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29 March 2012

THE WAREHOUSE GROUP LIMITED

The Warehouse Group provides copy of Executive Share Scheme Prospectus

The Warehouse Group provides a copy of the Prospectus dated 29 March 2012 in respect of The Warehouse Group Limited Executive Share Scheme.

ENDS

THE WAREHOUSE GROUP LIMITED

**PROSPECTUS
IN RESPECT OF THE WAREHOUSE GROUP LIMITED EXECUTIVE SHARE SCHEME**

This prospectus is dated 29 March 2012

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SUMMARY OF THE OFFER

Introduction

Under The Warehouse Group Limited Executive Share Scheme (“**Scheme**”) The Warehouse Group Limited (“**Company**”) is offering selected executive employees (including executive Directors) (“**Executive Employees**”) of the Company or of any Subsidiary (a “**Member of the Group**”) the right to be allocated and transferred ordinary shares in the Company (“**Shares**”) upon the satisfaction of certain conditions.

The Scheme will operate in New Zealand.

The Scheme is governed by the Deed in Respect of The Warehouse Group Limited Executive Share Scheme dated 7 September 2005 and amended on 29 March 2007, 25 October 2007, 10 September 2008, 5 October 2009 and 29 March 2012 (“**Deed**”). The Warehouse Management Trustee Company No. 2 Limited has been appointed to act as a trustee of the Scheme in accordance with the Deed (“**Trustee**”). The Directors' Remuneration, Talent and Nomination Committee (“**Committee**”) will administer the Scheme.

Pursuant to the Deed, a maximum of 2,000,000 Shares may be offered and issued to Executive Employees under the Scheme in each financial year of the Company.

Nature of securities offered

The Executive Employees who have been nominated by the Committee to participate in the Scheme (“**Participants**”) are offered a conditional right to be allocated and transferred Shares which are termed “Performance Shares” and/or Shares which are termed “Award Shares” under the Scheme. The number of Performance Shares and/or Award Shares offered to an Executive Employee is set out in the individual participation deed accompanying the investment statement (“**Participation Deed**”). The nature of and the differences between the Performance Shares and the Award Shares are as follows:

- (a) **Performance Shares:** The purpose of the Performance Share aspect of the Scheme is to provide a long-term incentive for Participants based on the total return to shareholders from the Shares over a specified period (usually three years or such other period determined by the Committee).

Participants participating in this aspect of the Scheme will be offered a conditional right to be allocated and transferred Performance Shares, provided that the total return to shareholders from the Shares attains a certain level at the end of the Performance Period. The Performance Criteria are set out in the Participation Deed accompanying the investment statement and further explained in the section headed “Statutory Information” under the heading “Performance Shares”.

The right to be allocated and transferred Performance Shares at the end of the specified period will also be conditional upon the Participant remaining continuously Employed by a Member of the Group during the specified period.

- (b) **Award Shares:** The purpose of the Award Share aspect of the Scheme is to provide a short-term incentive for Participants.

Participants participating in this aspect of the Scheme will be offered a conditional right to be allocated and transferred Award Shares at the end of each Restrictive Period (or on such other date or for such other period determined by the Committee) provided that certain pre-determined short-term performance targets are met. The Award Criteria are based on Board approved budgets and hurdles set at the beginning of the financial year of the Company in which the Participant is offered the Conditional Rights. The Award Criteria applying to individual Participants is based upon a combination of the net profit after tax performance of the Group, the operating profit of

the "Brand" (as that term is defined in the Deed) in which the relevant Participant is Employed (if applicable), and individual performance of the relevant Participant during the Award Period. The Award Criteria are set out in the Participation Deed accompanying the investment statement and further explained in the section headed "Statutory Information" under the heading "Award Shares".

The right to be allocated and transferred the relevant number of Award Shares on each anniversary of entry into the Scheme will be conditional upon the Participant remaining continuously Employed by a Member of the Group at the end of the Performance Period or the Restrictive Period.

Shares allocated and transferred to Participants shall be fully paid and rank equally in all respects with the Shares on issue at the Allocation Date (as defined below) except for any dividend or distribution in respect of which the record date for that dividend or distribution occurred prior to the Allocation Date.

Applications for conditional rights to be allocated and transferred Shares

Only those Executive Employees who have received an individual Participation Deed may apply to become Participants in the Scheme and subscribe for conditional rights in relation to a particular offer. Executive Employees can agree to become a Participant in the Scheme and subscribe for conditional rights in relation to a particular offer by entering into the Participation Deed. The Participation Deed sets out the terms of participation in relation to a particular offer, as determined by the Committee, and whether the Executive Employee is entitled to a conditional right to be allocated and transferred Performance Shares and/or Award Shares in the future.

Executive Employees who wish to apply to become a Participant in the Scheme and be issued the conditional rights set out in the Participation Deed in relation to that offer, must sign the Participation Deed and return it to the Remuneration & HR Reporting Manager at the following address:

c/- The Remuneration & HR Reporting Manager
The Warehouse Group Limited
PO Box 33470
Takapuna
NEW ZEALAND

Telephone: +(64)(9) 489 7000
Fax: +(64)(9) 488 2881

by 5:00pm on the closing date set out in the schedule to the Participation Deed. If a duly completed and signed Participation Deed is not received by the Remuneration & HR Reporting Manager at the above address by 5.00pm New Zealand time on the specified date, the relevant Executive Employee will be deemed to have declined the offer of conditional rights.

Allocation of conditional rights to be allocated and transferred Shares

Upon receipt of a duly completed and signed Participation Deed from a Participant the Company will issue conditional rights to such Participant. Such issue will occur on the "Participation Date" (as defined in the Deed). The issue of conditional rights will be subject to the Company's Securities Trading Policy or any other applicable laws. The issue of conditional rights will be confirmed to Participants by letter.

Allocation and transfer of Shares

Following the end of the Performance Period (for Performance Shares) or each Restrictive Period (for Award Shares) (as the case may be), the Trustee will notify each Participant, by way of a Letter of Notification (as defined in the Deed), advising each Participant of:

- (a) whether the Participant has a right to be transferred the Performance Shares based on the performance test, plus, at the Committee's discretion, the number of associated bonus shares or any other distribution of Shares or securities (other than a rights issue) ("**Additional Shares**"), and any cash amounts that the Trustee has received (for the purposes of this prospectus, "**Cash Distributions**"), in respect of the Performance Shares being allocated and transferred and to which the Committee has determined that the Participant is entitled, provided that the Participant has been continuously Employed during the Performance Period; and/or
- (b) whether the Participant has a right to be transferred Award Shares based on the performance test and in what number, plus, at the Committee's discretion, the number of Additional Shares, and any Cash Distributions that the Trustee has received, in respect of the Award Shares being allocated and transferred to the Participant, provided that the Participant has been continuously Employed during the relevant Restrictive Period.

Prior to the allocation and transfer of Shares representing the Performance Shares or the relevant number of Award Shares to a Participant, the Participant shall have no right or interest whether legal or equitable, in any Share held by the Trustee for the purposes of the Scheme (and for the avoidance of doubt shall have no entitlement to any dividends, distributions, rights or payments paid or made by the Company in respect of such Shares). Any distributions made in respect of Shares held by the Trustee for the purpose of the Scheme, such as dividends paid by the Company, bonus issues, or proceeds from a buyback by the Company, shall be paid or allotted (as the case may be) to the Trustee.

A Participant shall be deemed to have accepted a transfer of the Shares on the date set out in the Letter of Notification. Shares will be allocated to the Participant on that date (for the purpose of this prospectus, the "**Allocation Date**"). The relevant Shares will be transferred to the Participant on the "**Expected Vesting Date**" set out in the Participation Deed.

Listing

Listing of the conditional rights to be issued under this prospectus and under the investment statement is not being sought.

All Shares allocated and transferred under the Scheme will be purchased by the Trustee on a stock exchange and no new Shares will be issued for the purposes of the Scheme. The Shares will be held legally and beneficially by the Trustee until such time as the Shares are allocated and transferred by the Trustee to Participants.

Disclosure obligation information available

The Shares to which the conditional rights to be issued under this prospectus relate are quoted on a securities market operated by NZX, the NZX Main Board. The Company is subject to a disclosure obligation that requires it to notify certain material information to NZX for the purpose of that information being made available to participants in the NZX Main Board. That material information may be accessed by Participants at the website of NZX, www.nzx.com/companies/WHS/.

The NZX Main Board is a registered market. NZX accepts no responsibility for any statement in this prospectus.

Securities Regulations 2009 and exemption notices

The Securities Regulations 2009 apply to the offer of Shares under this prospectus and the investment statement, subject to the Securities Act (Employee Share Purchase Schemes - Listed Companies) Exemption Notice 2011.

Limited offer to New Zealand resident selected Executive Employees

The offer contained in this prospectus and in the investment statement is made only to selected Executive Employees of the Company and its subsidiaries in New Zealand who have received a personal letter of invitation from the Company. No application for subscription will be accepted from any other person. In addition, this prospectus and the investment statement do not constitute an offer of securities in any jurisdiction other than New Zealand. No action has been or will be taken by the Company which would permit an offer of the securities, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

Independent tax advice

Executive Employees subscribing for securities which are offered in this prospectus and in the investment statement should obtain their own tax advice as the advice contained in this prospectus is general in nature and may not apply to their individual circumstances.

Definitions

All capitalised terms in this prospectus are as defined in the Deed, unless otherwise stated.

Attachments

Attached to and forming part of this prospectus is the Deed (which includes the form of Letter of Notification, which is attached as a schedule to the Deed).

STATUTORY INFORMATION

As required by Regulation 16 of the Securities Regulations 2009, the Company sets out below an index of matters required to be stated by the First Schedule of the Securities Regulations 2009, as modified by the Securities Act (Employee Share Purchase Scheme - Listing Companies) Exemption Notice 2011:

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Clause 1. Main terms of offer

Issuer

The issuer and offeror of the conditional rights under the Scheme and the original issuer of the Shares that may be allocated and transferred by the Trustee at the end of the Performance Period or Restrictive Period (as the case may be) is The Warehouse Group Limited. Its registered office is:

Level 8
120 Albert Street
AUCKLAND

Description of the securities being offered

A full description of the conditional rights in respect of Performance Shares and/or Award Shares that are being offered and of the Shares that may be allocated and transferred at the end of the Performance Period or Restrictive Period (as the case may be), is set out in the Deed. The nature of the conditional rights in respect of the Performance Shares and the Award Shares is as follows:

Performance Shares

The Committee has determined the number of Performance Shares (if any) a Participant will have a conditional right to be allocated and transferred under the Scheme and this is set out in the Participation Deed.

At the end of a specified period (usually three years or such other period determined by the Committee) (the "**Performance Period**"), each Participant will be assessed, by way of a performance test, against certain criteria ("**Performance Criteria**") determined by the Committee. The Performance Period and the Performance Criteria are set out in the Participation Deed.

Unless the Committee resolves otherwise, the sole criteria will be whether the Actual TSR at the end of the Performance Period exceeds the Target TSR. However in determining whether Performance Criteria have been met, the Committee shall take into account the effect of any consolidation or subdivision of the Company's Shares, Share buyback, or other reconstruction of, or adjustment to, the Shares or Share structure of the Company and the effect of such an event on the Performance Criteria.

The performance test will determine whether a Participant has the right to be allocated and transferred Performance Shares, provided that the Participant has been continuously Employed during the Performance Period.

The Committee in its absolute discretion may determine that a Participant also has the right to be transferred or paid:

- (a) any Additional Shares that have been issued during the Performance Period in respect of the Performance Shares being transferred to the Participant; and
- (b) any cash distributions (such as the proceeds of the sale of any rights or other securities, or from any Share buyback or any Special Dividend) ("**Cash Distributions**"), that the Trustee has derived during the Performance Period in respect of the Performance Shares that are being transferred to the Participant.

