

# Xenith IP Group Limited Short Term Incentive Plan

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## 1. Short Term Incentive Plan

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This Document contains the terms of the Xenith IP Group Limited Short Term Incentive Plan

## 2. Introduction

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### 2.1 Purpose

The purpose of the Plan is to:

- (a) attract, motivate and retain Participants;
- (b) provide an incentive to Participants to drive the Company's performance; and
- (c) provide market competitive reward mechanisms.

### 2.2 Commencement

The Plan will commence operation on a date to be determined by the Board.

## 3. Definitions and interpretation

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### 3.1 Definitions

<b>ASX</b>	means Australian Stock Exchange Limited.
<b>Board</b>	means the Directors present at a meeting, duly convened as a meeting of Directors, at which a quorum is present or any committee established by the board of Directors from time to time to administer the Plan.
<b>Budget</b>	means a Participant's individual financial budget for a Financial Year as determined by the Company.
<b>Company</b>	means Xenith IP Group Limited ACN 607 873 209.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth) and the <i>Corporations Regulations 2001</i> (Cth) as amended from time to time
<b>Director</b>	means a director of the Company and (where appropriate) includes

any alternate director.

<b>Financial Year</b>	means each financial year commencing on 1 July and ending on 30 June.
<b>Group Company</b>	means the Company, its subsidiaries (within the meaning of the Corporations Act) and any entity declared by the Board to be a Group Company for the purposes of the Plan.
<b>IFP Component</b>	means the component of an STI relating to a Participant's individual financial performance, being a maximum of 30% of the Maximum Payment.
<b>INP Component</b>	means the component of an STI relating to a Participant's individual non-financial performance being a maximum of 20% of the Maximum Payment.
<b>Listing Rules</b>	means the official Listing Rules of the ASX as they apply to the Company from time to time.
<b>Maximum Payment</b>	means the maximum STI Payment (expressed as a percentage of a Participant's TFR) that the Company may pay to a Participant in accordance with this Plan. Participants will be notified of their Maximum Payment by the Company.
<b>NPAT</b>	means net profit after tax adjusted (as determined by the Board) for material acquisitions, divestments and non-recurring items.
<b>NPAT Component</b>	means the component of an STI relating to the Company's NPAT, being the balance of the Maximum Payment (at least 50%) as determined by the Company.
<b>Participant</b>	means an employee who is entitled to participate in this Plan as specified in their employment contract or written nomination by the Company.
<b>Plan</b>	means this Short Term Incentive Plan as amended from time to time.
<b>Company Forecast</b>	means the forecasted NPAT of the Company for each Financial Year for the purposes of this Plan, as determined and varied by the Board from time to time.

<b>Review Date</b>	means 31 July each year.
<b>STI Payment</b>	means the short term incentive payment (if any) payable to a Participant in accordance with this Plan.
<b>TFR</b>	means Total Fixed Remuneration

### 3.2 Interpretation

Unless a contrary intention is expressed:

- (a) headings and italicised, highlighted or bold type do not affect the interpretation of this Plan;
- (b) the singular includes the plural and the plural includes the singular;
- (c) a gender includes all other genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Plan have a corresponding meaning;
- (e) a reference to a 'person' includes any individual, firm, company, partnership, joint venture, an unincorporated body or association, trust, corporation or other body corporate (whether or not having a separate legal personality);
- (f) a reference to time is to the time in Sydney, NSW, Australia;
- (g) a reference to a body, whether statutory or not, which ceases to exist or whose powers or functions are transferred to another body, is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (h) specifying anything in this Plan after the words 'include', 'including', 'for example', 'such as' or similar expressions does not limit what else is included unless there is express wording to the contrary;
- (i) a reference to a day is to the period of time commencing at midnight and ending 24 hours later;
- (j) a reference to a month is a reference to a calendar month;
- (k) if a period of time is specified and dates from a day or the day of an act, event or circumstance, that period is to be determined exclusive of that day;
- (l) if an act or event must occur or be performed on or by a specified day and occurs or is performed after 5:00 pm on that day, it is taken to have occurred or been done on the next day;

- (m) a reference to '\$', 'A\$', 'dollars' or 'Dollars' is a reference to the lawful currency of the Commonwealth of Australia; and

### 3.3 Business Day

If anything under this Plan is required to be done by or on a day that is not a Business Day that thing must be done by or on the next Business Day.

