

[Director]  
[Address]

[insert date]

Dear [Director]

Confidential

## Your award of Options

I am pleased to confirm the details of your one-off offer of options to acquire ordinary fully paid shares in Pepper Group Limited (**Company**) as part of your remuneration package (**Options**), as outlined below.

This letter contains all the terms and conditions that constitute the offer of Options to you by the Company. Please note that the grant of Options pursuant to this offer is subject to shareholder approval, or approval from the Australian Securities Exchange (**ASX**) of a waiver of the requirement to obtain shareholder approval, being granted.

If you wish to accept the offer, you do not need to do anything. If you do not wish to participate in the offer, you must advise the Company Secretary by 5.00pm (Sydney time) on 29 July 2015.

## 1 Summary of your award

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Details of your award are as follows:

<b>Number of Options</b>	[insert number]
<b>Exercise Price</b>	Offer Price (as set out in the prospectus dated \$2.60 issued by the Company under Chapter 6D of the Corporations Act 2001 (Cth)).
<b>Grant Date</b>	The Options will be granted to you on or shortly after the day of the Company's initial listing and quotation of shares on the ASX.
<b>Vesting Dates<sup>1</sup></b>	The Options will vest in three equal tranches. Tranche 1 will vest on 5 August 2016 (ie 1 year from the Grant Date). Tranche 2 will vest on 5 August 2017 (ie 2 years from the Grant Date). Tranche 3 will vest on 5 August 2018 (ie 3 years from the Grant Date).

<sup>1</sup> These dates may change however you will be given advance notice of any change.

## 2 Terms of your award

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### 2.1 Grant of Options

Each Option entitles you to acquire one ordinary fully-paid share in the Company (**Share**) on payment of the Exercise Price in respect of each vested Option that you wish to exercise.

Options will be granted to you free of charge. Options may only be granted in your name and are not transferrable. The number of Options you are granted and the Exercise Price payable by you may be adjusted in certain circumstances as set out in this letter.

Options do not carry any dividend or voting rights prior to vesting and exercise.

### 2.2 Vesting and exercise of Options

Your Options are not subject to any performance or service conditions.

Your Options will vest and become exercisable on the Vesting Dates subject to the terms of this letter.

You should only exercise your Options in accordance with the Company's Securities Dealing Policy.

If they are not exercised, your Options will expire seven years after the Grant Date (ie 5.00 pm AEST on 5 August 2015) or such other date as determined by the Board. After seven years from the date of grant, any unexercised Options will lapse.

In general, you will be allocated one Share for each Option that vests and is exercised, subject to submitting a Notice of Exercise and the payment of the Exercise Price. However, the Board retains a discretion to make an equivalent value cash payment to you in lieu of an allocation of Shares. For the avoidance of doubt, the Board may determine that some or all of your Options will be settled in this way.

If you wish to exercise your vested Options, you must do so by lodging a completed and signed Notice of Exercise and delivering the Notice to the Company Secretary, together with payment of the Exercise Price for each Option exercised. A copy of the Notice of Exercise will be made available on request to the Company Secretary.

### 2.3 Allocation following exercise

As soon as practicable following the exercise of an Option, the Board must issue to, or procure the transfer to you, the number of Shares in respect of which Options have been exercised. No further action is required from you.

### 2.4 Ceasing to hold office

Unless the Board determines, if you cease to hold the office of director of the Company:

- any unvested Options will remain on foot and vest and become exercisable in the ordinary course, subject to the terms of this letter; and
- any vested but unexercised Options will remain on foot for the original exercise period.

## 2.5 Change of control

If there is a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company, all of your Options will automatically vest and become exercisable, unless the Board determines otherwise. A reference to 'control' should be read as a reference to control as it is defined in the Corporations Act 2001 (Cth).

## 2.6 Lapse of options

Your Options will lapse in certain circumstances, including:

- if you contravene the dealing restrictions (see section 2.8 below);
- if you notify the Company in writing that you elect to surrender your Options; and
- if you have not exercised any Options within seven years of the Options being granted.

