

**MYOB Group Limited**  
**ACN 153 094 958**

**Notice of Annual General Meeting**

Notice is hereby given that the Annual General Meeting (**AGM**) of shareholders of MYOB Group Limited (the **Company** or **MYOB**) will be held at:

45 Clarence Street, Sydney NSW 2000

on

Thursday, 28 April 2016  
at 10:00am (AEST)

## **BUSINESS OF THE AGM**

### **Item 1- Consideration of MYOB Financial Reports**

To receive and consider the Financial Report, Directors' Report and Auditor's Report for the year ended 31 December 2015.

### **Item 2 - Remuneration Report**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That the Remuneration Report, which forms part of the Directors' Report for the year ended 31 December 2015, be adopted."*

#### **Voting exclusions**

A vote on this Item 2 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) any member of the Company's key management personnel (**KMP**), details of whose remuneration are included in the Remuneration Report; or
- (b) a closely related party of such a member.

However, a person (the voter) described above, may cast a vote on this Item 2 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy in writing that specifies the way the proxy is to vote on this Item 2; or
- (b) the voter is the Chairman of the AGM and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on this Item 2; and
  - (ii) expressly authorises the Chairman to exercise the proxy even though that resolution is connected directly or indirectly with remuneration of a member of the Company's KMP.

Note: As per the Corporations Act 2001 (Cth) section 250R, the vote on this resolution will be advisory only and will not bind the Directors of the Company.

### **Item 3 – Re-election of Mr Justin Milne**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

*"That Mr Justin Milne, a Non-Executive Director of the Company, and being eligible, offers himself for election, be re-elected as a Director of the Company."*

A summary of Mr Milne's background and experience is set out in the Explanatory Memorandum.

### **Item 4 - Re-election of Paul Edgerley**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

*"That Mr Paul Edgerley, a Non-Executive Director of the Company, and being eligible, offers himself for election, be re-elected as a Director of the Company."*

A summary of Mr Edgerley's background and experience is set out in the Explanatory Memorandum.

### **Item 5 - Approval of the MYOB Group Limited Executive Share Plan**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

*"That for the purposes of exception 9 of ASX Listing Rule 7.2, sections 259B(2) and 260C(4) of the Corporations Act 2001 (Cth) and for all other purposes, the MYOB Group Limited Executive Share Plan and future issues of securities under that plan, as described in the Explanatory Memorandum, be approved."*

### **Voting exclusions**

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Item 5 by a Director of the Company (except one that is ineligible to participate in any employee incentive in relation to the Company) and any associates of such Directors. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the Chairman of the AGM as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, in accordance with the Corporations Act 2001 (Cth), the Company's KMP and their closely related parties are not permitted to cast a vote on Item 5 as a proxy for another person who is permitted to vote, unless the appointment of proxy either:

- specifies the way the proxy is to vote on Item 5; or
- expressly authorises the Chairman of the AGM to exercise the undirected proxies even if the resolution is directly or indirectly connected with the remuneration of a member of the KMP.

### **Item 6 - Approval of issue of shares and associated loan to Mr Tim Reed under the Executive Share Plan**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

*"That, conditional upon Item 5 being approved, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for:*

- (a) *the issue and allotment to Mr Tim Reed of ordinary shares under the Executive Share Plan as described in the Explanatory Memorandum; and*
- (b) *the provision of a loan to Mr Tim Reed to assist him in acquiring the shares issued under the Executive Share Plan, as described in the Explanatory Memorandum."*

### **Voting exclusions**

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Item 6 by any Director of the Company who is eligible to participate in the MYOB Group Limited Executive Share Plan) and any associates of such Directors. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the Chairman of the AGM as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, in accordance with the Corporations Act 2001 (Cth), the Company's KMP and their closely related parties are not permitted to cast a vote on Item 6 as a proxy for another person who is permitted to vote, unless the appointment of proxy either:

- specifies the way the proxy is to vote on Item 6; or

- expressly authorises the Chairman of the AGM to exercise the undirected proxies even if the resolution is directly or indirectly connected with the remuneration of a member of the KMP.

#### **Item 7 - Amendment of the Company's Constitution**

To consider, and if thought fit, pass the following resolution as a **special resolution** of the Company:

*"That, subject to approval by a special resolution of the performance shareholders, for the purposes of Article 8 of the Company's Constitution, section 136 of the Corporations Act 2001 (Cth) and for all other purposes, the terms of Schedule 1 of the Company's Constitution be varied to reflect the changes to the performance share terms, in accordance with the mark-up set out in Annexure B to the Explanatory Memorandum".*

#### **Voting exclusions**

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Item 7 by any holder of performance shares and any associates of such holders. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the Chairman of the AGM as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, in accordance with the Corporations Act 2001 (Cth), the Company's KMP and their closely related parties are not permitted to cast a vote on Item 7 as a proxy for another person who is permitted to vote, unless the appointment of proxy either:

- specifies the way the proxy is to vote on Item 7; or
- expressly authorises the Chairman of the AGM to exercise the undirected proxies even if the resolution is directly or indirectly connected with the remuneration of a member of the KMP.

BY ORDER OF THE BOARD

**Ian Boylan**  
**Company Secretary**  
**29 March 2016**

## **Annual Report**

The MYOB Annual Report is accessible via the website <http://investors.myob.com.au/Investors/>.

## **Eligibility to Attend and Vote**

For the purpose of attending or voting at the AGM, ordinary shares will be taken to be held by the persons who are registered holders at 7.00pm (AEST time) on Tuesday 26 April 2016. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the AGM.

A performance share does not entitle the holder to vote on any resolutions proposed at the AGM, subject to any voting rights under the Corporations Act 2001 (Cth) or the ASX Listing Rules where such rights cannot be excluded. However, a holder of a performance share has the right to attend the AGM.

## **Voting by Proxy**

In accordance with section 249L of the Corporations Act 2001 (Cth), an ordinary shareholder may attend the AGM and vote in person or may appoint a proxy to attend and vote on the shareholder's behalf.

A member who is entitled to attend but prefers to use a proxy vote may appoint no more than two proxies. If two proxies are appointed the proportion of votes each proxy is entitled to exercise must be specified. If no proportion or vote number is specified, each proxy may exercise half the number of votes.

A proxy does not need to be a shareholder of the Company. A body corporate appointed as a member's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the AGM. The representative must bring to the AGM a properly executed letter or other document confirming that they are authorised to act as the corporate shareholder's representative.

Subject to any voting restrictions described in this Notice of Meeting, if an ordinary shareholder has not directed the proxy on how to vote, the proxy may vote as the proxy deems fit, and similarly if the shareholder appoints the Chairman of the AGM as proxy but does not direct the Chairman on how to vote on an item, the Chairman will vote in accordance with his voting intention as stated, namely in favour of each of the proposed resolutions set out in the Notice of Meeting.

## **Proxy voting by the Chairman**

The Chairman intends to vote undirected proxies in favour of all proposed resolutions. In the event that there is a change to the Chairman's intention to vote it will be announced on the MYOB website before the AGM. The Chairman's decision on how to vote on all occasions is conclusive.

Where the Chairman is appointed as a shareholder's proxy on Item 2, 5, 6 or 7 and the shareholder has:

- marked the Chairman's box on the proxy form; and
- has not specified the way in which the Chairman is to vote on that Item,

the shareholder is directing the Chairman to vote in accordance with the Chairman's voting intentions for that item of business.

## **Corporate Representatives**

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act 2001 (Cth) in which case the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the Corporations Act 2001 (Cth). The Certificate must be lodged with the Company's Share Registry before the AGM via the lodgement details set out below or at the registrations desk on the day of the AGM. The Company will retain the certificate.

