long Term Incentive

Mr Grant currently has a long term incentive which is rolled over into the updated Executive Service Agreement, based on AIK's share price. If the value of AIK's share price exceeds 15 cents per share during the three years ending 30 June 2017 and is maintained or exceeded in that period on an average basis for a minimum of three months, AIK will pay a bonus of \$150,000 inclusive of superannuation. A pro rata payment will be made for any increase in the AIK share price, based on the above formula that is up to 23 cents per share. For the avoidance of doubt, by way of examples; a 15 cent share price would result in a bonus of \$150,000, a 20 cent share price a bonus of \$368,750 and 23 cents would result in a bonus of \$500,000. This is conditional on the Executive remaining in the employment of AIK during the entire period.

- In the event of a Material Event occurring during the term of the agreement, AIK may change the operation of the LTI and targets will be re-assessed, but not to the detriment of the Executive.
- The LTI is payable in cash, within 30 days of the date of the signed audit report at the end of the assessment period (30 June 2017). However, AIK can opt to pay the bonus in shares, where a cash payment would be deemed to cause an insolvency event.

4. Cameron McCullagh – Permitted Role

Other than the role undertaken by Mr McCullagh with the Employers Mutual Group including its subsidiary or associated businesses from time to time including specifically ASWIG Unit Trust, A S White Global Pty Ltd, Employers Mutual Management Pty Ltd and EMLife (the Permitted Role), Mr McCullagh must not undertake any activity, without the prior consent of the Board, which may either compromise or give rise to a conflict with his duties and responsibilities or the business interests of the Employer.

Mr McCullagh has a broad portfolio of business interests and in respect of each he has an active interest (including through the Permitted Role). From time to time actual or potential conflicts may arise and in such case he must immediately disclose in writing to the Employer any potential or actual conflicts of interest.

Subject to this full disclosure, Mr McCullagh will be entitled to participate in all business discussions relating to the Group and will refrain from any decision making where an actual or potential conflict arises or as the Chair of the Board deems appropriate on a case by case basis.