As noted above, a Participant has no right to such Additional Shares or Cash Distributions.

Award Shares

The Committee has determined the number of Award Shares (if any) that a Participant will have a conditional right to be allocated and transferred under the Scheme and this is set out in the Participation Deed. The actual number of Award Shares in respect of which a Participant will have Conditional Rights will be determined by short-term performance criteria ("**Award Criteria**"). The Award Criteria will be based on Board approved budgets and hurdles set at the beginning of, and assessed during, the financial year of the Company in which the Participant is offered the Conditional Rights ("**Award Period**"). The Award Criteria applying to individual Participants will be determined based on the net profit after tax performance of the Company, combined with the operating profit of the "**Brand**" (as that term is defined in the Deed) in which the Participant is Employed (if applicable), and the Participant's individual performance during the "Award Period".

Generally the number of Award Shares which a Participant will have a right to be allocated and transferred will depend on the extent to which these performance targets are met. The Participation Deed therefore sets out details of performance targets and the target number of Shares in respect of which a Participant has Conditional Rights. Also set out in the Participation Deed are maximum and minimum performance targets along with the maximum and minimum number of Shares in respect which a Participant has Conditional Rights.

At the end of a specified Award Period, a Participant's performance will be assessed to determine whether the Award Criteria have been met and, accordingly, whether the individual Participant will have a right to be transferred Award Shares and in what number.

In determining whether Award Criteria have been met, the Committee shall take into account the effect of any Special Dividend, or any consolidation or subdivision of the Company's Shares, Share buyback, or other reconstruction of, or adjustment to, the Shares or Share structure of the Company and the effect of such an event on the Award Criteria.

A proportion of the relevant number of Award Shares will be allocated and transferred to a Participant at the end of each pre-determined period ("**Restrictive Period**") only if the Participant has been continuously Employed during the relevant Restrictive Period. The Restrictive Periods are set out in the Participation Deed.

The Committee may in its absolute discretion determine that a Participant also has the right to be transferred or paid:

- (a) any Additional Shares that have been issued during the Restrictive Period in respect of the Award Shares being transferred to the Participant; and
- (b) any Cash Distributions that the Trustee has derived during the Restrictive Period in respect of the Award Shares that are being transferred to the Participant.

As noted above, a Participant has no right to such Additional Shares or Cash Distributions.

Maximum number of securities being offered

Pursuant to the Deed, the aggregate maximum number of Shares that Participants may be offered the conditional right to be allocated and transferred in any financial year of the Company is 2,000,000 Shares.

Consideration for securities being offered

No money is payable for the issue of the conditional rights. \$1 is payable in respect of each deemed allocation and transfer of Shares or Additional Shares (if any). No money is payable upon the payment of Cash Distributions (if any).

Clause 2. Name and address of offeror

As noted above, the offeror and issuer of the conditional rights under the Scheme and the original issuer of the Shares that may be allocated and transferred by the Trustee at the end of the Performance Period or Restrictive Period (as the case may be) is The Warehouse Group Limited. Its registered office is:

Level 8
120 Albert Street
AUCKLAND

Clause 3. Details of incorporation of issuer

The Company was incorporated under the provisions of the Companies Act 1955 on 8 November 1993 and was reregistered under the Companies Act 1993 on 20 November 1995. The Company's registered number is 611207. The public file in respect of the company can be accessed on the Companies website at www.companies.govt.nz. Copies of the documents may also be obtained by contacting the Ministry of Economic Development Business Service Centre on info@companies.govt.nz or telephone 0508 266-726. A fee may apply.

Clause 21. Other terms of offer and securities

All terms of the offer, and all terms of the securities being offered, are set out in this prospectus and in the attached Deed (which includes the terms set out in the form of Participation Deed, form of Letter of Notification and all other schedules to the Deed), and your Participation Deed.

Key terms contained in the Deed are set out below.

Limitations and restrictions in respect of conditional rights

Participants have a conditional right to be allocated and transferred Shares at a future date but do not have a right or interest (whether legal or equitable) in Shares and may not assign, charge or otherwise dispose of, or create any interest in any Share.

The fact that a Participant holds conditional rights in Shares under the Scheme does not make the Participant a shareholder of the Company. Accordingly, a Participant is not entitled to:

- receive or benefit from dividends and distributions, paid by the Company;
- attend or vote at any meeting of the shareholders of the Company; or
- exercise any other right which shareholders in the Company are entitled to exercise.

However, if a Participant is subsequently allocated and transferred Shares under the Scheme, he/she will become a shareholder of the Company, and will be entitled to exercise the rights

referred to above.

Both as a Participant and as a shareholder, an Executive Employee will be entitled to receive copies of the annual report and audited financial statements of the Company in respect of the most recently completed annual accounting period from time to time of the Company. A copy of the most recent financial statements of the Company accompanies this prospectus.

Participation in the Scheme does not confer on the Participant any rights to continued Employment. Nor does participation in the Scheme restrict any rights of a Participant's employing company to terminate the Participant's Employment at any time for cause and without liability. Entitlements under the Scheme are not part of the Participant's regular, recurring remuneration or compensation for any purpose (including for the calculation of redundancy or holiday pay).

The Company will not grant any conditional rights or permit the allocation and transfer of any conditional right if to do so would result in the Company contravening the Company's constitution, the Companies Act 1993, the Securities Act 1978, the Securities Regulations 2009, the Securities Markets Act 1988, the Australian Corporations Act 2001 (Cth), the NZX Listing Rules, the ASX Listing Rules, the Company's Securities Trading Policy, or any other applicable laws.

Purchase of Shares by Trustee

The Trustee, as directed by the Committee, will purchase the aggregate of the number of Performance Shares that Participants may be allocated and transferred under the Scheme at the end of the Performance Period. The Trustee, as directed by the Committee, will purchase the aggregate of the maximum number of Award Shares that Participants may be allocated and transferred under the Scheme at the end of each Restrictive Period. The Trustee may utilise Shares that it holds unvested that are no longer being held for a current Participant in the Scheme to satisfy the requirements of subsequent offers made under the Scheme.

All Shares purchased for the purposes of the Scheme will be purchased on a stock exchange. New Shares shall not be issued for the purposes of the Scheme. Shares purchased for the purposes of the Scheme will be purchased in the Trustee's own name. The Trustee will be the legal and beneficial owner of such Shares until the Shares are transferred to a Participant.

At the end of the Performance Period or each Restrictive Period (as the case may be), the Trustee will notify each Participant of the number of Shares, including Additional Shares (if any) that he/she is entitled to be allocated and transferred on the Expected Vesting Date.

The Trustee is The Warehouse Management Company No. 2 Limited. The address of the Trustee's registered office is:

Level 8
120 Albert Street
AUCKLAND

The Company will provide financial assistance to the Trustee by way of an interest free loan, which shall be repayable on demand. The liability of and recourse against the Trustee in respect of the loan shall be limited to the Shares. As all Shares purchased for the purposes of the Scheme will be purchased on a stock exchange, no consideration will be received by the Company in respect of those Shares. The Trustee does not guarantee the Shares.

Winding up or termination of the Scheme and acceleration of the Expected Vesting Date

The date upon which the Performance Shares or the relevant number of Award Shares will be transferred to a Participant (as the case may be) will be 10 Business Days after the end of the Performance Period or the end of the relevant Restrictive Period (as the case may be), unless the Committee resolves otherwise (termed the "Expected Vesting Date" in the Deed).

The Scheme may, however, be wound up or terminated by the Committee in the following circumstances:

- (a) at any time so determined by the Committee;
- (b) upon the liquidation of the Company;
- (c) upon the consolidation or subdivision of Shares, Share buyback or other reconstruction of the Shares, or upon the amalgamation of the Company;
- (d) the takeover of the Company; or
- (e) 80 years after the date of the Deed.

If, prior to the Expected Vesting Date:

- (a) the Scheme is terminated for any of the reasons described above; or
- (b) notice has been given that the Shares will cease to be listed on any stock exchange; or
- (c) there has been a reconstruction of, or adjustment to the Shares or the Share structure of the Company, or the amalgamation of the Company (not giving rise to the winding up or termination of the Scheme),

the Committee shall determine the proportion (if any) of Shares representing the Performance Shares, Award Shares and any Additional Shares a Participant has a right to be transferred and the amount of any Cash Distributions a Participant is entitled to be paid. The Committee shall then direct the Trustee to make the transfer of such Shares and pay any Cash Distributions, or to sell such Shares and pay the Participant an amount representing the value of such entitlements, or to invite the Participant to participate in another offer of securities in substitution for such Shares, or to take such other action as the Committee considers appropriate in the circumstances. The Committee will determine the date upon which any such action will be performed which will be prior to or on the Expected Vesting Date.

Ceasing Employment

If a Participant ceases Employment due to injury, disability, redundancy, death or in any other circumstances that the Committee determines, the Participant may, at the Committee's discretion, be entitled to receive Shares, Additional Shares and/or a Cash Distribution under the Scheme.

In addition, if a Subsidiary in which the Participant is Employed ceases to be a Member of the Group (which could be as a result of the business of such Subsidiary, substantially all of the business of such Subsidiary, that part of the business of such Subsidiary in which the Participant is Employed, or substantially all of the assets of such Subsidiary, being sold, contracted out or transferred to a third party that is not a Member of the Group), the Participant may, at the Committee's discretion, be entitled to receive Shares, Additional Shares and/or a Cash Distribution under the Scheme.

No voluntary withdrawal

Other than as described above, a Participant is not permitted to voluntarily withdraw from the Scheme prior to the end of the Performance Period or any relevant Restrictive Period (as the case may be).

Right to sell conditional rights and Shares

A conditional right to be allocated and transferred Shares is not transferable. Any Shares allocated to a Participant under the Scheme are transferable.

Amendments to the terms of the securities

The Committee may, at any time, add to, amend or waive the terms of the Participation Deed or the application of any terms of the Deed to a Participant, provided that no such amendment has the effect of imposing more onerous conditions on a Participant or adversely affecting or without the consent of the Participant prejudicing the rights of a Participant under the Deed. No such amendment is permitted if it would substantially increase the value of the rights of a Participant under the Deed or any Participation Deed.

The Trustee may, upon the direction of or with the consent of the Committee, make any amendment to the Deed provided that the amendment does not adversely affect or prejudice any rights of Participants or a Participant obtained under the Scheme without the consent of the Participants or the affected Participant, or substantially increase the value of the rights of a Participant under the Deed or any Participation Deed, or that would cause the Scheme to breach any applicable law or it would be in breach of the NZX Listing Rules.

The circumstances in which the Committee or the Trustee can make these amendments are set out in the Deed. These include amendments to the Deed or a Participation Deed to render such documents capable of approval by a governmental or regulatory body and minor administrative amendments.

The rights attaching to Shares are governed by the Company's constitution. That constitution may be altered by a special resolution of shareholders, subject to the rights of interest groups under the Companies Act 1993, or in certain circumstances by Court order. Section 117 of the Companies Act 1993 restricts a company from taking any action which affects the rights attached to shares unless that action has been approved by a special resolution of shareholders whose rights are affected by the action. Under certain circumstances a shareholder whose rights are affected by a special resolution may require the Company to purchase its shares.

Disputes

The Committee has full power to make a final, conclusive and binding decision of any question of interpretation of the Deed or a Participation Deed or any dispute arising in connection with the Scheme. Participants have no right to make a claim, or be entitled to any remedy, against the Company, the Committee (or its members) or the Trustee.

Clause 25. Places of inspection of documents

The constitution of the Company and the most recent financial statements of the Company may be inspected without fee during normal business hours at the Company's registered office at Level 8, 120 Albert Street, Auckland, and are filed on a public register which may be inspected on the Companies Office website at www.companies.govt.nz.