## **Proxy Forms**

The proxy form (and the power of attorney or other authority, if any, under which a proxy form is signed, or a certified copy of the power or other authority) must be completed and received by the Company's Share Registry no later than 10:00am (AEST) on Tuesday, 26 April 2016.

Proxies (and, if applicable, authorities) may be lodged:

**Online at** [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Voting Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Voting Form).

### **By mail**

MYOB Group Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235

**By hand** (business hours only 9.00 am to 5.00 pm Monday to Friday)

MYOB Group Limited  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

or

MYOB Group Limited  
C/- Link Market Services Limited  
Level 12, 680 George Street  
Sydney 2000

### **By facsimile**

+61 2 9287 0309

Any proxy form received after 10:00am (AEST) on Tuesday, 26 April 2016 will not be valid for the scheduled AGM.

## **EXPLANATORY MEMORANDUM**

### **Item 1- Consideration of MYOB Financial Reports**

The Financial Report, Directors' Report and Auditor's Report (the **Reports**) for the year ended 31 December 2015 will be laid before the AGM. There is no requirement for a formal resolution on this item. However, the Chairman will allow reasonable opportunity for shareholders to ask questions and make comments on the operations and management with regard to the Reports. Shareholders will also be given a reasonable amount of time to ask the appointed Auditor representative questions about the content and conduct of the audit.

### **Item 2 - Remuneration Report**

The Remuneration Report for the year ended 31 December 2015 outlines the remuneration arrangements of MYOB in accordance with the requirements of the Corporations Act 2001 (Cth) and its regulations. The information has been audited as required by section 308 of the Corporations Act 2001 (Cth).

The Remuneration Report addresses the following issues:

1. Remuneration governance
2. Principles used to determine the nature and amount of remuneration
3. Executive remuneration
4. Non-Executive Director remuneration
5. Details of remuneration for KMP
6. Other transactions with KMP
7. KMP ownership of shares
8. Group performance

Following consideration of the Remuneration Report, the Chairman will give shareholders reasonable opportunity to ask questions or to comment on the report before the resolution that the Report be adopted be put to the vote. The resolution of this item is advisory only and not binding on the Company or Board.

### **Director's recommendation**

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described above in the voting exclusions, that each Director (or any closely related party of a Director) is excluded from voting their shares on this resolution, the Directors recommend that shareholders vote in favour of Item 2 to adopt the Remuneration Report.

### **Item 3 – Re-election of Mr Justin Milne**

In accordance with the Company's Constitution and the ASX Listing Rules, an election of Directors must occur at every Annual General Meeting. Justin Milne (Non-Executive Director) has offered himself for re-election.

Justin Milne was appointed Chairman of MYOB in 2015. Justin serves on the boards of a number of listed and unlisted companies. He is Chairman of NetComm Wireless, an ASX-listed developer and supplier of communication devices. He is also a Non-Executive Director of the Australian Federal Government telecommunications provider NBN Co, Members' Equity Bank, ASX-listed gaming and entertainment company Tabcorp, and ASX-listed consulting firm SMS Management & Technology. Prior to assuming these roles, Justin held executive positions in the technology sector including Group Managing Director of Telstra's BigPond broadband and media businesses and CEO of OzEmail and the Microsoft Network.

Justin holds a Bachelor of Arts from Flinders University and is a Member of the Australian Institute of Company Directors.

#### **Directors' recommendation**

Each of the Directors (other than Mr Milne, who abstains from making a recommendation) recommend that shareholders vote in favour of this Item.

#### **Item 4 – Re-election of Mr Paul Edgerley**

In accordance with the Company's Constitution and the ASX Listing Rules, an election of Directors must occur at every Annual General Meeting. Paul Edgerley (Non-Executive Director) has offered himself for re-election.

Paul Edgerley is a Senior Advisor to Bain Capital and has been a Non-Executive Director of MYOB since 2013. Paul currently serves as a Non-Executive Director and Chairman of the Board of NYSE-listed sensor and controls manufacturer Sensata Technologies. On behalf of Bain Capital, Paul serves as Non-Executive Director of dual-listed (Bombay Stock Exchange and National Stock Exchange of India) motorcycle manufacturer Hero MotoCorp, hand and power tool supplier Apex Tool Group, automotive supplier TI Automotive and hydraulic clutch actuation systems provider FTE Automotive. Prior to joining Bain Capital in 1988, Paul spent five years at Bain & Company, where he worked as a consultant and manager in the information services, healthcare, retail and automobile industries. Paul holds a Master of Business Administration, with Distinction, from Harvard Business School and a Bachelor of Science from Kansas State University.

#### **Directors' recommendation**

Each of the Directors (other than Mr Edgerley, who abstains from making a recommendation) recommend that shareholders vote in favour of this Item.

#### **Item 5 - Approval of the MYOB Group Limited Executive Share Plan**

Pursuant to Item 5, the Company is seeking approval to the proposed Executive Share Plan for the purposes of the ASX Listing Rules and the Corporations Act 2001 (Cth).

The proposed Executive Share Plan seeks to allow the Company to reward and incentivise employees (including Directors who are employees of the Company) through an arrangement where employees are offered shares subject to long term performance conditions. The shares are offered at market value such that the incentive is linked to the increase in value over and above the purchase price and so aligns employees to the shareholder experience. The purchase price payable by the participant for the ordinary shares is lent to the participant under a limited recourse loan, with the loan secured against the shares.

Shareholder approval of the Executive Share Plan is being sought to enable the Company to fall within certain Corporations Act 2001 (Cth) and ASX Listing Rule exemptions.

#### **Summary of Executive Share Plan**

A summary of the terms of the Executive Share Plan Rules is set out in Annexure A.

#### **Regulatory Requirements - Corporations Act 2001 (Cth)**

Section 259B(1) of the Corporations Act 2001 (Cth) prohibits a company from taking security over its own shares, except as permitted by section 259B(2). Section 259B(2) of the Corporations Act 2001 (Cth) states that a company may take security over shares in itself under an employee share scheme which has been approved by a resolution passed at a general meeting of the company.

If a loan is made to an employee to acquire shares under the Executive Share Plan, then until the loan is repaid in full the Company will have a lien over all the shares held by the employee to which the loan relates, all dividends and other amounts paid or payable on those shares, and all securities issued in respect of those shares as part of a bonus or entitlement issue. The Board may also determine under the



Executive Share Plan that a participant give a mortgage, charge or other security interest over the shares as security for the loan.

Section 260A of the Corporations Act 2001 (Cth) states that a company may financially assist a person to acquire shares in the company if the assistance is exempt under section 260C. Section 260C(4) of the Corporations Act 2001 (Cth) provides that financial assistance is exempt from section 260A if it is given under an employee share scheme which has been approved by a resolution passed at a general meeting of the company.

If a loan is made to a participant to acquire shares under the Executive Share Plan, the loan will constitute financial assistance for the purposes of that provision.

Item 5 is being put to shareholders for the Executive Share Plan to be approved by shareholders for the purposes of section 259B(2) and section 260C(4) of the Corporations Act 2001 (Cth).

### **Regulatory Requirements - ASX Listing Rules**

ASX Listing Rule 7.1 provides that shareholder approval is required for an issue of securities if the securities will, when aggregated with the securities issued by the entity during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

Exception 9 of ASX Listing Rule 7.2 allows the Company to issue securities without shareholder approval and without reducing the 15% capacity under ASX Listing Rule 7.1 where the securities are issued under an employee incentive scheme within 3 years of shareholder approval of that scheme.

