



# HUNTER HALL INTERNATIONAL LIMITED

ABN 43 059 300 426

25 February 2015

Market Announcements Office  
ASX Limited  
Level 5, 20 Bridge Street  
Sydney NSW 2000

## **HUNTER HALL INTERNATIONAL LIMITED (HHL) MATERIAL VARIATION TO CEO REMUNERATION**

In accordance with LR 3.16.4, Hunter Hall International Limited (**HHL**) announces that it has materially varied the remuneration package offered to its chief executive officer Mr David Deverall.

HHL has offered to Mr Deverall a short term incentive scheme on the terms attached to this announcement. In return Mr Deverall has foregone certain existing entitlements such that with effect from 1 July 2014 Mr Deverall has no further entitlement to:

1. participate in Hunter Hall's Employee Bonus Scheme; nor
- b. a cash equivalent payment of any dividends payable in respect of any LTI Shares which are not held by him at the relevant dates.

The above forgone rights have previously been advised to the ASX in relation to Mr Deverall's remuneration package.

Yours faithfully

Christina Seppelt  
General Counsel and Company Secretary

## ANNEXURE C

### SHORT TERM INCENTIVE SCHEME

#### KEY TERMS

1. Hunter Hall International Limited (**Hunter Hall**) wishes to implement a Short Term Incentive Scheme (**STI Scheme**) for the period 1 July 2014 to 30 June 2019 on the terms set out in this Annexure C to the employment agreement between Hunter Hall and David Deverall (**you**).
2. Subject to the terms of the STI Scheme and subject to you remaining in the employment of Hunter Hall:
  - a. on the Payment Date and subject to clause 3, you may be entitled to an amount equal to 20% of any annual increase in the APTOP of Hunter Hall, based on a diluted earnings per share basis, calculated as follows:
    - i. in respect of the financial year ending 30 June 2015, any increase in APTOP will be based on the APTOP for the financial year ending 30 June 2014; and
    - ii. in respect of the financial year ending 30 June 2016, any increase in APTOP will be based on the greater of:
      - A. the APTOP for the financial year ending 30 June 2014; or
      - B. the average APTOP for the years ending 30 June 2014 and 30 June 2015; and
    - iii. in respect of the each subsequent financial year ending 30 June, any increase in APTOP will be based on the greater of:
      - A. the APTOP for the financial year ending 30 June 2014; or
      - B. the average APTOP for the three immediately preceding financial years; and
  - b. you may be entitled to a cash bonus of up to \$20,000 determined annually in or around August at the discretion of the Board and based upon up to 5 measurable performance criteria. Such performance criteria will be determined annually by the Board and notified to you in writing as soon as practicable following their determination.
3. Any payment that may be due to you under clause 2 above, will only be paid if the amount payable is less than or equal to 10% of the pre tax audited profit of the Hunter Hall Group (**10% Cap**). In the event that the amount payable is greater than the 10% Cap, only an amount equal to the 10% Cap will be paid and the remainder of the payment will accrue and will be paid, subject always to the 10% Cap, on future Payment Dates as the Board determines in its discretion.