## 2.7 Corporate reconstructions

- (a) Subject to section 2.7(b), prior to the allocation of Shares to you upon exercise of your Options, the Board may grant additional Options or make any adjustments it considers appropriate to the terms of an Option granted to you in order to minimise or eliminate any material advantage or disadvantage to you resulting from a corporate action by, or capital reconstruction in relation to, the Company, including but not limited to any return of capital. Adjustments that may be made include adjustments to:
- (1) the number of Options to which you are entitled;
  - (2) the number of Shares to which you are entitled upon exercise of Options;
  - (3) any amount payable on exercise of Options (including the Exercise Price); or
  - (4) where appropriate, a combination of paragraphs (1), (2) and/or (3) above.
- (b) Without limiting section 2.7(a), if:
- (5) Shares are issued pro rata to the Company's shareholders generally by way of a rights issue, Options will be adjusted in accordance with Listing Rule 6.22.2 (or any replacement rule) of the ASX; or
  - (6) Shares are issued pro rata to the Company's shareholders generally by way of a bonus issue (other than an issue in lieu of dividends or by way of a dividend reinvestment) involving capitalisation of reserves of distributable profits, or any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company is effected, Options will be adjusted in the manner required by the Listing Rules of the ASX.
- (b) Where additional Options are granted to you under this section 2.7, such Options will be subject to the same terms and conditions as the original Options granted to you unless the Board determines otherwise.
- (c) The Board must, as soon as reasonably practicable after making any additional grants or adjustments under this section 2.7, give notice in writing to you.

## **2.8 Dealing restrictions**

### **Options**

Any dealing with Options is prohibited, unless the Board determines otherwise or the dealing is required by law. The term 'dealing' captures, among other things, sales, transfers, assignments and hedges.

If you purport to deal with your Options before they have vested (including, for example, by entering into a hedging or other arrangement in relation to your Options), the Board may determine to lapse your Options.

### **Shares**

You will be free to deal in Shares allocated to you on exercise of your Options, subject to the requirements of the Company's Securities Dealing Policy.

## **2.9 Withholding**

If any member of the Group is obliged, or reasonably believes that it has an obligation, as a result of or in connection with the grant of your Options or any cash payment to be made to you on exercise of your Options to account for income tax or employment taxes under any wage, withholding, or other arrangements or for any other tax, social security contributions or levy or charge of a similar nature, then Group member is entitled to be reimbursed by you. The Company is not obliged to make any cash payments to you unless the Company is satisfied that arrangements have been made for reimbursement.

## **2.10 Amendment to terms of this offer**

The Board may at any time amend any of the terms of this offer or the terms and conditions of any securities granted under this offer. However, the Board cannot make amendments that would reduce your rights in respect of any Options or Shares that have already been granted or allocated to you, unless the primary purpose of the amendment is to:

- (a) comply with or conform to present or future laws governing or regulating the maintenance or operation of this offer in any jurisdiction in which this offer has been made;
- (b) correct a manifest error or mistake; or
- (c) take into consideration possible adverse tax implications in respect of this offer arising from, amongst other things, adverse rulings, changes to tax legislation and/or changes in the interpretation of tax legislation by a court of competent jurisdiction.

Notwithstanding items (a)-(c) of this section 2.10, the Board may exercise its amendment power in a manner that reduces your rights in respect of securities granted or allocated to you if you provide consent to such amendment.

## **2.11 Dispute or disagreement**

In the event of any dispute, disagreement or uncertainty as to the interpretation of the terms of this letter, or as to any question or right arising from or related to the terms contained in this letter or to any securities granted under it, the decision of the Board is final and binding.

The terms of this offer and any securities granted under it, are governed by the laws of New South Wales and the Commonwealth of Australia.

## 2.12 General information

- (a) By allowing the Company to grant Options to you under this Offer:
  - (1) you are deemed to have agreed to be bound by the Company's constitution in relation to any Shares allocated to you on the exercise of your Options; and
  - (2) you agree to your tax file number you provided to the Company being provided to a plan administrator and the Australian Taxation Office and any other regulatory authorities as permitted under law.
- (b) The terms of this letter do not form part of, and are not incorporated into, any separate contract to which you are a party, and this award does not create any right or expectation of an award in any future year.
- (c) Unless otherwise required by law, no company in the Group is responsible for any tax which may become payable by you as a consequence of or in connection with this award.
- (d) Any advice given by the Company in connection with your award is general advice only. The Company makes no recommendation about whether you should accept this award. This letter does not constitute investment advice, nor any recommendation by the Company regarding accepting the award.
- (e) Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to the Options.

Should you have any queries, please contact me.

Yours sincerely

John Williams  
**General Counsel**