Item 5 is being put to shareholders for the Executive Share Plan to be approved by shareholders for the purposes of Exception 9 of ASX Listing Rule 7.2.

In accordance with Exception 9 of ASX Listing Rule 7.2, the Company provides the following information:

- a summary of the terms of the Executive Share Plan is set out in Annexure A; and
- no securities have yet been issued under the Executive Share Plan.

### **Directors' recommendation**

Mr Tim Reed is eligible to participate in the Executive Share Plan and abstains from making a recommendation in relation to Item 5. Each of the other Directors recommend that shareholders vote in favour of Item 5. The Chairman of the AGM intends to vote available proxies in favour of Item 5.

### **Item 6 - Approval of issue of shares and associated Loan to Mr Tim Reed under the Executive Share Plan**

Pursuant to Item 6, and conditional on Item 5 first being approved, the Company is seeking approval under ASX Listing Rule 10.14 for the proposed issue of ordinary shares to Mr Tim Reed under the Executive Share Plan and for the proposed loan to Mr Tim Reed to assist him to acquire such shares under the Executive Share Plan, on the terms set out below.

#### **Overview of the proposed issue and loan**

<b>Maximum number of shares</b>	The Board has determined that Mr Reed will receive a 2016 award under the Executive Share Plan of an amount equal to 75% of his fixed annual remuneration of \$850,000, being \$637,500. The number of shares that Mr Reed receives will be determined by dividing the dollar amount of his 2016 award by an estimated fair value of each share as determined by an independent external consultant.
<b>Issue Price</b>	The estimated fair value will be determined in accordance with the AASB2 Share-based Payment accounting standard. There will be a separate fair value determined for each tranche. The tranches subject to the EPS hurdle will be fair valued using a Black-Scholes Option Pricing Model. As the Black-Scholes Option Pricing Model does not account for the probability of meeting the EPS performance hurdle, a

discount will be determined to reflect the probability of meeting the EPS hurdle. For the tranches subject to the TSR performance hurdle the fair value will be calculated using a Monte Carlo simulation model, such that the fair value will incorporate the probability of meeting the TSR hurdle.

The key inputs to the valuation model are the share price at grant date, the expected volatility in the share price, the dividend yield expected on the shares, the risk free interest rate and the life of the loan. In addition to these inputs will be an assessment of the probability of achieving the EPS and TSR performance hurdles.

The actual fair value calculation will be determined at the time the award is due to be granted. The formula to calculate the number of shares under the executive share plan will be \$ 637,500 / fair value of the award.

As the actual number of shares cannot be determined until the fair value calculation has been done, the precise number of shares to be issued under the executive share plan cannot yet be determined. However, the number of shares that could be issued under this award will not exceed the maximum number of 2,375,540 shares.

<b>Rights attaching to the shares</b>	Subject to the terms of the Executive Share Plan, the shares will carry the same rights as other ordinary shares in the Company.
<b>Date of issue</b>	If shareholder approval is obtained, the shares will be allotted to Mr Tim Reed in December 2016 or January 2017, and in any event, no later than 12 months after the AGM.

**Vesting Conditions**

Mr Reed must remain an employee of the Company (or any of its subsidiaries) for the duration of the performance period in order for the shares to be eligible to vest. However, the Board has a discretion under the Executive Share Plan to determine that a share will vest notwithstanding a cessation of employment.

The shares will be split into four tranches, each having a vesting condition over a performance period of 2 financial years or 3 financial years commencing on 1 January 2017 as follows:

Tranche	Performance condition	% of Total	Performance Period
1A	Absolute Total Shareholder Return growth (TSR)	33.3%	2 years
1B	Earnings Per Share (EPS) growth	33.3%	2 years
2A	Absolute TSR growth	16.7%	3 years
2B	EPS growth	16.7%	3 years

**Vesting measures and vesting**

#### **Tranche 1A and 2A - Absolute TSR Growth**

Broadly, TSR is the Board's measure of the full return a shareholder would obtain from holding one share over the performance period, taking into account the changes in the share's market value, any dividends and any capital adjustments.

For the purposes of this calculation the opening value and closing value of a share will be based on the 10 trading day VWAP up to and including the first day of the performance period and the closing value of a share will be based on the 10 trading day VWAP up to and including the last day of the performance period.

Vesting will be based on performance against a Threshold Measure, a Target Measure and a Stretch Measure as follows:

#### Average Annual TSR over the Performance Period

	Tranche 1A	Tranche 2A
<b>Threshold Measure</b>	11%	11%
<b>Target Measure</b>	15%	15%
<b>Stretch Measure</b>	17%	17%

Tranche 1A and 2A will vest in accordance with the following schedule:

MYOB TSR growth	% of Shares in Tranche that vest
Less than Threshold	Nil
Threshold	25%
Between Threshold and Target	25%-75%, on a straight line sliding scale
Target	75%
Between Target and Stretch	75-100%, on a straight line sliding scale
Stretch	100%

#### Tranche 1B and 2B - EPS growth

EPS growth is the CAGR in the Company's basic earnings per share (**EPS**) (expressed as a percentage) over the performance period using the 2016 financial year as the base year. The 2016 financial year EPS will be calculated as follows:

Company's net profit after tax will be statutory NPATA as published in the Company's Annual Report, divided by

Weighted average shares on issue throughout the calendar year 2016,

Resulting in an EPS

Vesting will be based on performance against a Threshold Measure, a Target Measure and a Stretch Measure as follows:

#### Compound Annual Growth Rate (CAGR)

	Tranche 1B	Tranche 2B
<b>Threshold Measure</b>	8%	8%
<b>Target Measure</b>	12%	12%
<b>Stretch Measure</b>	14%	14%

Tranche 1B and 2B will vest in accordance with the following schedule:

MYOB EPS growth	% of Shares in Tranche that vest
Less than Threshold	Nil

	Threshold	25%
	Between Threshold and Target	25-75%, on a straight line sliding scale
	Target	75%
	Between Target and Stretch	75-100%, on a straight line sliding scale
	Stretch and above	100%
<b>Performance testing</b>	<p>Testing of the vesting conditions will occur once the results for the relevant financial year in the last year of the performance period have been approved by the Board.</p> <p>There is no retesting of the vesting conditions.</p>	
<b>Loan terms</b>	<p>The Company or a subsidiary of the Company will provide an interest free limited recourse loan to Mr Tim Reed equal to the full value of the shares to be acquired in accordance with the terms of the Executive Share Plan. The Loan is repayable on the earlier of 10 years after being made and the occurrence of one of the circumstances set out in summary of the Executive Share Plan in Annexure A.</p> <p>Mr Tim Reed is not required to provide a mortgage, charge or other security interest over the shares to secure the loan.</p> <p>Further details of the terms of the Loan to be provided to Mr Tim Reed under the Executive Share Plan are set out in summary of the Executive Share Plan in Annexure A.</p>	
<b>Dividends</b>	<p>While a loan remains outstanding any dividends received on the shares will be automatically applied, on an after-tax basis, towards the repayment of the loan.</p>	
<b>Trading restrictions</b>	<p>Mr Tim Reed must not transfer, encumber, hedge or otherwise deal with shares acquired under the Executive Share Plan until the Loan in respect of those shares has been paid in full or arrangements satisfactory to the Board are made for repayment of the loan in full from the proceeds of sale of the shares. In addition, Mr Tim Reed must not deal with the shares prior to 1 January 2020.</p>	
<b>Cessation of employment</b>	<p>Details of the consequences for the shares and Loan under the Executive Share Plan on a cessation of employment of Mr Tim Reed are set out in summary of the Executive Share Plan in Annexure A.</p>	
<b>Control Event</b>	<p>The Board has absolute discretion to determine that some or all of the unvested shares will vest if there is a takeover or scheme of arrangement of the Company or a proposed winding up of the Company (<b>Control Event</b>). In exercising this discretion, the Board may have regard to any matter the Board considers relevant, including the extent to which the vesting conditions have been satisfied (or estimated to have been satisfied) at the time the Control Event occurs or the proportion of the period during which the vesting conditions are tested has passed at the time the Control Event occurs.</p>	
<b>Forfeiture Conditions</b>	<p>The circumstances in which the shares issued to Mr Tim Reed may be forfeited under the Executive Share Plan are set out in summary of the Loan Share Plan in Annexure A.</p> <p>Specifically, if the performance based vesting conditions are not met then the shares will be forfeited, with the forfeited shares treated as full consideration for the repayment of the plan. In this case, Mr Tim Reed would forfeit any value attached to the shares.</p>	
<b>Buy back</b>	<p>The circumstances in which and the terms on which the shares issued to Mr Tim</p>	