OTHER INFORMATION REGARDING THE OFFER

Performance of Shares

Executive Employees should note that the price of the Company's Shares may increase or may decrease. The Company makes no representations whatsoever regarding the performance of its Shares, the value of the conditional rights offered under the Scheme or the future value of the Shares that may be allocated and transferred under the Scheme.

Acquisition or disposition of conditional rights and Shares

Insider trading laws and policies

The Company draws Executive Employees' attention to the insider trading laws of New Zealand and Australia as set out below:

- (a) once a Participant has been allocated and transferred Shares under the Scheme, the Participant may sell those Shares;
- (b) upon the issue of conditional rights and at the time of the allocation and transfer of Shares, as well as when selling or otherwise dealing with such Shares, a Participant should have regard to the insider trading provisions of both New Zealand's Securities Markets Act 1988 and the Australian Corporations Act 2001 (Cth) which both apply to the Company's securities. The Company's Securities Trading Policy (which details the Company's insider trading policy) adopts the requirements of both countries. The Securities Markets Act 1988 restricts an Executive Employee's ability to acquire conditional rights or acquire or dispose of Shares. Executive Employees should consider such provisions carefully;
- (c) a copy of the Company's current Securities Trading Policy is available on request from the Company Secretary and is also available on icRed;
- (d) a key requirement of the Company's Securities Trading Policy is that Executive Employees can only deal with their securities in the Company within a trading window following the announcement of the Company's yearly and half yearly results, unless the Board approves otherwise. The trading window is currently eight weeks but may vary. However if an Executive Employee has any "material information" about the Company, then the Executive Employee cannot trade within the trading windows either. The Company's yearly results are usually announced in September and the half yearly results are usually announced in March.

Disclosure laws

In acquiring and disposing of securities in the Company under the Scheme a Participant must comply with the provisions of the Securities Markets Act 1988 relating to the disclosure of relevant interests in securities.

If a Participant is a substantial security holder of the Company, the Participant must also comply with the provisions of the Securities Markets Act 1988 which relate to acquisitions and dispositions of securities in the Company by substantial security holders.

Executive Employees should obtain professional advice in respect of their obligations with respect to the insider trading laws and policies and disclosure requirements.

Brokerage

Brokerage charges may be payable to any broker through whom a Participant or shareholder sells his/her shares.

No quotation of conditional rights on the ASX and the NZSX

Listing of the conditional rights to be issued under this prospectus and under the investment statement is not being sought.

In the Company's opinion, there is an established market for the Company's Shares.

The Company has reviewed the listing of the Shares on the ASX. If the Company de-lists from the ASX, an announcement will be made on the NZX and the ASX and the Participants will be informed.

Taxes

Taxation of New Zealand resident Participants

The possible taxes that New Zealand resident Participants may be liable for are as follows:

- (a) **Participants liable for income tax on Shares:** Participants will be subject to income tax in the income year (normally the year ended 31 March) in which Shares are transferred to them on the difference between the market value of the Shares on the date they acquire them (that is, the date the Shares are transferred to the Participants under the Scheme), and the amount paid by the Participants to acquire the Shares (that is, \$1 in total for the transfer of Shares). The amount of tax payable will depend on the applicable marginal tax rate for each Participant.

This same tax treatment will apply to any additional Shares (that is, bonus Shares, or any other distribution of Shares and securities) issued to Participants.

Individual Participants will be liable to account for the tax on this income, and must return the income in their individual tax return. The Participants **must** pay tax on this income themselves, as the Company will not deduct PAYE from this income on behalf of the Participants. Further below is an example demonstrating a calculation of taxable income generated by the transfer of Shares to Participants.

If any Participant has a residual income tax liability of \$2,500 or more at the end of an income year (which may well be a consequence of being transferred Shares), that Participant will be deemed to be a "provisional taxpayer" and subject to the provisional tax rules.

Provisional tax is not a separate tax, but a means of paying income tax throughout the year. New provisional taxpayers are not required to pay any provisional tax in their first year of falling within the provisional tax regime, however may still be liable for interest charges on underpaid provisional tax.

The taxation laws applying to the payment of income tax on transferred Shares, particularly the provisional tax rules, are complex. Participants are therefore strongly advised to seek individual advice of their individual tax obligations arising as a result of being transferred Shares;

- (b) **Taxation in respect of dividend distributions:** Participants will be subject to tax in New Zealand on any dividend distributions that they derive from the Company at their marginal tax rate. In calculating their personal tax liability, a Participant will be required to return as income the aggregate amount of cash and imputation credits attached, but will be entitled to a credit for the amount of the imputation credits.
- (c) **Taxation of subsequent sale of Shares by Participants:** A Participant may not be taxed on any gain made on any subsequent sale of his or her Shares after they have been transferred to the Participant. However this will depend on the personal circumstances of each Participant.

In brief, any gain on the sale of a Participant's transferred Shares will be taxable to the Participant if:

- the Participant carries on the business of dealing in shares;
- the Participant acquires the Shares with the dominant purpose of resale; or
- the Participant acquires the Shares pursuant to a profit making undertaking or scheme.

The above comments are of a general nature only and do not take into account the individual's particular situation. They do not constitute legal or tax advice. Participants should consult their own tax advisers concerning the tax consequences in light of their particular situation.


Example calculation of Participant taxable income for New Zealand resident Participants

Assume the price of Company Shares is \$3.00 on date of transfer, and a Participant receives 5000 Shares.


The taxable income of the Participant will be \$14,999, in the income year in which the Shares are transferred, as this is the difference between the market value of the Shares on date of transfer (\$15,000) and the amount paid by the Participant to acquire the Shares (\$1). This will be included in the Participant's annual income for the income year of transfer.

Assuming the Participant is subject to the 33% marginal tax rate, the amount of tax on this income, which Participants must return in their individual tax return, will be \$4,949.67.

SIGNED by all the directors of the Company or by their duly authorised agent:




G F Evans



J H Ogden



J L Smith



K R Smith



S R Tindall



E K Van Arkel

GLOSSARY

For the purposes of this prospectus:

"Actual TSR" means the actual total return on a Share from the Offer Date to the end of the Performance Period and calculated in accordance with the following formula:

$$[\text{Closing Price} - \text{Offer Date Price}] + \sum [\text{Cash Dividend} \times (1 + \text{Cost of Equity})^{\text{Dividend Period Duration}}]$$

"Additional Shares" means, pursuant to clause 8.3 of the Deed, Shares or other securities allotted to the Trustee in connection with a bonus issue or any other distribution of Shares or securities (other than a rights issue);

"ASX Listing Rules" means the listing rules of the Australian Securities Exchange;

"Award Criteria" means, pursuant to clause 5.1 of the Deed, in respect of the Award Shares, the criteria for determining short-term performance. The Award Criteria applying to individual Participants will be based upon Board approved budgets and hurdles set at the beginning of the Award Period and will be based upon a combination of:

- (a) the Net Profit After Tax performance of the Group (as defined in the Deed); and
- (b) the Operating Profit of the Brand in which the relevant Participant is Employed (if applicable) (as defined in the Deed); and
- (c) the individual performance of the relevant Participant,

and subject to the discretion of the Committee, may include the budget and hurdles criteria required to meet:

- (d) on-target performance;
- (e) maximum performance targets;
- (f) minimum performance targets.

However in determining whether Award Criteria have been met, the Committee shall take into account the effect of any Special Dividend, or consolidation or subdivision of the Company's Shares, Share buyback, or other reconstruction of, or adjustment to, the Shares or Share structure of the Company and the effect of such an event on the Award Criteria;

"Award Period" means, pursuant to clause 6.3 of the Deed, in respect of the Award Shares, the period during which the Award Criteria will be assessed which, unless the Committee resolves otherwise, will be the financial year of the Company in which the Offer Date falls;

"Award Shares" means the relevant number of Shares that a Participant will have the right to be allocated and transferred under the Scheme, a proportion of which will be allocated and transferred at the end of each Restrictive Period, conditional upon Award Criteria being met and conditional upon the Participant remaining continuously Employed during the relevant Restrictive Period;

"Board" means the board of directors of the Company and shall include any committee to which the board has delegated powers;

"Business Day" means a day on which a relevant Stock Exchange is open for trading;

"Cash Dividend" means the cash dividends paid or credited to the account of shareholders on the Shares during the Performance Period (or any one of them, as the context may require);

"Closing Price" means the Market Price of the Company's Shares at the end of the Performance Period;

"Committee" means the Directors' Remuneration, Talent and Nomination Committee which shall operate under its current charter from time to time to administer the Scheme;

"Company" means The Warehouse Group Limited;

"Cost of Equity" means a factor, selected by the Committee in its discretion after taking independent advice, calculated in accordance with the following formula:

$$R_e = R_f(1 - T_i) + \beta_e \left[\overset{\sim}{PTMRP} \right]$$

Where:

R_f = Risk free rate of return. Based on the yield on New Zealand government stock.

T_i = New Zealand investors' effective tax rate on interest and dividend income relative to capital gains.

β_e = Equity beta, a measure of the volatility of returns from the Company compared to returns from the investment market.

$PTMRP$ = Post tax market risk premium, or expected return, measured after New Zealand investor taxes, on the market portfolio of equity investments. Derived from independent research on New Zealand equity market returns.

"Deed" means the Deed In Respect of The Warehouse Group Limited Executive Share Scheme dated 7 September 2005 and amended on 29 March 2007, 25 October 2007, 10 September 2008, 5 October 2009 and 29 March 2012, a copy of which is attached to this prospectus;

"Dividend Period Duration" means the period from the date of the payment or crediting of the dividend to the end of the Performance Period, expressed in years;

"Employment" and **Employed"** mean, in respect of a Participant, the employment of the Participant by a Member of the Group;

"Executive Employee" means any person (including a director of the Company holding salaried employment or office) Employed on a permanent basis by the Company or by any Member of the Group in an executive position or senior management position, as determined by the Committee from time to time in its absolute discretion, and includes persons so Employed on a part-time basis and persons so Employed who at any relevant time are absent from work on approved leave or parental leave;

"Group" means the Company and its Subsidiaries;

"Letter of Notification" means the letter provided to a Participant by the Trustee pursuant to clause 11 of the Deed, in the form or substantially in the form attached at Schedule 4 of the Deed or as may be amended from time to time by the Committee;

"Member of the Group" means the Company or any of its Subsidiaries;

"NZX" means NZX Limited or its successors;

"NZX Listing Rules" means the listing rules of NZX;

“Participant” means an Executive Employee nominated by the Committee to participate in the Scheme. The Committee shall have absolute discretion as to the nomination of any Executive Employee as a Participant of the Scheme;

“Participation Date” means, pursuant to clause 6.3 of the Deed, the date set out in the Participation Deed as the date upon which the Participation Deed shall commence;

“Participation Deed” means the deed entered into and executed by the Company and an Executive Employee pursuant to clause 6.3 in the Deed in the form or substantially in the form attached at Schedule 2 of the Deed or as may be amended from time to time by the Committee;

“Performance Criteria” means, pursuant to clause 5.1 of the Deed, in respect of the Performance Shares, the criteria for determining long-term performance;

“Performance Period” means, pursuant to clause 6.3 of the Deed, in respect of the Performance Shares, the period during which the Performance Criteria will be assessed which, unless the Committee resolves otherwise, will be the period beginning on the Participation Date and ending on the third anniversary of the Participation Date;

“Performance Period Duration” means the duration of the Performance Period, expressed in years;

“Performance Shares” means the number of Shares that a Participant will have the right to be allocated and transferred at the end of the Performance Period conditional upon the Performance Criteria being met and conditional upon the Participant remaining continuously Employed during the Performance Period;

“Restrictive Period” means, pursuant to clause 6.3 of the Deed, in respect of the Award Shares, the period during which a Participant must be continuously Employed which, unless the Committee resolves otherwise, will be the period beginning on the Participation Date and ending on the first, second or third anniversary of the Participation Date (as the case may be);

“Scheme” means The Warehouse Group Limited Executive Share Scheme, the terms of which are set out in the Deed attached to this prospectus;

“Share” means an ordinary share in the Company;

“Special Dividend” means a non-recurring distribution of company assets, usually in the form of cash, to shareholders;

“Subsidiary” means a subsidiary of the Company within the meaning of section 5 of the Companies Act 1993, including without limitation any subsidiary of the Company incorporated outside New Zealand;

“Target TSR” means the targeted total return on a Share from the beginning of the Offer Date to the end of the Performance Period and calculated in accordance with the following formula:

$$[\text{Offer Date Price} \times (1 + \text{Cost of Equity})^{\text{Performance Period Duration}}] - \text{Offer Date Price}$$

“Trustee” means The Warehouse Management Trustee Company No. 2 Limited.

