



# **Armidale Investment**

C O R P O R A T I O N

## **ASX Company Announcements**

29 August 2014

The Manager  
Australian Securities Exchange  
20 Bridge Street  
Sydney NSW 2000

### **Andrew Grant – Executive Director, Amended Remuneration Agreement**

Following a review of the Company's executive employment contracts, Armidale Investment Corporation Limited (AIK) wishes to advise the main terms of Mr Andrew Grant's Executive Directors updated remuneration agreement.

For clarity, the Remuneration Summary, specifically the Short and Long Term Incentive programs include an incentive matrix and are not AIK forecasts.

The Company also advises that the discretionary bonus payable to Mr Grant for the year ended 30 June 2014 under his prior contract has been assessed at \$90,000. This amount is payable following completion of the full year audit for the year ended 30 June 2014.

The terms and conditions of the contract are attached as an addendum to this release.

For further information please contact:

Andrew Grant

Executive Director

02 8467 2200 / 0415 166 090

David Franks

Company Secretary

02 9299 9690

## SUMMARY OF EXECUTIVE EMPLOYMENT AGREEMENT AND REMUNERATION PACKAGE FOR MR ANDREW GRANT

The following sets out a summary of Mr Grant's Executive Employment Agreement for the position of Executive Director for Armidale Investment Corporation Limited (AIK).

### 1. Key Terms

The key terms of Mr Grant's remuneration, backdated to 1 May 2014 are:

A Total Annual Salary Package of \$305,000 per annum, or such amount as may be determined from an annual review or such other times as determined by AIK.

Refer below for a breakdown of the Total Annual Salary Package.

Gross Base Salary	\$286,217
Superannuation (9.50%)	\$18,783
<b>Total Package</b>	<b>\$305,000</b>

### 2. Annual Short Term Incentive (STI)

In addition to the Total Annual Salary Package, AIK will pay an annual short term incentive directly aligned to the performance of AIK's two main investments; Riverwise Pty Limited (Riverwise) and Hal Group (Hal). A profit sharing pool will be established which will be used to calculate the incentive which is payable within 30 days of the date of the audit report in each financial year commencing FY2015

#### Riverwise STI

The following table sets out examples of the Riverwise performance pool calculation which is based upon the AIK/Riverwise management contract:

Riverwise NPBT	Benefit to AIK @\$7.19 per share	STI 12.5% of benefit to AIK
\$3,300,000	\$165,000	\$20,625
\$6,084,000	\$373,800	\$46,725
\$6,800,000	\$427,500	\$53,438
\$8,000,000	\$547,500	\$68,438



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### Hal STI

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 for FY2015 and FY2016

<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>

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

Riverwise profit NPBT \$3,300,000, STI payable in cash of \$20,625

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

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

### **Long Term Incentive**

This will be based on AIK's share price. If the value of AIK's share price increases to 23 cents per share during the next three years ending June 30 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 \$500,000 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 at or over 15 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 would result in a bonus of \$368,750. This is conditional on the employee 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.

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, subject to shareholder approval where necessary, where a cash payment would be deemed to cause an insolvency event.



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### **Annual Leave**

Mr Grant will be entitled to 30 days' paid annual leave per annum.

The annual leave to which Mr Grant is entitled under the *Fair Work Act 2009* (Cth) (as varied or replaced), which is currently 20 days per annum, is cumulative.

The annual leave offered by AIK in addition to the statutory minimum entitlement must be taken within 12 months of Mr Grant becoming entitled to that leave. This leave will not accrue from year to year.

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

AIK may otherwise direct Mr Grant to take accrued paid annual leave at certain times, for example where Mr Grant has accrued excessive annual leave or during AIK's annual Christmas/New Year close-down period.

### **Personal/Carer's Leave, Compassionate Leave and Long Service Leave**

Mr Grant is entitled to 10 days' paid Personal/Carer's leave for each 12 months of service and 2 days' unpaid Carer's leave per occasion, if all paid Personal/Carer's leave entitlements is used.

Mr Grant is 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 its commercial information and trade contacts, Mr Grant's contract includes intellectual property protection clauses and a Restraint Deed.

### **Termination**

The key terms of the termination clause are:

Mr Grant or AIK may terminate the employment contract and Mr Grant's employment with AIK by giving 5 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 Mr Grant, at any time by notice in writing, terminate Mr Grant's employment with immediate effect (and without any obligation to give Mr Grant prior notice or payment in lieu of such prior notice) if Mr Grant:

- has been absent from work for more than 90 days due to sickness or injury (whether consecutive or not) in any period of 52 weeks;
- is convicted of any criminal offence;
- commits any act (whether in the course of Mr Grant's employment or not) which in the reasonable opinion of AIK brings Mr Grant into disrepute or may cause serious damage to the reputation of Mr Grant or the Board of Directors or otherwise affect adversely the interests of AIK;



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- is precluded by the provisions of the *Corporations Act 2001* (Cth) from taking part in the management of a corporation, or is disqualified for any reason from holding an office of AIK;
- is guilty of any dishonesty in connection with or affecting the business of AIK;
- acts in contravention of any written instructions or lawful directions of AIK relating to services to be rendered by Mr Grant or any other internal written policies or procedures;
- is guilty of serious neglect or gross negligence in the performance of his duties;
- wilfully, persistently or materially breach AIK's Policies and Procedures Manual; or is found to be illegally working or residing within Australia.