	Reed may be bought back under Loan Share Plan are set out in summary of the Loan Share Plan in Annexure A.
<b>Additional information for ASX Listing Rules</b>	<p>Mr Tim Reed is the only Director currently entitled to participate in the Executive Share Plan.</p> <p>The Executive Share Plan is being approved by shareholders pursuant to Item 5 for the first time. No person referred to in ASX Listing Rule 10.14 has received securities under the Executive Share Plan.</p> <p>ASX Listing Rule 7.1 provides that shareholder approval is required for an issue of securities if the securities will, when aggregated with the securities issued by the entity during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.</p> <p>However, if approval is given under ASX Listing Rule 10.14 pursuant to Item 6, approval will not be required under ASX Listing Rule 7.1. This means that shares issued pursuant to this approval will not use up any part of the 15% capacity available under ASX Listing Rule 7.1.</p>

### **Regulatory Requirements - ASX Listing Rules**

ASX Listing Rule 10.14 requires a listed entity to obtain shareholder approval for the acquisition of securities under an employee incentive scheme by specified persons, which includes a Director of the Company.

ASX Listing Rule 10.15B states that ASX Listing Rule 10.14 does not apply to securities purchased on-market by or on behalf of Directors under an employee incentive scheme where the terms of the scheme permit such purchases.

The Executive Share Plan provides that shares acquired under the plan may be satisfied by the issue of new shares or the acquisition of shares (whether on-market or off-market). Item 6 is being put to shareholders to preserve the flexibility for the Company to satisfy the acquisition of shares by Mr Tim Reed by the issue of new shares.

### **Directors' recommendation**

Mr Tim Reed makes no recommendation on how to vote on Item 6 in light of his direct interest in Item 6. Each of the other Directors recommend that shareholders vote in favour of Item 6. The Chairman of the AGM intends to vote available proxies in favour of Item 6.

### **Item 7 - Amendment of the Company's Constitution**

Currently Schedule 1 of the Company's Constitution sets out the terms for the performance shares. The terms provide for two test dates being 30 September 2016 and 30 September 2017. In summary it is proposed that the Company's Constitution be amended to reflect proposed changes to the performance share terms to include a third test date on 30 September 2018 which will allow for a conversion of performance shares into a specified number of ordinary shares if the relevant share price hurdle is achieved. The additional test date will apply the identical test as applicable for the current second test date (30 September 2017). The proposed changes to the terms are set out in mark up in Annexure B.

The performance shares are an incentive arrangement for management of the Company and enhance the alignment of their interests with those of shareholders. The board considers that the proposed amendment is consistent with the purpose of the performance shares.

The ASX confirmed on 11 March 2016 that they have no objections to the proposed changes to the performance share terms.

A meeting of the performance shareholders will be held prior to the AGM seeking approval of the changes to the terms of the performance shares.

### **Directors' recommendation**

Mr Tim Reed declined to make a recommendation as he is a holder of performance shares. The other Directors of the Company recommend that shareholders vote in favour of Item 7. The Chairman of the AGM intends to vote available proxies in favour of Item 7.

**Annexure A**  
**MYOB Group Limited ACN 153 094 958**

**EXECUTIVE SHARE PLAN**  
**SUMMARY OF TERMS AND CONDITIONS OF THE PLAN**

1. The Executive Share Plan (**Plan**) is extended to employees of MYOB Group Limited (the **Company**) and its subsidiaries (including a Director employed in an executive capacity) as the Board may in its discretion determine (each a **Participant**).
2. The Board will determine from time to time at its discretion:
  - (a) the purchase price to acquire the ordinary shares, which must not be less than the market value determined under Australian tax legislation (**Purchase Price**);
  - (b) whether the shares will be subject to conditions and the terms thereof, including vesting conditions (paragraph 6 below), Dealing Restrictions (paragraph 7 below) and circumstances in which the shares can be forfeited (paragraph 8 below); and
  - (c) any other terms or conditions to be attaching to the shares or the invitation to participate in the Plan as the Board considers appropriate.

3. At the discretion of the Board, the Company may, when making an invitation, offer the Participant a limited recourse loan for the purpose of acquiring shares (**Loan**) on terms and conditions in accordance with the Plan.

At the discretion of the Board, the amount of the Loan may form the whole or part of the Purchase Price for the shares the subject of an invitation.

Unless otherwise determined by the Board, the Loan will not bear interest.

Unless otherwise specified in an invitation, the Loan is to be repaid on the first to occur of the following:

- (a) the date specified in the invitation;
- (b) if determined by the Board, any date after the date on which the Participant has been notified by the Company that some or all of the shares have vested under the Plan;
- (c) if the Participant sells some or all vested Shares to which the Loan relates, the date on which the Participant is entitled to receive the proceeds of the sale of those Shares;
- (d) if determined by the Board to be repayable as a result of a Control Event occurring in respect of the Company or the Participant transferring to work for the Company or any of its subsidiaries outside Australia; or
- (e) any material breach by the Participant where the breach is not remedied within 30 days of the Company's notice to the Participant to do so.

Until the Loan is repaid in full, the Company has a lien over all the shares held by the Participant to which the Loan relates, all dividends and other amounts paid or payable on those shares, and all securities issued in respect of those shares as part of a bonus or entitlement issue. The Board may also determine that a Participant give a mortgage, charge or other security interest over the shares as security for the Loan.

4. Unless the Board determines otherwise, a Participant may not repay the Loan prior to the balance becoming repayable.

5. The Company will apply the after-tax amount of dividends and other distributions paid in cash in respect of the shares towards repayment of the Loan.
6. At the discretion of the Board, the Company may, when making an invitation, determine that the shares offered will be subject to vesting conditions.

The nature and terms of the vesting conditions shall be at the discretion of the Board and may include conditions relating to continuing employment, performance of the Participant or the Company or the occurrence of specific events.

7. At the discretion of the Board, the Company may, when making an invitation, determine that the shares offered will be subject to restrictions on transfer, encumbrances or other dealings (**Dealing**). A Participant must not Deal with shares acquired under the Plan until the Loan in respect of those shares has been paid in full and any further period of Dealing restriction imposed by the Board under the terms of an Invitation has ended.
8. At the discretion of the Board, the Company may, when making an invitation, determine that shares offered may be forfeited in specified circumstances.

Under the Plan, shares may be forfeited if the vesting conditions are not satisfied. Subject to law, the Board is also able to take action to prevent a Participant obtaining unfair benefits where shares vest as a result of fraud, dishonesty or breach of obligations of any person, a material misstatement of the financial statements of the Company or its subsidiaries, or any other act or omission.