DEED

**THE WAREHOUSE GROUP LIMITED
THE WAREHOUSE MANAGEMENT TRUSTEE
COMPANY NO. 2 LIMITED**

**DEED IN RESPECT OF
THE WAREHOUSE GROUP LIMITED
EXECUTIVE SHARE SCHEME**

This is the Deed in Respect of The Warehouse Group Limited Executive Share Scheme dated 7 September 2005 and amended on 29 March 2007, 25 October 2007, 10 September 2008, 5 October 2009 and 29 March 2012.

Kernya Nickels

Company Secretary of The Warehouse Group Limited
Dated: 29 March 2012

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PARTIES

THE WAREHOUSE GROUP LIMITED ("Company")

**THE WAREHOUSE MANAGEMENT TRUSTEE COMPANY NO. 2 LIMITED
("Trustee")**

INTRODUCTION

- A. The Company wishes to establish The Warehouse Group Limited Executive Share Scheme ("**Scheme**") whereby selected Executive Employees of the Company or of any Member of the Group who are Participants of the Scheme will have a right to be transferred Shares in the Company upon the satisfaction of certain conditions, in recognition of the ongoing ability and expected efforts and contribution of those Executive Employees in the future performance and success of the Company and to retain and motivate such Executive Employees.
- B. Certain Shares (termed "**Performance Shares**" in this Deed) may be transferred to a Participant, conditional upon certain pre-determined long-term performance targets being achieved during a pre-determined period and conditional upon the relevant Participant remaining continuously Employed within the Group during that pre-determined period.
- C. Certain Shares (termed "**Award Shares**" in this Deed) may be transferred to a Participant, conditional upon certain pre-determined short-term performance targets being achieved during a pre-determined period and conditional upon the relevant Participant remaining continuously Employed within the Group during various pre-determined restrictive periods.
- D. The Trustee has agreed to act as a trustee of the Scheme in accordance with this Deed.

COVENANTS**1. NAME OF THE SCHEME**

- 1.1 The name of the Scheme is The Warehouse Group Limited Executive Share Scheme.

2. DEFINITIONS AND INTERPRETATION

- 2.1 In this Deed, unless the context otherwise requires:

"**Actual TSR**" means the actual total return on a Share from the Offer Date to the end of the Performance Period and calculated in accordance with the following formula:

$$\frac{[\text{Closing Price} - \text{Offer Date Price}] + \sum [\text{Cash Dividend} \times (1 + \text{Cost of Equity})^{\text{Dividend Period Duration}}]}{\text{Offer Date Price}}$$

"**Additional Shares**" means, pursuant to clause 8.3, Shares or other securities allotted to the Trustee in connection with a bonus issue or any other distribution of Shares or securities (other than a rights issue);

“ASX Listing Rules” means the listing rules of the Australian Stock Exchange;

“Award Criteria” means, pursuant to clause 5.1, in respect of the Award Shares, the criteria for determining short-term performance;

“Award Period” means, pursuant to clause 6.3, in respect of the Award Shares, the period during which the Award Criteria will be assessed which, unless the Committee resolves otherwise, will be the financial year of the Company in which the Offer Date falls;

“Award Shares” means the relevant number of Shares that a Participant will have the right to be allocated and transferred under the Scheme, a proportion of which will be allocated and transferred at the end of each Restrictive Period, conditional upon the Award Criteria being met and conditional upon the Participant remaining continuously Employed during the relevant Restrictive Period;

“Board” means the board of directors of the Company and shall include any committee to which the board has delegated powers;

“Brand” means The Warehouse Limited or Warehouse Stationery Limited (as the case may be) and may include any other business unit established by the Company from time to time;

“Business Day” means a day on which a relevant Stock Exchange is open for trading;

“Cash Dividend” means the cash dividends paid or credited to the account of shareholders on the Shares during the Performance Period (or any one of them, as the context may require).

“Closing Price” means the Market Price of the Company's Shares at the end of the Performance Period;

“Committee” means the Directors' Remuneration, Talent and Nomination Committee which shall operate under its current charter from time to time to administer the Scheme;

“Company” means The Warehouse Group Limited;

“Corporate Governance Policy” means any policies from time to time adopted by the Company, the Board and any committee of the Board relating to the corporate governance standards of the Group;

“Cost of Equity” means a factor, selected by the Committee in its discretion after taking independent advice, calculated in accordance with the following formula:

$$R_e = R_f(1 - T_i) + \beta_e \left(\text{TMRP} \right)$$

Where:

R_f = Risk free rate of return. Based on the yield on New Zealand government stock.

T_i = New Zealand investors' effective tax rate on interest and dividend income relative to capital gains.

β_e = Equity beta, a measure of the volatility of returns from the Company compared to returns from the investment market.

PTMRP = Post tax market risk premium, or expected return, measured after New Zealand investor taxes, on the market portfolio of equity investments. Derived from independent research on New Zealand equity market returns.

"Deed" means this Deed in Respect of The Warehouse Group Limited Executive Share Scheme and all Schedules, and any amendments to, this deed;

"Dividend Period Duration" means the period from the date of the payment or crediting of the dividend to the end of the Performance Period, expressed in years;

"Early Vesting Date" means, pursuant to clause 13.1, a date determined by the Committee following the occurrence of an event set out in clause 13.1 but prior to the Expected Vesting Date;

"Employment" and **"Employed"** mean, in respect of a Participant, the employment of the Participant by a Member of the Group;

"Executive Employee" means any person (including a director of the Company holding salaried employment or office) Employed on a permanent basis by the Company or by any Member of the Group in an executive position or senior management position, as determined by the Committee from time to time in its absolute discretion, and includes persons so Employed on a part-time basis and persons so Employed who at any relevant time are absent from work on approved leave or parental leave;

"Expected Vesting Date" means, pursuant to clause 6.3, the date upon which Performance Shares, or the relevant proportion of the relevant number of Award Shares, will be transferred to a Participant (as the case may be) which, unless the Committee resolves otherwise, will be 10 Business Days after the end of the Performance Period or the end of the relevant Restrictive Period (as the case may be);

"Insider Trading Rules" means the Insider Trading Rules for Directors and Senior Executives approved and operated by the Company in accordance with the Securities Markets Act 1988 of New Zealand and the Corporations Act 2001 of Australia;

"Group" means the Company and its Subsidiaries;

"Investment Statement" means an investment statement required in relation to any offer of securities under the Scheme pursuant to the Securities Act 1978 of New Zealand;

"Letter of Notification" means the letter provided to a Participant by the Trustee pursuant to clause 11, in the form or substantially in the form attached at Schedule 4 or as may be amended from time to time by the Committee;

"Loan Agreement" means an agreement between the Company and the Trustee, in the form or substantially in the form attached at Schedule 3 or as may be amended from time to time by the Committee;

"Market Price" means the volume weighted average selling price per share of all of the Shares in the Company traded on the NZX during the 10 Business Days prior to the relevant date on which the market price of the Company's Shares is required to be

measured, adjusted as the Committee may determine in its sole discretion, to take account of the Shares going ex-dividend in that period;

"Maximum Award Criteria" has the meaning given to that term in clause 5.1;

"Maximum Award Shares" has the meaning given to that term in clause 6.3;

"Member of the Group" means the Company or any of its Subsidiaries;

"Minimum Award Criteria" has the meaning given to that term in clause 5.1;

"Minimum Award Shares" has the meaning given to that term in clause 6.3;

"Net Profit After Tax" means the net surplus after minority interests attributable to shareholders, adjusted for the after taxation effects of non-recurring items;

"NZX" means NZX Limited or its successors;

"NZX Listing Rules" means the listing rules of the NZX;

"Offer Date" means the date determined by the Committee upon which nominated Executive Employees shall be offered participation in the Scheme;

"Offer Date Price" means the volume weighted average price per Share of all Shares in the Company traded on the NZX during the 10 Business Days prior to the second Business Day before the Offer Date;

"Offer Documents" means any document pursuant to which securities are offered under the Scheme and includes any Investment Statement or Registered Prospectus required for the purposes of the Securities Act 1978 of New Zealand or any regulation made under the Securities Act 1978 and any such documents that contain information required for the purposes of the Corporations Act 2001 of Australia or any regulation or instrument made under the Corporations Act 2001;

"Operating Profit" means earnings before interest, tax, goodwill amortisation and non-recurring items;

"Participant" means an Executive Employee nominated by the Committee to participate in the Scheme. The Committee shall have absolute discretion as to the nomination of any Executive Employee as a Participant of the Scheme;

"Participation Date" means, pursuant to clause 6.3, the date set out in the Participation Deed as the date upon which the Participation Deed shall commence;

"Participation Deed" means the deed entered into and executed by the Company and an Executive Employee pursuant to clause 6.3, in the form or substantially in the form, attached at Schedule 2 or as may be amended from time to time by the Committee;

"Performance Criteria" means, pursuant to clause 5.1, in respect of the Performance Shares, the criteria for determining long-term performance;

"Performance Period" means, pursuant to clause 6.3, in respect of the Performance Shares, the period during which the Performance Criteria will be assessed which, unless the Committee resolves otherwise, will be the period beginning on the Participation Date and ending on the third anniversary of the Participation Date;

"Performance Period Duration" means the duration of the Performance Period, expressed in years;

"Performance Shares" means the number of Shares that a Participant will have the right to be allocated and transferred at the end of the Performance Period, conditional upon the Performance Criteria being met and conditional upon the Participant remaining continuously Employed during the Performance Period;

"Registered Prospectus" means a prospectus required in relation to any offer of securities under the Scheme pursuant to the Securities Act 1978;

"Restrictive Period" means, pursuant to clause 6.3, in respect of the Award Shares, the period during which a Participant must be continuously Employed which, unless the Committee resolves otherwise, will be the period beginning on the Participation Date and ending on the first, second or third anniversary of the Participation Date (as the case may be);

"Scheme" means The Warehouse Group Limited Executive Share Scheme constituted by this Deed;

"Share" means an ordinary share in the Company;

"Special Dividend" means a non-recurring distribution of company assets, usually in the form of cash, to shareholders;

"Stock Exchange" means a registered stock exchange upon which the Company's Shares are listed;

"Subsidiary" means a subsidiary of the Company within the meaning of section 5 of the Companies Act 1993, including without limitation any subsidiary of the Company incorporated outside New Zealand;

"Surplus Shares" has the meaning set out in clause 7.6.