## 4. Participation

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An employee of the Company or a Group Company will be eligible to participate in this Plan if:

- (a) the employee is entitled to participate pursuant to the employee's employment contract; or
- (b) the Company otherwise nominates the Employee in writing.

## 5. STI Payment Rules

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### 5.1 STI Payment

- (a) The STI Payment (if any) payable to a Participant in accordance with the terms and conditions of this Plan will be determined by reference to:
  - (i) the individual financial performance of the Participant during a Financial Year;
  - (ii) the individual non-financial performance of the Participant during a Financial Year; and
  - (iii) the Company's NPAT for a Financial Year.
- (b) An STI Payment will not exceed the Maximum Payment for any Participant.

### 5.2 Individual financial performance

- (a) On or before the Review Date, the Company will afford each Participant a rating in respect of their individual financial performance during the previous Financial Year.
- (b) The IFP Component of the STI Payment payable to a Participant will be calculated as follows (with pro-rata straight-line award for performance between the hurdles, provided at least 95% of budget is achieved):

Individual financial performance rating	Percentage of IFP Component awarded
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Less than 95% of Budget	0
95% of Budget	25%
100% of Budget	66.7%
110% of Budget	100%

### 5.3 Individual non-financial performance

- (a) On or before the Review Date, the Company will afford each Participant a rating in respect of their individual non-financial performance during the previous Financial Year assessed as determined by the Company.
- (b) The INP Component of the STI Payment payable to a Participant will be calculated as follows:

Individual non-financial performance rating	Percentage of INP Component awarded
Below target	0
On target	50%
Above target	75%
Exceptional	100%

### 5.4 Company NPAT

- (a) After the Review Date, the Company will calculate and disclose the Company's NPAT for the previous Financial Year.
- (b) The NPAT Component of the STI Payment payable to a Participant will be calculated as follows (with pro-rata straight-line award for performance between the hurdles, provided Company Forecast is achieved):

Company's NPAT	Percentage of NPAT Component awarded (subject to clause 5.5)
Less than Company Forecast	0%
Company Forecast	50%
110% of Company Forecast	100%



## 5.5 Threshold requirements

- (a) Notwithstanding any other provision of this Plan, no STI Payment will be payable to a Participant in respect of a Financial Year if:
- (i) the Participant receives an individual financial performance rating of less than 95% of Budget; or
  - (ii) the Participant receives an individual non-financial performance rating of below target.

## 5.6 Payment of STI Payment

The Company will use reasonable endeavours to pay STI Payments to Participants within 90 days after the end of each Financial Year. It is the Company's intention to make STI Payments as soon as practicable after the announcement by the Company of its financial results in respect of a Financial Year.

## 5.7 Company to maintain sole discretion

Notwithstanding anything to the contrary in this STI Plan, the Company has the sole discretion at any time to:

- (a) vary a Participant's Budget or non-financial performance targets;
- (b) vary the Company's NPAT targets; and
- (c) vary this Plan or its application.

## 6. Conditions

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### 6.1 Commencing employment

A Participant who commences employment with the Company during a Financial Year will, if they are entitled to receive a STI Payment under this Plan in respect of that Financial Year, receive their STI Payment pro-rata calculated by reference to the proportion of that Financial Year in which the Participant was employed by the Company.

### 6.2 Ceasing employment

A Participant who ceases to be employed by a Group Company during a Financial Year will be ineligible to receive a STI Payment in respect of that Financial Year.

### 6.3 Extended leave

A Participant entitled to receive a STI Payment under this Plan who takes extended leave during a Financial Year (including, without limitation, maternity/paternity leave) will receive their STI Payment pro-rata calculated by reference to the proportion of that Financial Year in

which the Participant was not on extended leave. The Company may suspend the participation of a Participant in this Plan if a Participant takes an extended leave of absence.