9. If a Participant ceases employment with the MYOB Group, the Participant's unvested shares are forfeited (unless the Board determines otherwise) and the Board may determine to forfeit vested shares of the Participant. The Board may provide for a different treatment of shares on cessation of employment in an invitation.
10. Loans granted under the Plan will be on a limited recourse basis. If the Participant does not repay the outstanding balance of the Loan when due, the Company may sell the shares on behalf of the Participant. If the amount received on the sale of the shares is less than the outstanding balance of the Loan, the net proceeds of sale will be accepted in full satisfaction of the Loan, and the Participant will have no further liability under the Loan. If a Participant forfeits his or her interest in shares to the Company, the Participant's liability to repay the Loan will be satisfied.
11. Subject to the requirements of the Corporations Act 2001 (Cth) and the Company's Constitution, the Company in its discretion may buy back shares held by a Participant if the shares are forfeited in accordance with the Plan, the Participant fails to repay the Loan when due, the Participant ceases to be employed by the Company or any of its subsidiaries (where the shares have not been forfeited) or the Participant requests that the Company buy-back those shares. Any forfeited shares or shares the subject of a Loan non-repayment which are bought back will be bought back at a price equal to Purchase Price less any repayments of the Loan. Any other shares which are bought back will be bought back at a price equal to the weighted average price of shares traded on the ASX on the 5 trading days up to and including the day of the buy-back.



## **MYOB Group Limited**

### **Terms of Performance Shares**

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#### **1. Definitions**

**Adjusted Share Price** means on a particular date the price of the Shares, based on a 20 business day (consecutive) VWAP (trading on the ASX) immediately prior to but not including the relevant date, adjusted as a result of any reorganisations of capital (as described in 2(i)), capital return, issues of bonus shares or special dividends paid or declared by the Company in the period between the Listing and the First Test Date ~~or the~~ Second Test Date, or Third Test Date (as applicable).

**Affiliate** means:

- (a) with respect to any specified Person that is not a natural Person, any other Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person (for the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with") as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise); and
- (b) with respect to any natural Person, any Family Member of such natural Person.

**ASX** means ASX Limited (ABN 98 008 624 691).

**ASX Listing Rules** means the listing rules of ASX as they apply to the Company from time to time.

**Australian Dollar Equivalent** means, in relation to any amount in a currency other than Australian dollars, that amount converted into Australian dollars at the spot rate of exchange for that currency as listed on the Reserve Bank of Australia website on, where the date on which the determination of that amount is required to be made:

- (a) is a Business Day, that date; or
- (b) is not a Business Day, the immediately preceding Business Day.

**Bad Leaver** means a Holder no longer employed by or providing services to the Company (or an Affiliate of the Company) other than in circumstances where they would be a Good Leaver.

**Business Day** means a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally in Sydney, Australia.

**Cause** means in respect of any Holder:

~~(e)~~(a) in the case of any Holder who is party to an employment or severance-benefit agreement any circumstances under such agreement triggering a right of the Company (or an Affiliate of the Company) to terminate the employment of the Holder without notice; and

~~(d)~~(b) in the case of any other Holder, the following events or conditions, as determined by the Board in its reasonable judgment:

- (i) the refusal or failure to carry out (other than by reason of disability) the duties and responsibilities of the Holder to the Company or any of its Affiliates, or refusal or failure to follow or carry out any reasonable and lawful direction of the Board, and the continuance of such refusal or failure for a period of ten days after notice to the Holder;
- (ii) the material breach by the Holder of any agreement with the Company or any of its Affiliates that is not cured within ten (10) Business Days after notice of such breach is delivered by the Company or its Affiliates;
- (iii) the breach of any covenant or agreement with the Company or its Affiliates relating to non-competition, non-solicitation or confidentiality;
- (iv) the commission by the Holder of fraud, embezzlement, theft, or any other material act of dishonesty involving the Company or any of its Affiliates;
- (v) the commission of the Holder of any felony or any other crime involving dishonesty or moral turpitude;
- (vi) a material violation by the Holder of the code of conduct of the Company or its Affiliates giving rise to termination thereunder; or
- (vii) any other conduct that involves a breach of fiduciary obligation on the part of the Holder that has resulted in a material adverse effect upon the business, interests or reputation of the Company or any of its Affiliates.

**Change of Control Event** means:

~~1.1~~(a) the occurrence of:

- ~~1.~~(i) the bidder, under a takeover bid in respect of Shares, announcing that it has received acceptances in respect of 50.1% or more of the Shares; and
- ~~2.~~(ii) that takeover bid has become unconditional; or

~~1.2~~(b) the announcement by the Company that:

- ~~A.~~(i) shareholders of the Company have at a Court-convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party other than a scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, subdivision, reduction or return) of the issued capital of the Company; and
- ~~B.~~(ii) the Court, by order, approves the scheme of arrangement.

**CoC Price** means, in relation to Change of Control Event, the amount per Share calculated in accordance with the following:

~~(e)~~(a) in the event of a takeover bid or scheme of arrangement where the bid consideration or scheme consideration (as the case may be) per Share is:

- (i) cash only, the cash amount of the consideration per Share, or where that amount is expressed in a currency other than Australian dollars, the Australian Dollar Equivalent of that amount;

(ii) securities in another entity that is listed on a recognised stock exchange:

A. in the event of a takeover, the value of the quoted securities will be the higher of the amount determined by calculating the volume weighted average market price of those securities in the ordinary course of trading on the relevant financial market operated by the recognised stock exchange (excluding special crossings, overseas trades, trades pursuant to the exercise of options, overnight trades or any trades similar to the foregoing on the relevant financial market) during:

- 1) the 5 full trading days before the date of the takeover bid; and
- 2) the last full trading day before the date of the takeover bid; or

B. in the event of a scheme of arrangement, the value of the quoted securities will be the higher of the amount determined by calculating the volume weighted average market price of those securities in the ordinary course of trading on the relevant financial market operated by the recognised stock exchange (excluding special crossings, overseas trades, trades pursuant to the exercise of options, overnight trades or any trades similar to the foregoing on the relevant financial market) during:

- 3) the 5 full trading days before the date of the explanatory memorandum for the scheme of arrangement; and
- 4) the last full trading day before the date of the explanatory memorandum for the scheme of arrangement,

and if the value of those securities is expressed in a currency other than Australian dollars, the Australian Dollar Equivalent; or

(iii) cash or securities in another entity, the cash amount or cash equivalent of the consideration per Share or where that amount is expressed in a currency other than Australian dollars, the Australian Dollar Equivalent of that amount; or

~~(f)~~(b) if the consideration offered is not covered by the paragraphs above, the amount as determined in good faith by the Board, acting reasonably,

adjusted as a result of any reorganisations of capital (as described in 2(i)), capital return, issues of bonus shares or special dividends paid or declared by the Company in the period between the Listing and the date of the Change of Control Event.

**Company** means MYOB Group Limited (ACN 153 094 958).

**Corporations Act** means the *Corporations Act 2001 (Cth)*.

**Deal** means:

(a) sell, assign, transfer or otherwise dispose of, or agree to sell, assign, transfer or otherwise dispose of;

(b) enter into any option which, if exercised, enables or requires the relevant security holder to sell, assign, transfer or otherwise dispose of;

- (c) create, agree to, or offer to, create, or permit to be created any Security Interest in or over; or
- (d) do or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of,

~~(e)~~ but does not include an Excluded Dealing.

**Encumbrance** means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest (as that term is defined in section 12 of the *Personal Property Securities Act 2009 (Cth)*).