"Target Award Criteria" has the meaning given to that term in clause 5.1;

"Target Award Shares" has the meaning given to that term in clause 6.3;

"Target TSR" means the targeted total return on a Share from the beginning of the Offer Date to the end of the Performance Period and calculated in accordance with the following formula:

$$[\text{Offer Date Price} \times (1 + \text{Cost of Equity})^{\text{Performance Period Duration}}] - \text{Offer Date Price}$$

"Trust Fund" means, the sum of \$1.00 and all property added to that sum by way of income, accretion or otherwise and held by the Trustee for the purposes of and incidental to this Deed;

"Trustee's Account" means, pursuant to clause 17.5(b), the bank account established by the Trustee for the purposes of and incidental to this Deed;

2.2 In this Deed, unless context otherwise requires:

- (a) the headings are for convenience only and shall not affect the interpretation hereof;
- (b) words importing the singular number include the plural and vice versa and the masculine gender includes the feminine and neuter genders and vice versa;

- (c) the word person includes any individual, company, corporation, corporation sole, trust, firm, partnership, joint venture, syndicate, the Crown, any central or local government department, authority, association or group, and any other entity, or any other association of persons either corporate or unincorporate;
- (d) references to any statute or regulation are to New Zealand and Australian statutes and regulations unless the context otherwise requires and shall with all necessary modifications apply to any modification or re-enactment;
- (e) references to written and in writing includes any means of visible representation;
- (f) a reference to any document includes all modifications and replacement documents from time to time;
- (g) dollars or \$ means New Zealand dollars unless otherwise specified.

3. COMMENCEMENT AND TERM

- 3.1 This Deed and the Scheme shall come into effect on the date on which the Scheme is approved by the Shareholders and shall continue until terminated pursuant to clause 18.

4. ADMINISTRATION OF THE SCHEME

- 4.1 **Committee:** The Board shall from time to time appoint a Committee consisting of at least two directors of the Company to administer the Scheme. No director of the Company who is a Participant in the Scheme may be a member of the Committee.
- 4.2 **Administration:** The Scheme shall be administered by the Committee in accordance with the provisions of this Deed and in compliance with the Company's constitution and all applicable laws. Any matter to be determined by the Committee shall be determined as it sees fit in its absolute discretion.
- 4.3 **Regulations:** The Committee shall have power from time to time to make regulations for the administration and operation of the Scheme provided that they are not inconsistent with this Deed.
- 4.4 **Delegation:** The Committee may delegate to any person (and revoke any delegation of) all or any of its powers, discretions, rights and obligations under the Scheme.

5. DETERMINATION OF SHARE INCENTIVES

- 5.1 **Determination of Share incentives to be offered under the Scheme:** Subject to this Deed, the Committee may, at the beginning of each financial year of the Company, or at such other time decided by the Committee, determine the Share incentives (in the form of rights to acquire Shares) to be offered to Participants under the Scheme on the next Offer Date. In particular, the Committee shall, subject to clause 5.3 and to the limit (if any) on the maximum dollar value of financial assistance to be made available to the Trustee pursuant to clause 7.5 in any financial year of the Company, determine:
 - (a) the maximum dollar value of Share incentives to be offered to Participants under the Scheme on that Offer Date, including:
 - (i) the proportion (if any) of such maximum dollar value that will be offered as Performance Shares; and

- (ii) the proportion (if any) of such maximum dollar value that will be offered as Award Shares;
- (b) the maximum number of Performance Shares that will be offered to Participants under the Scheme on that Offer Date, which shall be based upon the maximum dollar value determined in accordance with clause 5.1(a)(i) divided by the Offer Date Price, and the criteria for determining long-term performance (“**Performance Criteria**”) in respect of such offer of Performance Shares under the Scheme. Unless the Committee resolves otherwise, the sole criteria will be whether the Actual TSR at the end of the Performance Period exceeds the Target TSR. However in determining whether Performance Criteria have been met, the Committee shall take into account the effect of any consolidation or subdivision of the Company’s Shares, Share buyback, or other reconstruction of, or adjustment to, the Shares or the Share structure of the Company and the effect of such an event on the Performance Criteria; and
- (c) the maximum number of Award Shares that will be offered to Participants under the Scheme on that Offer Date, which shall be based upon the maximum dollar value determined in accordance with clause 5.1(a)(ii) divided by the Offer Date Price, and the criteria for determining short-term performance (“**Award Criteria**”). The Award Criteria applying to individual Participants will be based upon Board approved budgets and hurdles set at the beginning of the Award Period and will be based upon a combination of:
- (i) the Net Profit After Tax performance of the Group; and
 - (ii) the Operating Profit of the Brand in which the relevant Participant is Employed (if applicable); and
 - (iii) the individual performance of the relevant Participant,
- and subject to the discretion of the Committee, may include the budget and hurdles criteria required to meet:
- (iv) on-target performance (“**Target Award Criteria**”);
 - (v) maximum performance targets (“**Maximum Award Criteria**”);
 - (vi) minimum performance targets (“**Minimum Award Criteria**”).

However in determining whether Award Criteria have been met, the Committee shall take into account the effect of any Special Dividend, or consolidation or subdivision of the Company’s Shares, Share buyback, or other reconstruction of, or adjustment to, the Shares or the Share structure of the Company and the effect of such an event on the Award Criteria.

Nothing in this clause 5.1 shall restrict the power of the Committee to make offers under the Scheme to individual Executive Employees at such times as the Committee may determine, subject to all applicable laws.

5.2 Committee’s discretion: The Committee shall in accordance with clause 6.3(a) have absolute discretion to determine the basis on which each Participant may participate in the Scheme and for the avoidance of doubt, the Committee may determine:

- (a) the relative proportions of Performance Shares (if any) and Award Shares (if any) that each Participant shall be offered the right to acquire on the Offer Date; and

- (b) the proportion of each Participant's remuneration package that the offer of the right to acquire Performance Shares (if any) and Award Shares (if any) shall constitute.

5.3 **Thresholds of Shares to be offered under the Scheme:** Participants may be offered the right to acquire an aggregate maximum of up to 2,000,000 Shares under the Scheme in any financial year of the Company, provided that this maximum may be adjusted by the Committee as a result of any consolidation or subdivision of Shares, Share buyback, or other reconstruction of, or adjustment to the Shares or the Share structure of the Company. Accordingly, the aggregate maximum number of Shares to be purchased under the Scheme in any financial year of the Company may be up to 2,000,000. For the avoidance of doubt, the aggregate maximum dollar value of Shares which are the subject of rights offered to Participants under the Scheme in any financial year of the Company shall not exceed the limit (if any) on the maximum dollar value of financial assistance to be made available to the Trustee in that financial year of the Company pursuant to clause 7.5.

6. PARTICIPATION

6.1 **Nomination of eligible Executive Employees:** Subject to this Deed, the Committee may in its absolute discretion, from time to time, nominate Executive Employees who will be eligible to participate in offers under the Scheme subject to the Company and the Executive Employee entering into and executing a Participation Deed. The Committee may in its absolute discretion determine that no Executive Employees may be nominated to participate in offers under the Scheme in any financial year or years of the Company. For the avoidance of doubt, any determination by the Committee in respect of the nomination of any Executive Employee to participate in an offer under the Scheme shall be limited solely to that nomination and offer, and shall not bind the Committee to make any future or further nomination and offer to that Executive Employee, and the Executive Employee shall have no entitlement under this Deed or otherwise to be nominated in respect of any other offer. Subject to all applicable laws, participation in the Scheme shall not preclude participation in any other share incentive scheme operated by the Company from time to time.

6.2 **Notification by Trustee:** The Trustee shall, by notice in writing on an Offer Date determined by the Committee, advise each nominated Executive Employee that he or she is eligible to participate in the Scheme by providing each such Executive Employee with a Participation Deed and any Offer Documents required pursuant to all applicable laws.

6.3 **Participation Deed:** An Executive Employee shall agree to become a Participant in the Scheme from the Participation Date by entering into and executing such Participation Deed. The Participation Deed shall commence on a date determined by the Committee and set out in the Participation Deed ("**Participation Date**"). The Participation Deed shall include the following terms of participation which shall be determined by the Committee:

- (a) the basis on which the Executive Employee shall become a Participant including whether the Executive Employee will be entitled to participate in the Scheme for the purposes of the allocation and transfer of:

- (i) Performance Shares; and/or

- (ii) Award Shares,

in accordance with and subject to this Deed;

- (b) in respect of any Performance Shares:
- (i) the number of Performance Shares that the Participant will have the right to be allocated and transferred at the end of the Performance Period, conditional upon the Performance Criteria being met and conditional upon the Participant remaining continuously Employed during the Performance Period;
 - (ii) the Performance Criteria applying to the Participant;
 - (iii) the period during which the Performance Criteria will be assessed which, unless the Committee resolves otherwise, will be the period beginning on the Participation Date and ending on the third anniversary of the Participation Date (“**Performance Period**”);
- (c) in respect of any Award Shares:
- (i) the target number of Award Shares (“**Target Award Shares**”) that the Participant will have the right to be allocated and transferred under the Scheme, a proportion of which will be allocated and transferred at the end of each Restrictive Period, conditional upon the Award Criteria being met in accordance with the Target Award Criteria and conditional upon the Participant remaining continuously Employed during the relevant Restrictive Period;
 - (ii) the maximum number of Award Shares (“**Maximum Award Shares**”) that the Participant will have the right to be allocated and transferred under the Scheme, a proportion of which will be allocated and transferred at the end of each Restrictive Period, conditional upon the Award Criteria being met in accordance with the Maximum Award Criteria and conditional upon the Participant remaining continuously Employed during the relevant Restrictive Period;
 - (iii) the minimum number of Award Shares (“**Minimum Award Shares**”) that the Participant will have the right to be allocated and transferred under the Scheme, a proportion of which will be allocated and transferred at the end of each Restrictive Period, conditional upon the Award Criteria being met in accordance with the Minimum Award Criteria and conditional upon the Participant remaining continuously Employed during the relevant Restrictive Period;
 - (iv) the Award Criteria applying to the Participant including the budget and hurdles, if any, required to meet Target Award Criteria, Maximum Award Criteria, and Minimum Award Criteria;
 - (v) the period during which the Award Criteria will be assessed which, unless the Committee resolves otherwise, will be the financial year of the Company in which the Offer Date falls (“**Award Period**”);
 - (vi) the period during which the Participant must be continuously Employed which, unless the Committee resolves otherwise, will be the period beginning on the Participation Date and ending on the first, second or third anniversary of the Participation Date (as the case may be) (“**Restrictive Period**”);
 - (vii) the proportion of the relevant number of Award Shares that the Participant will have the right to be allocated and transferred at the end of each Restrictive Period. Unless the Committee resolves otherwise,

there will be three Restrictive Periods of one year and one-third of the relevant number of Award Shares will be allocated and transferred to the Participant at the end of each such Restrictive Period;

- (d) provided that:
- (i) the Performance Criteria are met and that the Participant remains continuously Employed during the Performance Period, the date upon which the Performance Shares will be transferred to the Participant, unless the Committee resolves otherwise, will be 10 Business Days after the end of the Performance Period; and
 - (ii) the Award Criteria are met and the Participant remains continuously Employed during the relevant Restrictive Period, the dates upon which the relevant proportion of the relevant number of Award Shares will be transferred to the Participant, unless the Committee resolves otherwise, will be 10 Business Days after the end of the relevant Restrictive Period,

with both dates (as the case may be) referred to as the “**Expected Vesting Date**”;

- (e) subject to clause 5.3, the maximum number of Shares that the Participant may be offered rights to acquire pursuant to all offers under the Scheme (if applicable);
- (f) the date by which the Participation Deed must be entered into and executed and lodged with the Company; and
- (g) any other terms and conditions applying to participation in the Scheme.

6.4 No voluntary withdrawal: No Participant shall be entitled to withdraw from the Scheme at any time prior to the end of the Performance Period or the end of a Restrictive Period.