4. In the event that your employment with Hunter Hall ends:
- i. because you are terminated (other than in circumstances set out in sub-clause iii below) or Hunter Hall mutually agrees that your services are no longer required, any accrued but unpaid amounts under the STI Scheme will be paid to you on the Payment Date. For the purposes of this clause:
- A. entitlements under the STI Scheme **will not** continue to accrue during the period of notice set out in the Employment Agreement regardless of whether Hunter Hall exercises its rights under clause 9.1(b)(ii) of the Employment Agreement (Annexure A Standard Conditions) and makes a payment to you in lieu of the notice period and you will be paid all entitlements due and calculated up to the date of termination; and
- B. if the date of termination is on or before 31 December in a relevant year, your entitlement to any payment under clause 2 of this Annexure C will be calculated on the basis that all references in the definition of:
- APTOP to 'audited pre-tax profit' will be read as 'reviewed pre tax profit' and the APTOP calculated for the relevant half year period rather than financial year; and
  - Payment Date will be read to replace the words "31 August" with "1 March";
- and you will be paid any entitlement due under the STI Scheme for the half year period rather than the financial year. For the avoidance of doubt the APTOP for the purposes of this clause will be calculated as a half year APTOP rather than financial year and the increase in APTOP for the purposes of clause 2 will be referenced using a base of the relevant APTOP divided by 2; and
- C. if the date of termination is on or after 1 January, any payment due under the STI Scheme will be calculated as set out in clause 2 of this Annexure C; or
- ii. because you resign, any accrued but unpaid amounts under the STI Scheme will be paid to you on the Payment Date. For the purposes of this clause, entitlements under the STI Scheme will accrue up to and including the day of resignation **but will not** continue to accrue during the period of notice set out in the Employment Agreement if Hunter Hall exercises its rights under clause 9.1(b)(ii) of the Employment Agreement (Annexure A Standard Conditions) and makes a payment to you in lieu of the notice period. Any accrued payment under the STI Scheme will be calculated and paid otherwise in accordance with clause 2 of this Annexure C subject to a pro rata adjustment being made by the following formula:
- A. if you resign in the period 1 July to 31 December:
- $$\text{Amount Due} = \text{amount calculated pursuant to clause 2 above} \times \frac{\text{(number of days in the half year up to and including the date of resignation)}}{182}$$

Where all references in the definition of:

- APTOP to 'audited pre-tax profit' will be read as 'reviewed pre tax profit' and the APTOP calculated for the relevant half period rather than financial year; and
- Payment Date will be read to replace the words "31 August" with "1 March"; and

For the avoidance of doubt the APTOP for the purposes of this clause will be calculated as a half year APTOP rather than financial year and the increase in APTOP for the purposes of clause 2 will be referenced using a base of the relevant APTOP divided by 2; or

B. if you resign in the period 1 January to 30 June:

Amount Due = amount calculated pursuant to clause 2 above x  
(number of days in the financial year up to and  
including the date of resignation divided by 365);  
or

iii. because you are terminated by Hunter Hall due to fraud or other serious misconduct, in the opinion of the Board, any accrued but unpaid amounts under the STI Scheme will be forfeited by you and you will cease to have any entitlement to such amounts.

5. For the purposes of the STI Scheme:

- a. **APTOP** means the consolidated audited pre-tax profit of the Hunter Hall Group adjusted to:
  - i. add back accrual for any charitable donations made by Hunter Hall; and
  - ii. deduct any:
    - A. realised or unrealised gains from all investments made using the Hunter Hall Group balance sheet including but not limited to cash and investments in any units or equities; and
    - B. interest, distributions or dividends received; and
    - C. any performance fees earned;
- b. **Board** means the board of directors from time to time of Hunter Hall;
- c. **Hunter Hall Group** means Hunter Hall and each of its subsidiaries; and
- d. **Payment Date** means, in each year, the first practical day for payment following determination by the Board for the payment of an amount calculated in accordance with clause 2 above with best efforts to be made to ensure payment is no later than 31 August. Hunter Hall will use reasonable endeavours to efficiently calculate the APTOP following receipt of the audited consolidated accounts and report to the Board to allow such a determination to be made.

6. For the avoidance of doubt, the parties acknowledge the following worked example of their intentions in relation to the STI Scheme:

(Thousands)	2014	2015	Remarks
Profit before income tax expense	5466		
Adjustments:			
Add back Charitable donations	307		
Add back finance costs	0		
Deduct realised/unrealised gains from investments	-194		
Interest received	-119		
Dividend income	-122		
APTOP	5338	5838	APTOP
Weighted average number of shares outstanding	26,667	26,667	Note 9 of HHIL 2014 annual report
APTOP per share	20.017c	21.892c	
Increase in APTOP per share		1.875c	(\$500k/26,667 shares)
STI Payment		100	

7. The STI Scheme terminates on 30 June 2019 with the final Payment Date to be on or before 31 August 2019. Hunter Hall intends to review the operation of the STI Scheme following the termination of the STI Scheme which may result, at the discretion of the Board, in the re-instatement of the STI Scheme or a variation to the STI Scheme.