~~4~~ **Excluded Dealing** means the following actions to the extent necessary to allow:

~~(i)~~ (a) a Holder to accept an offer made under a takeover bid for any of the Shares, provided that:

~~A~~ (i) without limiting clause (a)(ii) of this definition, holders of not less than 50% of the Shares to which the bid relates that are not subject to a voluntary escrow deed relating to the Company's listing on the official list of the ASX have accepted the takeover bid; and

~~B~~ (ii) the takeover bid is unconditional or all conditions to the takeover bid have been satisfied or waived;

~~(ii)~~ (b) a Holder to tender any of the Shares into a bid acceptance facility established in connection with a takeover bid, provided that holders of not less than 50% of the Shares to which the bid relates that are not subject to a voluntary escrow deed relating to the Company's listing on the official list of the ASX have either accepted the takeover bid or tendered (and not withdrawn) their Shares into the bid acceptance facility; or

~~(iii)~~ (c) the Shares to be transferred or cancelled as part of:

~~A~~ (i) a Share buyback or return of capital or other similar reorganisation;

~~B~~ (ii) a merger being implemented by way of a scheme of arrangement; or

~~C~~ (iii) an acquisition of all Shares,

which has in any such case received all necessary approvals, including all such necessary approvals by shareholders of the Company and courts; or

~~(iv)~~ (d) a Dealing in Shares to which the restrictions in clause ~~4(i)~~ 4(j) of these terms will apply (**Escrow Shares**) to enable the Holder to undertake a reorganisation, subject to:

~~A~~ (i) the prior consent of the Company in writing;

~~B~~ (ii) the Holder retaining ultimate control of the Escrow Shares; and

~~C~~ (iii) any new holder of the Escrow Shares agreeing to be bound by an escrow arrangement in substantially the same terms as the restrictions in clause ~~4(i)~~ 4(j) of these terms until after the Second Test Date; or

~~(v)~~ (e) to allow a Dealing in Escrow Shares:

~~A~~ (i) with the prior written approval of the Company; or

~~B.~~(ii) if required by applicable law or pursuant to an order of a court of competent jurisdiction compelling any Escrow Shares to be Dealt with; or

~~C.~~(iii) following the death, serious disability or permanent incapacity through ill health of the Holder (which for serious disability or permanent incapacity through ill health shall be deemed to be so for any absence of at least six months in a 12 month period or as otherwise determined by the Board, acting reasonably); or

~~D.~~(iv) if the Dealing constitutes a disposal of, but not the creation of a Security Interest in, some or all of the Escrow Shares to:

A. a company wholly-owned by the Holder; or

B. a trust in relation to which the Holder is the beneficiary,

(each a **Transferee**), where the Transferee also enters into an escrow arrangement with the Company in respect of those Escrow Shares on substantially the same terms as the restrictions in clause ~~4(i)~~4(i) of these terms until after the Second Test Date.

**Family Member** means, with respect to any individual, each parent, spouse, sibling, child or other descendant (whether natural or adopted) of such individual, each trust created solely for the benefit of one or more of the aforementioned Persons and their spouse and each custodian or guardian of any property of one of more of the aforementioned Persons in his, her or its capacity as such custodian or guardian.

**First Test Date** means 30 September 2016.

**Good Leaver** means a Holder whose employment with or provision of service to the Company or any of its Affiliates terminates due to:

- (a) death;
- (b) the Holder's permanent physical incapacity through ill health (which shall be deemed to be so for any absence of at least six months in a 12 month period);
- (c) retirement at the statutory retirement age;
- (d) any involuntary termination of employment by the Company (or any of its Affiliates) other than for Cause;
- (e) termination of employment by the Holder as a result of a material reduction in the Holder's base salary or the Holder being required to relocate more than 75 kilometres;
- (f) restructure of an entity within the group composed of the Company and each wholly-owned subsidiary of the Company (or sale of a division) resulting in employment by a third party; or
- (g) such other reasons as determined by the board of directors of the Company in its discretion.

**Good Leaver Additional Entitlement** means, in respect of a Holder who is a Good Leaver, the number of Performance Shares determined in accordance with the following formula:

$$\text{~~(a)~~ } (30\% \times (Y / Z)) \times \text{Total Performance Shares}$$

Where:

**Y** = the number of days after Listing that the Holder was employed by or was providing services to the Company or any of its Affiliates;

**Z** = the number of days between Listing and the First Test Date; and

**Total Performance Shares** = the total number of Performance Shares held by that Holder at the time that Holder ceases employment with or ceases providing services to the Company or any of its Affiliates.

**Good Leaver Base Entitlement** means, in respect of a Holder who is a Good Leaver, 70% of that Holder's Performance Shares (as at the date that the Holder ceases employment with or ceases providing services to the Company or any of its Affiliates).

**Holder** means a person whose name is entered into the register of members of the Company as a holder of a Performance Share.

**Listing** means the date that the Company is listed on the official list of the ASX.

**Person** means any individual, partnership, corporation, company, association, trust, joint venture, limited liability company, unincorporated organisation, entity or division, or any government, governmental department or agency or political subdivision thereof.

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

**PPSA Security Interest** means a "security interest" within the meaning of the PPSA.

**Second Test Date** means 30 September 2017.

**Security Interest** means an interest or power:

(a) reserved in or over an interest in any securities including any retention of title;

~~(a)~~ created or otherwise arising in or over any interest in any securities under a bill of sale, mortgage, charge, lien, pledge, trust or power,

~~1.1(b)~~ by way of, or having similar commercial effect to, security for the payment of a debt, any other monetary obligation or the performance of any other obligation, but is not limited to:

~~(b)(i)~~ any agreement to grant or create any of the above; or

~~(e)(ii)~~ a PPSA Security Interest or any other encumbrance.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Price Hurdle** means each relevant share price hurdle set out in Column 2 as against each Tier below:

(Column 1) Tier	(Column 2) Share Price per Share	(Column 3) % of Holder's Performance Shares that will convert to Shares
1.	< \$1.23	0%
2.	\$1.23	8.3333%

3.	\$1.64	16.6667%
4.	\$2.05	25%
5.	\$2.45	33.3333%
6.	\$2.86	41.6667%
7.	\$3.27	58.3333%
8.	\$3.67	70.8333%
9.	\$4.08	79.1667%
10.	\$4.49	87.50%
11.	\$4.89	95.8333%
12.	≥ \$5.30	100%

[Third Test Date means 30 September 2018.](#)

**Tier** means the tier identified in Column 1 of the Share Price Hurdle table.

**VWAP** means the volume weighted average price of the Shares (calculated to 2 decimal places of one cent) traded on ASX "On-market" (as that term is defined in the ASX Operating Rules) excluding special crossings, overseas trades, trades pursuant to the exercise of options or overnight trades, as determined by ASX in accordance with its customary practice.

## 2. Terms

The terms of each Performance Share is set out below:

~~(i)~~(a) **(Performance Shares)** A Performance Share is a share in the capital of the Company.

~~(ii)~~(b) **(Notices)** A Performance Share confers on the Holder the right to receive all notices, financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of shareholders of the Company.

~~(iii)~~(c) **(No Voting Rights)** A Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company, subject to any voting rights under the Corporations Act or the ASX Listing Rules where such rights cannot be excluded by these terms.

~~(iv)~~(d) **(No Dividend Rights)** A Performance Share does not entitle the Holder to any dividends.

~~(v)~~(e) **(No Right to Return of Capital)** A Performance Share does not entitle the Holder to payment of the capital paid up on it from time to time, whether in a winding up of the Company, upon a reduction of the capital of the Company or otherwise, unless and only to the extent that a Performance Share has converted into a Share.