7. PURCHASE OF SHARES BY THE TRUSTEE

7.1 Purchase of Shares representing Performance Shares: The Trustee, upon direction of the Committee, shall purchase Shares which, together with any Surplus Shares allocated by the Trustee under clause 7.6, represent the aggregate of the number of Performance Shares which may be allocated and transferred to each Participant under the Scheme at the end of the Performance Period, conditional upon the relevant Participant meeting the Performance Criteria and conditional upon the Participant remaining continuously Employed during the Performance Period.

7.2 Purchase of Shares representing Award Shares: The Trustee, upon direction of the Committee, shall purchase Shares which, together with any Surplus Shares allocated by the Trustee under clause 7.6, represent the aggregate of the Maximum Award Shares which may be allocated and transferred to each Participant under the Scheme at the end of each Restrictive Period, conditional upon the relevant Participant meeting the Award Criteria and conditional upon the Participant remaining continuously Employed during the relevant Restrictive Period.

7.3 Purchase on Stock Exchange: All Shares purchased for the purposes of the Scheme shall be purchased on a Stock Exchange. In no circumstances shall new Shares be issued for the purposes of the Scheme.

- 7.4 **Shares held in Trustee's name:** Shares purchased or otherwise acquired by the Trustee for the purposes of the Scheme shall be purchased or otherwise acquired in the Trustee's own name and the name of the Trustee will be entered on the share register of the Company as holder of such Shares. The Trustee will be the legal and beneficial owner of such Shares until the Shares are transferred to a Participant pursuant to clauses 12.1 or 13.1 or are otherwise transferred by the Trustee pursuant to this Deed.
- 7.5 **Financial assistance to Trustee:** Subject to the Company's constitution and all applicable laws, the Company or any Member of the Group may provide financial assistance to the Trustee to assist the Trustee to fund the purchase of any Shares pursuant to clauses 7.1 or 7.2. The Company and the Trustee shall enter into and execute the Loan Agreement which shall set out the terms and conditions upon which such financial assistance will be provided to the Trustee. Such financial assistance shall be provided by way of a loan to the Trustee which loan shall be interest free and repayable on demand. The liability of and recourse against the Trustee for and in respect of such loan shall be limited to such Shares, provided that the Trustee shall be entitled to set-off any costs, expenses and outgoings deducted in accordance with clause 17.7(b).
- 7.6 **Status of Surplus Shares held by the Trustee:** Any Shares from time to time held by the Trustee under the provisions of this Deed which are no longer being held for a current Participant ("**Surplus Shares**") may be allocated by the Trustee to satisfy the requirements for Performance Shares and Award Shares in respect of any subsequent offer(s) made by the Trustee under clause 6 of this Deed.

8. LIMITATIONS ATTACHING TO SHARES

- 8.1 **Limitations attaching to Shares prior to transfer:** Prior to the transfer of Shares representing the Performance Shares or the relevant number of Award Shares to a Participant pursuant to clauses 12.1 or 13.1 (as the case may be):
- (a) no Participant shall have any right or interest whether legal or equitable, in any Share held by the Trustee for the purposes of the Scheme (and for the avoidance of doubt shall have no entitlement to any dividends, distributions, rights or payments paid or made by the Company in respect of such Shares);
 - (b) no Participant shall be entitled to exercise voting rights in respect of any Share held by the Trustee for the purposes of the Scheme;
 - (c) no Participant may assign, charge or otherwise dispose of, or create any interest in any other person in, any Share held by the Trustee for the purposes of the Scheme or any right or interest of the Participant under the Scheme.
- 8.2 **Dividends:** Prior to the transfer of Shares representing the Performance Shares or the relevant number of Award Shares to a Participant pursuant to clauses 12.1 or 13.1 (as the case may be), all cash dividends paid in respect of the Shares held by the Trustee for the purposes of the Scheme shall be paid to the Trustee.
- 8.3 **Distributions:** If prior to the transfer of Shares representing the Performance Shares or the relevant number of Award Shares to a Participant pursuant to clauses 12.1 or 13.1 (as the case may be), the Company makes or announces a bonus issue or any other distribution of Shares or other securities (other than a rights issue), such Shares or other securities ("**Additional Shares**") shall be allotted to the Trustee and, for the avoidance of doubt, the provisions of clauses 7.4 and 8.1 shall apply to such Additional Shares.

- 8.4 **Rights:** If prior to the transfer of Shares representing the Performance Shares or the relevant number of Award Shares to a Participant pursuant to clauses 12.1 or 13.1 (as the case may be), the Company makes or announces any rights issue or other offer to holders of Shares to take up Shares or other securities, the Trustee shall be entitled to either sell the rights or take up and hold as Additional Shares such Shares or other securities and, for the avoidance of doubt, the provisions of clauses 7.4 and 8.1 shall apply to such Shares or securities.
- 8.5 **Share buybacks:** If prior to the transfer of Shares representing the Performance Shares or the relevant number of Award Shares to a Participant pursuant to clauses 12.1 or 13.1 (as the case may be), the Company buys back any Shares held by the Trustee, the proceeds of the buyback of the Shares shall be held by the Trustee in the Trust Fund for the purposes of the Scheme and may be distributed to a Participant in accordance with clauses 10.1 and 10.2.
- 8.6 **No entitlement to dividends:** Subject to clause 10, no Participant shall have right at any time to receive any cash payment from the Trust Fund that comprises dividends received by the Trustee in respect of any Shares.

9. PERFORMANCE TEST

- 9.1 **Performance test:** As soon as practicable at the end of the Performance Period or the Award Period (as the case may be), the Committee shall, in respect of each Participant, undertake:
- (a) a performance test based upon the Performance Criteria to determine whether the Participant has the right to be transferred the Performance Shares on the Expected Vesting Date;
 - (b) a performance test based upon the Award Criteria to determine whether the Participant has the right to be transferred Award Shares on the Expected Vesting Date/s and in what number.
- 9.2 **Fractional entitlements:** If under clause 9.1 a Participant has a right to a fraction of a Share, the allocation to a Participant shall be rounded up or down as the Trustee, acting upon direction of the Committee, may in its discretion think fit.

10. CASH DISTRIBUTIONS

- 10.1 **Cash Distributions from the Trust Fund:** As soon as practicable at the end of the relevant Performance Period or Restrictive Period (as the case may be), the Committee shall determine the amount of any cash a Participant is entitled to be paid by way of cash distribution from the Trust Fund on the Expected Vesting Date, which shall be calculated in accordance with clause 10.2. Such cash distribution shall be made only if a Participant receives a Letter of Notification from the Trustee pursuant to clause 11.3 and is transferred Performance Shares or Award Shares (as the case may be) in accordance with clause 12.1.
- 10.2 **Amount of cash distribution from the Trust Fund:** The amount of any cash distribution to be paid to the Participant in accordance with clause 10.1 will be calculated with regard to:
- (a) the number of Performance Shares or Award Shares (as the case may be) to be transferred to the Participant on the Expected Vesting Date; and
 - (b) the proceeds of the sale of any rights or other securities by the Trustee, or the receipt of proceeds in respect of any Share buyback, or any Special Dividend that the Trustee has derived during the Performance Period or the Restrictive

Period (as the case may be) in respect of the Performance Shares and/or Award Shares (as the case may be) to be transferred to the Participant on the Expected Vesting Date.

10.3 Entitlement to cash distribution:

- (a) No cash distribution will be made to a Participant in lieu of, or in substitution for, any remuneration or bonus that the Participant would otherwise have received or would have been likely to have received or been entitled to as an employee of the Company.
- (b) A Participant will have no entitlement to any cash distribution unless the Committee makes a determination in favour of the Participant under clause 10.1, in which case, such entitlement will not arise until the Expected Vesting Date.

11. NOTIFICATION

11.1 Notification regarding Performance Shares and Award Shares: At least 5 Business Days prior to the Expected Vesting Date (or each relevant Expected Vesting Date in respect of the Award Shares) the Trustee, upon direction of the Committee, shall by Letter of Notification, advise each Participant of:

- (a) the number of Shares representing the Performance Shares that the Participant has a right to be allocated and transferred on the Expected Vesting Date as determined by the Committee pursuant to clause 9.1, conditional upon the Participant remaining continuously Employed during the Performance Period; and/or
- (b) the number of Shares representing the Award Shares that the Participant has a right to be allocated and transferred on the Expected Vesting Date as determined by the Committee pursuant to clause 9.1, conditional upon the Participant remaining continuously Employed during the relevant Restrictive Period.

11.2 Notification regarding Additional Shares: The Trustee, upon the direction of the Committee, may by Letter of Notification advise the Participant of the number of Shares representing the proportion (if any) of the Additional Shares issued to the Trustee in respect of the Shares representing Performance Shares and/or Award Shares (as the case may be) that the Participant has a right to be allocated and a transferred on the Expected Vesting Date.

11.3 Deemed Acceptance of Transfer: A Participant shall be deemed to have accepted a transfer of the Shares on the date set out in a Letter of Notification given to the Participant pursuant to clause 11.1 and/or clause 11.2. Such date shall be deemed to be the date on which the Participant accepts a transfer of such Shares and shall be the date upon which the Trustee shall allocate such Shares to the Participant.

12. VESTING OF SHARES

12.1 Transfers on the Expected Vesting Date: Following the provision of a Letter of Notification to a Participant, but subject to clause 14, on the Expected Vesting Date the Trustee shall transfer to the relevant Participant that number of Shares set out in the Letter of Notification and pay to the Participant the amount of any cash distribution from the Trust Fund determined by the Committee in accordance with clause 10.1. Subject to clause 16.3 and the Participation Deed, no amount shall be payable by a Participant on the transfer of such Shares or the payment of any cash distribution.

13. EARLY VESTING DATE

13.1 **Events triggering Early Vesting Date:** If prior to the Expected Vesting Date any of the following events occur:

- (a) the Scheme is terminated or wound up as a result of any of the circumstances set out in clause 18.1;
- (b) notice has been given that the Shares will cease to be listed on any Stock Exchange; or
- (c) the reconstruction of, or adjustment to the Shares or the Share structure of the Company, or the amalgamation of the Company, not resulting in termination or winding up of the Scheme pursuant to clause 18.1,

the Committee may, subject to clause 14 and to any conditions it thinks fit, direct the Trustee to:

- (d) transfer to each relevant Participant such number of Shares and pay to each relevant Participant the amount of any cash distribution from the Trust Fund determined by the Committee in accordance with clause 13.2 (less any amount of tax that the Trustee and/or the Company is required to withhold from the payment). In such circumstances a transfer of the relevant Shares shall be deemed to have been accepted by each relevant Participant as if a Letter of Notification had been given to each relevant Participant in accordance with clause 10; or
- (e) sell the Shares held by the Trustee for the purposes of the Scheme and pay to each relevant Participant by way of cash distribution from the Trust Fund:
 - (i) an amount representing the value of the Shares to which the Participant is entitled to be transferred as determined by the Committee in accordance with clause 13.2 (less any amount of tax that the Trustee and/or the Company is required to withhold from the payment); and
 - (ii) the amount of the cash distribution to which the Participant is entitled as determined by the Committee in accordance with clause 13.2 (less any amount of tax that the Trustee and/or the Company is required to withhold from the payment); or
- (f) invite each relevant Participant to participate in the offer or issue of a new security in substitution for the rights of such Participant under this Deed or under the Participation Deed, provided that the value of such new security shall be not less than the value of the Shares to which the Participant has a right to be transferred, and the amount of the cash distribution to which the Participant is entitled, as determined by the Committee in accordance with clause 13.2; or
- (g) take such other action as the Committee considers appropriate in the circumstances.