## 7. Administration

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### 7.1 Board to administer Plan

The Plan is to be administered by the Board. The Board may make further provisions for the operation of the Plan which are not materially inconsistent with this Plan.

### 7.2 Board powers and discretions

Any power or discretion which is conferred on the Company by this Plan must be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any power or discretion, under any fiduciary or other obligation to any other person.

### 7.3 Delegation of powers and discretions

Any power or discretion which is conferred on the Company by this Plan including the power to invite Participants to participate in the Plan, to assess the performance of Participants and to determine the STI Payment for Participants may be delegated by the Board to:

- (a) a committee consisting of such Board, other officers or employees of the Company, or any combination of such persons as the Board thinks fit;
- (b) any representative of the Company or a Group Company;
- (c) a Group Company; or
- (d) a third party,

for such periods and on such conditions as the Board thinks fit.

### 7.4 Documents

The Board may from time to time require a Participant to complete and return such other documents as may be required by law to be completed by that Participant, or such other documents which the Board considers should, for legal, taxation or administrative reasons, be completed by that Participant.

### 7.5 Board decision - final and conclusive

The decision of the Board as to the interpretation, effect or application of these Rules and all calculations and determination made by the Board under these Rules are final, conclusive and binding in the absence of manifest error.

## 7.6 Suspension of Plan

The Board may from time to time suspend the operation of the Plan and may at any time cancel the Plan. The suspension or cancellation of the Plan must not prejudice the existing rights (if any) of Participants.

## 8. Amendment of the Plan

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### 8.1 Board may amend

Subject to clause 8.2 and the Listing Rules, the Board may at any time by written instrument, add to, delete or otherwise vary or amend all or any of the provisions of this Plan.

### 8.2 No reduction of existing rights

Any amendment to the provisions of this Plan must not materially reduce the rights of any Participant as they existed before the date of the amendment, other than with the consent of the Participant or where the amendment is introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
- (b) to correct any manifest error or mistake;
- (c) for the purpose of enabling the Participants generally to receive a more favourable taxation treatment in respect of their participation in the Plan; or
- (d) to enable the Plan or any Group Company to comply with the Corporations Act, the Listing Plan Rules, any other applicable laws or its constitution.

## 9. Termination of the Plan

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The Plan terminates and is to be wound up on the occurrence of any of the following events:

- (a) if an order is made or an effective resolution is passed for the winding up of the Company other than for the purpose of amalgamation or reconstruction; or
- (b) if the Board determines that the Plan is to be wound up.

## 10. Miscellaneous provisions

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### 10.1 Rights of Participants

Nothing in this Plan:

- (a) confers on any person any expectation to become a Participant;
- (b) confers on any Participant the right to continue as an employee of any employer;
- (c) affects any rights which any employer may have to terminate the employment of any employee; or
- (d) may be used to increase damages in any action brought against any employer in respect of any termination of employment.

No person, whether a Participant or otherwise, has any claim, right or interest in respect of the Plan or other property of the Plan, whether against the Company or any other person, as a consequence of termination of the employee's employment or appointment or otherwise, except under and in accordance with this Plan.

## 10.2 Notices

Any notice, certificate, consent, approval, waiver or other communications given by the Board or the Company is deemed to have been duly given if:

- (a) sent by electronic mail or delivered by hand; or
- (b) sent by ordinary prepaid mail,

and is deemed to have been served:

- (a) if sent by electronic mail or delivered by hand, at the time of sending or delivery; or
- (b) if posted, three Business Days (or, if posted to a Participant's address outside Australia, seven Business Days) after the date of posting.

Delivery, transmission and postage is to the address of any Participant as indicated on the Application Form, any other address as the Board or any Participant may notify to the other or in the case of a Participant who is an employee, the address of the place of business at which the Participant performs the whole or substantially the whole of the duties of his or her office or employment.

## 10.3 Governing law

These Rules are governed by the laws in force in New South Wales and will be construed and take effect in accordance with those laws.