- ~~(vi)~~(f) **(Rights on Winding Up)** Upon winding up of the Company, a Performance Share does not confer on the Holder any right to participate in the surplus profits or assets of the Company, unless and only to the extent that a Performance Share has converted into a Share.
- ~~(vii)~~(g) **(Transfer of Performance Shares)** A Performance Share is not transferrable other than to an Affiliate of a Holder.
- ~~(viii)~~(h) **(Listing Rules Requirements)** In the event that the Company is admitted to the official list of the ASX and the issued capital of the Company is subsequently reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation.
- ~~(ix)~~(i) **(Reorganisations of Capital)** If at any time the Shares are reconstructed, consolidated or divided (other than by way of a bonus issue) into a lesser or greater number of securities, then, subject to clause ~~4.1(i)~~(h) the Performance Shares of a Holder will be reconstructed, consolidated or divided by the Company on the same basis as the Shares. This will occur in a manner which will not result in any additional benefits or detriments being conferred on the Holder which are not conferred on the holders of Shares (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 Performance Shares and their conversion will remain unchanged.
- ~~(x)~~(j) **(Application to ASX)** No Performance Share will be quoted on the ASX. Upon conversion of a Performance Share into a Share in accordance with these terms, the Company must, on the day of conversion, apply for the official quotation on ASX of the Shares arising from the conversion.
- ~~(xi)~~(k) **(Participation in Entitlements and Bonus Issues)** A Performance Share does not confer on the Holder any right to participate in new issues of securities offered to holders of the Shares such as bonus issues and entitlement issues.
- ~~(xii)~~(l) **(Amendments required by ASX)** The terms of the Performance Shares may be amended as necessary by the directors of the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms.
- ~~(xiii)~~(m) **(No Other Rights)** A Performance Share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

### 3. Cessation of Employment

- (a) **(Cessation on or prior to 1 May 2015)** If a Holder ceases to be employed by or ceases providing services to the Company or any of its Affiliates on or prior to 1 May 2015, the Holder will be entitled to retain all Performance Shares held by that Holder.
- (b) **(Cessation after 1 May 2015 and on or prior to First Test Date)** If a Holder ceases to be employed by or ceases providing services to the Company or any of its Affiliates after 1 May 2015 and on or prior to the First Test Date and:
- ~~A~~(i) that Holder is a Good Leaver then that Holder will be entitled to retain the number of Performance Shares calculated in accordance with the following formula:
- (Good Leaver Base Entitlement + Good Leaver Additional Entitlement)**



Any Performance Shares in excess of a Holder's entitlement under this clause will automatically convert into one Share (in total).

~~B-(ii)~~ that Holder is a Bad Leaver, all Performance Shares held by that Holder will automatically convert into one (1) Share (in total);

(c) **(Cessation between First Test Date and Second Test Date)** If a Holder ceases to be employed by or ceases providing services to the Company or any of its Affiliates after the First Test Date and on or prior to the Second Test Date:

(i) then all remaining Performance Shares held by that Holder (being those not converted to Shares on the First Test Date, if applicable) will automatically convert into one (1) Share (in total); and

(ii) that Holder will be entitled to retain any Shares that were converted on the First Test Date (if applicable) pursuant to these terms.

~~(d)~~ **(Cessation between Second Test Date and Third Test Date)** If a Holder ceases to be employed by or ceases providing services to the Company or any of its Affiliates after the Second Test Date and on or prior to the Third Test Date:

~~(i)~~ then all remaining Performance Shares held by that Holder (being those not converted to Shares on the First Test Date and Second Test Date, if applicable) will automatically convert into one (1) Share (in total); and

~~(ii)~~ that Holder will be entitled to retain any Shares that were converted on the First Test Date and / or Second Test Date (if applicable) pursuant to these terms.

~~(d)(e)~~ For the purposes of these terms, where a Holder is the Affiliate of a Person who is employed by or providing services to the Company (or an Affiliate of the Company), each reference to the employment by or provision of services by a Holder to the Company (or an Affiliate of the Company) in these terms will be deemed to be a reference to that Person and not to that Holder.

## 4. Conversion of the Performance Shares

(a) **(Conversion of Performance Shares on First Test Date)** If the Adjusted Share Price on the First Test Date is equal to or exceeds any Share Price Hurdle, then the corresponding percentage (as specified in Column 3 of the Share Price Hurdle) of Performance Shares held by a Holder at that time, will convert into Shares on a one for one basis (after applying any conversion of Performance Shares pursuant to clause 3).

~~(b)~~ **(Conversion of Performance Shares on Second Test Date)** Subject to clause ~~4(e)~~4(e), if the Adjusted Share Price on the Second Test Date exceeds the Adjusted Share Price on the First Test Date, then the percentage equal to the corresponding percentage to the Adjusted Share Price on the Second Test Date (as specified in Column 3 of the Share Price Hurdle) less the corresponding percentage to the Adjusted Share Price on the First Test Date multiplied by the number of Performance Shares held by that Holder on the First Test Date (prior to any conversion of Performance Shares into Shares) will convert into Shares on a one for one basis (after applying any conversion of Performance Shares pursuant to clause 3). For the avoidance of doubt, the Holder is entitled to retain those Shares converted from Performance Shares on the First Test Date (if applicable).

~~(b)(c)~~ **(Conversion of Performance Shares on Third Test Date)** Subject to clause 4(e), if the Adjusted Share Price on the Third Test Date exceeds the higher of the Adjusted Share Price on the First Test Date and the Second Test Date, then the percentage equal to the corresponding percentage to the Adjusted Share Price on

the Third Test Date (as specified in Column 3 of the Share Price Hurdle) less the corresponding percentage to the Adjusted Share Price on the higher of the First Test Date and the Second Test Date multiplied by the number of Performance Shares held by that Holder on the First Test Date (prior to any conversion of Performance Shares into Shares) will convert into Shares on a one for one basis (after applying any conversion of Performance Shares pursuant to clause 3). For the avoidance of doubt, the Holder is entitled to retain those Shares converted from Performance Shares on the First Test Date and Second Test Date (if applicable). All remaining Performance Shares held by the Holder following conversion of Performance Shares into Shares under this clause ~~4(b)~~4(c) will automatically convert into one (1) Share (in total).~~1~~

~~(e)~~ **Example: Example 1 (Share price increases across all test dates):** If a Holder on the First Test Date holds 100 Performance Shares and Tier 6 of the Share Price Hurdle has been achieved based on the Adjusted Share Price on the First Test Date. On the First Test Date, the Holder will be entitled to a conversion of 41.6667 Performance Shares to Shares.

~~(d)~~ On the Second Test Date, if Tier 8 of the Share Price Hurdle has been achieved based on the Adjusted Share Price on the Second Test Date, the Holder will be entitled to a conversion of the following number of Performance Shares:

~~(e)~~ **(70.8333% - 41.6667%) x 100 Performance Shares =**  
29.1666 Performance Shares which will convert into Shares on a one for one basis.

On the Third Test Date, if Tier 10 of the Share Price Hurdle has been achieved based on the Adjusted Share Price on the Third Test Date, the Holder will be entitled to a conversion of the following number of Performance Shares to Shares:

**(87.50% - 70.8333%) x 100 Performance Shares = 16.6667**  
Performance Shares which will convert into Shares on a one for one basis.

~~(f)~~ Following the above conversion of Performance Shares into Shares, all remaining Performance Shares held by the Holder will automatically convert into one (1) Share (in total).

~~Following the calculation provisions set out in clause ~~4(b)~~4(b), 4(c), and ~~4(e)~~4(d) the Holder will receive 16 + 1 Shares = 17 Shares on the Third Test Date.~~

**Example 2 (Share price decreases between First Test Date and Second Test Date but increases between the Second Test Date and Third Test Date):**

If a Holder on the First Test Date holds 100 Performance Shares and Tier 6 of the Share Price Hurdle has been achieved based on the Adjusted Share Price on the First Test Date. On the First Test Date, the Holder will be entitled to a conversion of 41.6667 Performance Shares to Shares.