In such circumstances the Committee shall determine the date following the occurrence of the relevant event specified in paragraphs (a), (b) or (c), but prior to or on the Expected Vesting Date, upon which any action specified in paragraphs (d), (e), (f) or (g) shall be performed ("**Early Vesting Date**"). Subject to clause 16.3, no amount shall be payable by a Participant upon the occurrence of any action specified in paragraphs (d), (e), (f) or (g).

13.2 Committee's determination: As soon as possible after the occurrence of any event specified in paragraphs (a), (b) or (c) of clause 13.1, the Committee shall, in respect of each Participant, determine:

- (a) the proportion (if any) of:
 - (i) Shares representing the Performance Shares;
 - (ii) Shares representing the Award Shares; and
 - (iii) any Additional Shares issued to the Trustee in respect of either the Performance Shares or the Award Shares (as the case may be),

a Participant has a right to be transferred on the Early Vesting Date, provided that, for the avoidance of doubt, clause 8.6 shall apply to any determination of the Committee under this clause 13.2.

- (b) the amount of any cash distribution from the Trust Fund in accordance with clauses 10.2 and 10.3, a Participant is entitled to be paid on the Early Vesting Date, provided that, for the avoidance of doubt, clause 10.3 shall apply to any determination of the Committee under this clause 13.2(b).

For the purposes of this clause 13.2, the Committee may have regard to any matter the Committee, in its absolute discretion, considers relevant in the circumstances. The determination of the Committee shall be final and binding and may be subject to any conditions the Committee thinks fit.

13.3 Sale of Subsidiary or business of Subsidiary: In circumstances where a Subsidiary that Employs any Participant ceases to be a Member of the Group including without limitation where the business of the Subsidiary, substantially all of the business of the Subsidiary, that part of the business of the Subsidiary in which the Participant is Employed, or substantially all of the assets of the Subsidiary, is or are sold, contracted out or transferred to a third party that is not a Member of the Group the Committee may, in its absolute discretion, but subject to clause 14 and to any conditions it thinks fit, direct the Trustee to perform any action set out in paragraphs (d), (e), (f) or (g) of clause 13.1.

14. RESTRICTIONS

14.1 Restrictions on offers and transfers of Shares to Participants: Notwithstanding any provision of this Deed, no offers may be made to Participants (including an offer to enter into a Participation Deed pursuant to clause 6.2), no Shares may be transferred to Participants and no action shall be performed pursuant to paragraphs (d), (e), (f) or (g) of clause 13.1:

- (a) if to do so would result in the Company contravening the Company's constitution, the Companies Act 1993 of New Zealand, the Securities Act 1978 of New Zealand, the Securities Markets Act 1988 of New Zealand, the Corporations Act 2001 of Australia, the NZX Listing Rules, the ASX Listing Rules or any other applicable laws;
- (b) other than at a time at which the buying or selling of securities may occur under the Company's Insider Trading Rules for trading in securities by directors and employees; and
- (c) other than in accordance with the Company's Corporate Governance Policy.

- 14.2 **Discretion to determine alternative date or time:** Notwithstanding any other provisions of this Deed, if a restriction on the offer or transfer of Shares pursuant to clause 14.1 arises as a result of the time or date of such offer or transfer, the Committee shall have absolute discretion to determine an alternative time or date on which the offer or transfer shall occur in compliance with such restrictions.
- 14.3 **General restrictions:** The provisions of this Deed are subject to the Company's constitution, the Companies Act 1993 of New Zealand, the Securities Act 1978 of New Zealand, the Securities Markets Act 1988 of New Zealand, the Corporations Act 2001 of Australia, the NZX Listing Rules, the ASX Listing Rules, the Company's Corporate Governance Policy and any other applicable laws. Notwithstanding any provision of this Deed, no Share may be dealt with and no provision shall take effect if to do so would contravene the Company's constitution, the Companies Act 1993, the Securities Act 1978, the Securities Markets Act 1988, the Corporations Act 2001, the NZX Listing Rules, the ASX Listing Rules, the Company's Corporate Governance Policy and any other applicable laws.
- 14.4 **Employment at the end of the Performance Period or at the end of the relevant Restrictive Period:** Shares shall not be transferred to a Participant unless the Participant is Employed on, and has been continuously Employed throughout the period commencing on the Participation Date and ending on the last day of the Performance Period or of the relevant Restrictive Period (as the case may be), except where the cessation of Employment of the Participant occurs by reason of:
- (a) the injury, sickness or disability of the Participant, subject to the Participant establishing to the satisfaction of the Committee in its absolute discretion that such injury, sickness or disability has resulted in the cessation of Employment of the Participant;
 - (b) redundancy of the Participant (as determined by the Committee);
 - (c) the death of the Participant; or
 - (d) any other circumstances the Committee in its absolute discretion determines,
- in which circumstances the Committee may, in its absolute discretion but subject to this clause 14 and to any conditions it thinks fit, direct the Trustee to perform any action set out in paragraphs (d), (e), (f) or (g) of clause 13.1, provided that the Committee may determine that the date upon which any such action shall be performed shall be the Expected Vesting Date or an Early Vesting Date.

15. COSTS AND EXPENSES

- 15.1 The costs, expenses and outgoings related to establishing, operating and administering the Scheme, including any remuneration paid to the Trustee, shall be borne by the Company.

16. TAXATION

- 16.1 The Company or the Trustee may make such provision for and take such action as may be considered by either of them to be necessary or expedient for the withholding or payment of any taxes or any other statutory deductions for which either of them is properly liable and accountable and wherever those taxes are imposed provided those taxes arise in respect of any transfer of funds or assets or any payment pursuant to this Deed including (but not limited to) the withholding of funds or property (or any portion thereof) from any payment under this Deed.

- 16.2 For the purposes of this clause 16 the Trustee may rely on any information supplied to them by the Company or by any tax adviser selected by the Company as to the amount of any such tax liability.
- 16.3 The Participant shall be solely liable for any income tax or any tax which the Participant is or may be liable to account for to any taxation authority as a consequence of or in connection with the creation of any rights, the transfer of any Shares, or otherwise under this Deed.
17. **TRUSTEE**
- 17.1 **Initial Trustee:** The initial Trustee shall be The Warehouse Management Trustee Company No. 2 Limited.
- 17.2 **Retirement and removal from office as Trustee:** The Trustee may at any time:
- (a) retire as Trustee under this Deed by giving one calendar month's notice in writing to the Company;
 - (b) be removed from office as Trustee by the Company giving one calendar month's notice in writing to the Trustee.
- 17.3 **Appointment of new Trustees:** The power of appointment of new Trustees under this Deed shall be vested in the Company and the Company shall appoint a new Trustee or Trustees not later than one calendar month after the retirement or removal from office of the Trustee or Trustees for the time being, provided that the Trustee or Trustees must be an "associate"/s of the Company as that term is defined in Division 2 of Part 1.2 of the Corporations Act 2001.
- 17.4 **Liability of the Trustee limited:** The Trustee shall not as Trustee under this Deed incur any liability whatsoever, nor in any way be personally liable, for any act or default or otherwise in connection with or as a result of being a Trustee under this Deed, except for and in respect of loss arising out of wilful default or wilful breach of trust.
- 17.5 **Maintenance of books and establishment of Trustee's Account:** The Trustee shall:
- (a) keep all such books, accounts and records and other information as may be necessary to enable it to properly discharge its duties and obligations as Trustee under this Deed;
 - (b) establish and maintain a bank account for the purposes of and incidental to this Deed ("**Trustee's Account**").
- 17.6 **Dividends, distributions and rights in respect of Shares purchased by the Trustee:**
- (a) Any cash dividends received by the Trustee in respect of Shares purchased by the Trustee for the purposes of the Scheme pursuant to clauses 7.1 and 7.2 will be credited to the Trustee's Account and held for the purposes of and incidental to this Deed.
 - (b) Subject to clause 7.4, where the Trustee receives Additional Shares or other securities issued in connection with a bonus issue or other distribution (other than a rights issue), such Additional Shares will be held by the Trustee, and any dividends and distributions received in respect of such Additional Shares

will be credited to the Trustee's Account and held, for the purposes of and incidental to this Deed.

- (c) Where the Trustee receives Shares or other securities issued in connection with a rights issue, such Shares or other securities shall be taken up and held as Additional Shares, in which case clause 17.6(b) shall apply, or be sold or otherwise disposed of and the proceeds of such sale will be credited to the Trustee's Account and held for the purposes of and incidental to this Deed.
- (d) Where the Company buys back any Shares held by the Trustee, the proceeds of the buyback of Shares will be credited to the Trustee's Account and held for the purposes of and incidental to this Deed.

17.7 Remuneration and costs of Trustee: The Trustee shall be entitled to:

- (a) be paid remuneration for undertaking the duties and obligations as Trustee under this Deed in such amount as the Trustee and the Company shall from time to time agree; and
- (b) be reimbursed for all costs, expenses and outgoings incurred by the Trustee in administering the Scheme and exercising its duties and obligations as Trustee under this Deed,

and such remuneration, and costs, expenses and outgoings shall be paid by the Company in accordance with clause 15.

17.8 Powers and authorities of Trustee: The Trustee, in addition to the powers and authorities vested in it by the Trustees Act 1956 or otherwise by law, shall have the following specific powers and authorities:

- (a) to purchase Shares for the purposes of the Scheme in such manner and on such terms as the Committee may authorise;
- (b) to borrow, raise or lend money for the purpose of the Scheme and to secure in such manner as the Committee may authorise the repayment of any such moneys so borrowed, raised or lent;
- (c) in respect of Shares purchased by the Trustee for the purpose of the Scheme pursuant to clauses 7.1 and 7.2:
 - (i) to exercise, carry out, apply for, take up, receive, or otherwise obtain the benefit of, any rights or benefits arising from ownership of such Shares and to sell, dispose of, distribute or otherwise deal with any such rights or benefits;
 - (ii) to receive, distribute or otherwise deal with all dividends and distributions or payments received in respect of such Shares in accordance with the rights of those entitled in accordance with this Deed;
- (d) to delegate, with the consent of the Committee, any of its duties, powers and authorities as Trustee under this Deed to any person or corporation including the Company.

17.9 Trustee's indemnity: The Company shall indemnify and keep indemnified the Trustee for and against all liability (including any liability to pay income tax or any other form of taxation), cost, expense and other charge sustained at any time by the Trustee, and any proceeding, action, claim (including costs incurred in defending

and/or resisting any claim), demand or process against the Trustee arising directly or indirectly by virtue of it being the Trustee under this Deed or by virtue of any other matter arising out of the exercise of its duties and obligations as Trustee under this Deed, provided that this indemnity does not apply:

- (a) in respect of income tax or other taxation payable by the Trustee in respect of any remuneration earned by it in consideration of it agreeing to or undertaking the duties and obligations as Trustee under this Deed; and
- (b) to any costs, expenses and outgoings of the Trustee which the Trustee has agreed falls within the costs, expenses and outgoings to be met by it under the terms of its appointment as Trustee or the terms of the remuneration it agreed to accept in consideration of it of it agreeing to or undertaking the duties and obligations as Trustee under this Deed; and
- (c) to any liability of the Trustee arising in respect of any dishonesty or wilful default or wilful breach of trust.

17.10 Profits: Any profits from time to time arising under the Scheme shall, if no Participant is beneficially entitled, and after providing for the costs, expenses and outgoings of the Trustee in administering the Scheme and exercising its duties and obligations as Trustee under this Deed and for past losses not already recouped, be held by the Trustee for and on behalf of the Company and shall be paid, at such time or times as the Board may determine, to the Company or for such purpose as the Board may nominate. Subject to the Company's constitution and all applicable laws, such purposes may include the use of such profits by way of financial assistance to the Trustee to assist the Trustee to fund the purchase of any Shares pursuant to clauses 7.1 or 7.2, in which case the Company and the Trustee must comply with clause 7.5.