On the Second Test Date, if Tier 4 of the Share Price Hurdle has been achieved based on the Adjusted Share Price on the Second Test Date, the Holder will not be entitled to a conversion of any Performance Shares. However, the Holder will retain those Performance Shares.

On the Third Test Date, if Tier 8 of the Share Price Hurdle has been achieved based on the Adjusted Share Price on the Third Test Date, the Holder will be entitled to a conversion of the following number of Performance Shares to Shares:

**(70.8333% - 41.6667%) x 100 Performance Shares = 29.1666**  
Performance Shares which will convert into Shares on a one for one basis.

Following the above conversion of Performance Shares into Shares, all remaining Performance Shares held by the Holder will automatically convert into one (1) Share (in total).

~~(g)~~ Following the calculation provisions set out in clause 4(b), 4(c), and 4(d) the Holder will receive 29 + 1 Shares = 30 Shares on the ~~Second~~Third Test Date.

~~(h)~~(d) **(Calculations)** For the purposes of determining the conversions in clause 4~~(a) and~~ 4(b)(a), 4(b) and 4(c) above, if:

- (i) the Adjusted Share Price exceeds a Share Price Hurdle, but does not equal or exceed the next consecutive Share Price Hurdle Tier, the corresponding conversion percentage applicable to the first mentioned Share Price Hurdle will apply; and
- (ii) where the converted Shares are not a whole number, the number of Shares will be rounded down to the nearest whole Share.

~~(i)~~(e) **(Adjusted Share Price decrease ~~between First Test Date and Second Test Date~~)** If the Adjusted Share Price on the ~~Second~~Third Test Date is less than or equal to the greater of the Adjusted Share Price on the First Test Date and Second Test Date, then all Performance Shares held by that Holder as at the ~~Second~~Third Test Date will convert automatically into one Share (in total).

~~(j)~~(f) **(Conversion of Performance Shares if milestone not achieved)** If the only Share Price Hurdle satisfied at:

- (i) ~~both~~ the First Test Date ~~and the~~ Second Test Date and the Third Test Date; or
- (ii) the ~~Second~~Third Test Date,

~~(iii)~~ is the first Tier Share Price Hurdle, all of the Performance Shares held by a Holder on the ~~Second~~Third Test Date will automatically convert into one (1) Share (in total).

~~(k)~~(g) **(Conversion on Change of Control Event)** If, on or prior to the ~~Second~~Third Test Date, a Change of Control Event occurs in respect of the Company and the CoC Price on the date of the Change of Control Event:

- (i) is less than the Tier 2 Share Price Hurdle, then all Performance Shares held by that Holder as at the date of the Change of Control Event will convert automatically into one Share (in total); or
- (ii) is equal to or exceeds the Tier 2 Share Price Hurdle, then:
  - A. if the Change of Control Event occurs prior to the First Test Date, the corresponding percentage to the CoC Price (as specified in Column 3 of the Share Price Hurdle) of Performance Shares held by a Holder at that time, will convert into Shares on a one for one basis; ~~or~~
  - B. if the Change of Control Event occurs after the First Test Date but before the Second Test Date, then the percentage equal to the corresponding percentage to the CoC Price (as specified in Column 3 of the Share Price Hurdle) less the corresponding percentage to the Adjusted Share Price on the First Test Date (as specified in Column 3 of the Share Price Hurdle) multiplied by the number of Performance Shares held by that Holder on the First Test Date (prior to any conversion

of Performance Shares into Shares), will convert into Shares on a one for one basis (after applying any conversion of Performance Shares pursuant to clause ~~3~~4). For the avoidance of doubt, the Holder is entitled to retain those Shares converted from Performance Shares on the First Test Date (if applicable~~);~~; or

C. if the Change of Control Event occurs at any time after the Second Test Date, then the percentage equal to the corresponding percentage to the CoC Price (as specified in Column 3 of the Share Price Hurdle) less the corresponding percentage to the Adjusted Share Price (as specified in Column 3 of the Share Price Hurdle) on the higher of the First Test Date and the Second Test Date, multiplied by the number of Performance Shares held by that Holder on the First Test Date (prior to any conversion of Performance Shares into Shares), will convert into Shares on a one for one basis (after applying any conversion of Performance Shares pursuant to clause 4). For the avoidance of doubt, the Holder is entitled to retain those Shares converted from Performance Shares on the First Test Date and the Second Test Date (if applicable).

~~(iii)~~ provided that the maximum number of Performance Shares that can be converted into Shares under this clause ~~4(f)~~4(g) upon a Change of Control Event occurring must not exceed 10% of the issued share capital of the Company (as at the date of the Change of Control Event). The Company will ensure a pro-rata allocation of Shares issued under this clause ~~4(f)~~4(g) to all Holders. All remaining Performance Shares held by the Holder following conversion of Performance Shares into Shares under this clause ~~4(f)~~4(g) will automatically convert into one (1) Share (in total).

~~(h)~~(h) **(After Conversion)** The Shares issued on conversion of the Performance Shares will, as and from 5.00pm (Sydney time) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue except as regards any rights attaching to such shares by reference to a record date prior to their date of allotment.

~~(m)~~(i) **(Holding statements)** The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into the Shares.

~~(n)~~(j) **(Restrictions on transfer)** Subject to clause ~~4(j)~~4(k), if any Performance Shares convert to Shares (in accordance with these terms) on the First Test Date or Second Test Date, a Holder cannot, Deal with those Shares until after the Second Test Date.

~~(o)~~(k) **(Excluded Dealing)** A Holder can Deal with the Shares that any of the Performance Shares convert into on the First Test Date if that Dealing is an Excluded Dealing, provided that, if for any reason any or all of those Shares are not transferred or cancelled in accordance with a takeover bid, scheme of arrangement or other transaction described in paragraphs ~~(a)~~(a), ~~(b)~~(b) or ~~(c)~~(c) of the definition of Excluded Dealing, then the Holder agrees that the restrictions in clause ~~4(j)~~4(i) of these terms will apply to all such Shares that any of the Performance Shares convert into on the First Test Date pursuant to these terms which are not so transferred or cancelled.



MYOB Group Limited

ABN 61 153 094 958

## LODGE YOUR VOTE



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



### BY MAIL

MYOB Group Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



### BY FAX

+61 2 9287 0309



### BY HAND

Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000



### ALL ENQUIRIES TO

Telephone: +61 1800 992 613 (free call within Australia)

## PROXY FORM

I/We being a member(s) of MYOB Group Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

☐

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (AEST) on Thursday, 28 April 2016 at 45 Clarence Street, Sydney NSW 2000 (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Items 2, 5, 6 and 7:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Items 2, 5, 6 and 7, even though the Items are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

#### Items

For Against Abstain\*

2 Adoption of the Remuneration Report

☐☐☐

3 Re-election of Mr Justin Milne

☐☐☐

4 Re-election of Mr Paul Edgerley

☐☐☐

5 Approval of the MYOB Group Limited Executive Share Plan

☐☐☐

6 Approval of issue of shares and associated loan to Mr Tim Reed under the Executive Share Plan

For Against Abstain\*

☐☐☐

7 Amendment of the Company's Constitution

☐☐☐

\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

MYO PRX1601C



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Items are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (AEST) on Tuesday, 26 April 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

#### QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



#### BY MAIL

MYOB Group Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138  
  
or  
  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**