18. TERMINATION OF THE SCHEME

18.1 Circumstances in which the Scheme may be terminated: The Scheme may be terminated and wound up by the Committee in the following circumstances:

- (a) if the Committee at any time resolves that the Scheme be terminated and wound up, without any liability whatsoever on the Company or any Member of the Group for such termination;
- (b) upon the liquidation of the Company (including if the Company goes into liquidation for the purpose of reconstruction or amalgamation with any other company) or the appointment of a statutory manager, or of a receiver, or receiver and manager, or administrator, to all or substantially all of the assets of the Company;
- (c) upon the consolidation or subdivision of Shares, Share buyback, or other reconstruction of, or adjustment to the Shares or the Share structure of the Company, or upon the amalgamation of the Company;
- (d) if an offer is made for the acquisition of Shares under a takeover bid and as a result of or under the takeover bid, the offeror or any other person acquires a relevant interest (as that term is defined in the Securities Markets Act 1988 of New Zealand) in not less than 50 percent of the issued Shares in the Company or if a scheme of arrangement under the Companies Act 1993 of New Zealand or the Corporations Act 2001 of Australia is proposed between the Company and its shareholders; or
- (e) on the day 80 years from the date of execution of this Deed,

provided that any termination shall not adversely affect or prejudice the rights of Participants under this Deed. The Committee shall have absolute discretion to determine the effective date of such termination or winding up for the purposes of clause 13.1.

18.2 Realisation of assets by Trustee upon termination and winding up: Upon termination and winding up of the Scheme any assets then remaining in the hands of the Trustee and not otherwise disposed of under this Deed shall, after the payment of all liabilities, be disposed of and realised and the net proceeds paid to the Company.

19. NO RIGHTS OF EMPLOYMENT CONFERRED

19.1 No right to participate in the Scheme: Nothing in this Deed confers on any Executive Employee the right to participate in the Scheme, which shall be at the sole discretion of the Committee. The Committee may in its sole discretion from time to time determine that Executive Employees of particular Members of the Group shall not be entitled to participate in the Scheme provided always that no such determination shall have the effect of adversely affecting or prejudicing the rights of existing Participants under this Deed.

19.2 No right to continued Employment: The granting of entitlements under this Scheme does not:

- (a) confer on a Participant any right to continued Employment with the Company or any Member of the Group (for the purposes of this clause 19.2 "Employing Company"); or
- (b) alter or restrict any of the rights of the Employing Company to terminate the Participant's Employment or association with the Employing Company at any time for cause and without liability and entitlements under this Scheme shall not be included as part of the Participant's regular, recurring remuneration or compensation for any purpose, including the calculation of redundancy pay or holiday pay or other entitlement.

20. AMENDMENT OF TERMS OF PARTICIPATION OR OF THIS DEED

20.1 Power to amend terms of participation: The Committee may, at any time, subject to the restrictions set out in clause 14, add to, amend or waive (for the purposes of this clause 20 "amend" or "amendment") the terms of participation applying to any Participant (as set out in the Participation Deed originally entered into and executed by the Company and a Participant (or in any amendment of that Participation Deed)) or the application of any terms of this Deed to any Participant by a deed supplemental to the Participation Deed and entered into and executed by the Company and the Participant, provided that no such amendment shall:

- (a) have the effect of imposing any more onerous conditions on such Participant nor have the effect of adversely affecting or prejudicing the rights of such Participant under this Deed, as set out in the Participation Deed originally entered into and executed by the Company and the Participant (or in any amendment of that Participation Deed), obtained prior to such amendment without the consent of such Participant which consent may be contained in the deed supplemental to the Participation Deed; or
- (b) substantially increase the value of the rights of such Participant under this Deed, or as set out in the Participation Deed originally entered into and executed by the Company and the Participant (or in any amendment of that Participation Deed).

20.2 Power to amend this Deed: The Trustee may, at any time, upon the direction of or with the consent of the Committee but subject to the restrictions set out in clause 14, amend all or any of the provisions of this Deed by a deed supplemental to this Deed and entered into and executed by the Company and the Trustee, provided that no such amendment shall:

- (a) have the effect of imposing any more onerous conditions on the then existing Participants nor have the effect of adversely affecting or prejudicing their rights under this Deed or of any rights of any such Participant under a Participation Deed obtained prior to such amendment without the prior written consent of Participants or such Participant (as the case may be); or
- (b) substantially increase the value of the rights of Participants under this Deed or of any rights of any Participant set out in the Participation Deed originally entered into and executed by the Company and a Participant (or in any amendment of that Participation Deed); or
- (c) take effect that would cause the Scheme to breach any applicable law or to cease to fall within the terms and conditions of the Securities Act (Employee Share Purchase Schemes – Listed Companies) Exemption Notice 2011 or of any class exemption notice granted by the Financial Markets Authority in replacement of such class exemption notice.

20.3 Other amendments: Notwithstanding clauses 20.1 and 20.2, the Committee may at any time by resolution amend this Deed, any Participation Deed and any other document set out in the Schedules to this Deed in the manner it considers necessary:

- (a) in order to render this Deed, any Participation Deed and any other document set out in the Schedules to this Deed capable of approval by any governmental or other regulatory body pursuant to any present or future legislation applying in New Zealand or Australia; or
- (b) in order to make minor amendments to benefit the administration of the Scheme; or
- (c) in order to comply with or take advantage of any taxation, legal, regulatory or other rule, law, guideline, or regulation applying in any jurisdiction in which the Scheme is or is intended to be operated,

and for the purposes of this clause 20.3 the Committee may approve the adoption of additional schedules to this Deed which shall apply in respect of specified jurisdictions.

20.4 Written notice of any amendment made in accordance with this clause 20 shall be provided to Participants or the relevant Participant (as the case may be).

21. MISCELLANEOUS

21.1 Disputes: The decision of the Committee on any question of interpretation of this Deed or any Participation Deed or any dispute relating to or connected with the Scheme shall be final, conclusive and binding on all Participants, the Company and the Trustee. No Participant shall in any circumstances whatsoever make any claim, or be entitled to any remedy of any nature, against the Company, the Committee (or any member of the Committee) or against the Trustee for anything done or omitted to be done by the Company, the Committee (or any member of the Committee) or by the Trustee.

- 21.2 **Notices:** A notice required or authorised to be given or served on a party under this Deed must be in writing and may be given or served by facsimile, prepaid post or hand to that party at such other facsimile number or address as the party has notified in writing to the other party or parties in writing.
- 21.3 A notice is deemed to have been given or served on the party to whom it was sent:
- (a) in the case of hand delivery, on delivery during business hours;
 - (b) in the case of prepaid post upon receipt;
 - (c) in the case of facsimile transmission, at the time of dispatch.
- 21.4 A notice given or served under this Deed is sufficient if:
- (a) in the case of a company, it is signed by a director or officer of that company; or
 - (b) in the case of an individual, it is signed by that person.
- 21.5 **Severability:** The parties acknowledge and agree that:
- (a) all the provisions of this Deed are reasonable in all the circumstances and that each provision is deemed to be severable and independent; and
 - (b) if all or any part of any provision is judged invalid or unenforceable in all the circumstances, it is deemed to be deleted and does not affect the validity or enforceability of the remaining provisions.
- 21.6 **Governing law:** This Deed shall be governed and interpreted in all respects according to the laws of New Zealand the courts of which country shall have exclusive jurisdiction in all matters and disputes pertaining to its powers and provisions and pertaining to any agreement as between the Company, the Board, the Committee, the Trustee, Participants or any of them envisaged by this Deed, and otherwise for all purposes.

EXECUTED as a Deed

THE WAREHOUSE GROUP LIMITED by:

Signature of director

Name of director

Signature of director

Name of director

**THE WAREHOUSE MANAGEMENT TRUSTEE
COMPANY NO. 2 LIMITED** by:

Signature of director

Name of director

Signature of director

Name of director

SCHEDULE 1

INTERNATIONAL RULES

This Deed applies with and subject to the following amendments and provisions which have been adopted by the Committee pursuant to clause 20.3 for the purposes of the operation of the Scheme in the following jurisdictions:

SCHEDULE 2
PARTICIPATION DEED

THE WAREHOUSE GROUP LIMITED
[EXECUTIVE EMPLOYEE]

PARTICIPATION DEED
IN RESPECT OF THE WAREHOUSE GROUP LIMITED
EXECUTIVE SHARE SCHEME

PARTIES

THE WAREHOUSE GROUP LIMITED ("Company")

[EXECUTIVE EMPLOYEE] ("Executive Employee")

INTRODUCTION

- A. The Company and the Trustee established The Warehouse Group Limited Executive Share Scheme ("**Scheme**") by a Deed in Respect of The Warehouse Group Limited Executive Share Scheme ("**Scheme Deed**").
- B. A [copy of/summary] [Delete as appropriate] of the Scheme Deed and a copy of the Investment Statement has been made available to the Executive Employee.
- C. The Executive Employee has been nominated as a Participant under the Scheme subject to the Executive Employee entering into and executing this Participation Deed in respect of The Warehouse Group Limited Executive Share Scheme ("**Participation Deed**"). The terms and conditions upon which the Executive Employee shall participate in the Scheme are set out in this Participation Deed and the attached schedule ("**Schedule**").

COVENANTS

1. DEFINITIONS AND INTERPRETATION

1.1 Unless otherwise stated in this Participation Deed:

- (a) the definitions set out in clause 2.1 of the Scheme Deed apply to and have the same meaning in this Participation Deed; and
- (b) the interpretation of this Participation Deed will be construed in accordance with clause 2.2 of the Scheme Deed.

2. COMMENCEMENT AND TERM

2.1 This Participation Deed is to commence on the Participation Date set out in the Schedule.

3. PARTICIPATION

3.1 The Company offers the Executive Employee participation in the Scheme, and the Executive Employee agrees to become a Participant in the Scheme, upon the terms and conditions set out in the Investment Statement dated [] [Insert date of Investment Statement], the Registered Prospectus dated [] [Insert date of Registered Prospectus] and any other Offer Document provided to the Executive Employee, the Scheme Deed and this Participation Deed.

3.2 In entering into and executing this Participation Deed, the Executive Employee acknowledges and agrees that:

- (a) he/she has read and understood, this Participation Deed, the Scheme Deed and the Offer Documents, including the Investment Statement;

- (b) he/she will observe, perform and be bound by the terms and conditions of the Offer Documents, the Scheme Deed and this Participation Deed and by the limitations attaching to, and restrictions on the offer and transfer of, Shares under the Scheme Deed and, in particular, such limitations and restrictions set out in clauses 8, 14 and 19 of the Scheme Deed;
- (c) for the avoidance of doubt, the Executive Employee acknowledges and agrees that entry into this Participation Deed does not entitle the Executive Employee to be nominated for future or other offers under the Scheme; and
- (d) he/she has been encouraged to obtain independent advice from a suitably qualified professional adviser on the financial and taxation implications to him/her of participation in the Scheme.

4. TERMS OF EXECUTIVE EMPLOYEE'S PARTICIPATION

4.1 **Basis of Participation:** The Executive Employee shall be entitled to participate in the Scheme for the purposes of the allocation and transfer of: ~~[Delete either 4.1(a) or 4.1(b) if appropriate]~~

- (a) the Performance Shares set out in the Schedule; and/or ~~[Delete "and/or" as appropriate]~~
- (b) the Award Shares set out in the Schedule,

in accordance with and subject to the Scheme Deed and this Participation Deed.

~~[Delete either clause 4.2 or 4.3, as appropriate]~~

4.2 Performance Shares:

- (a) By entering into and executing this Participation Deed the Company agrees that the Executive Employee shall, subject to the Scheme Deed and all applicable laws, have a right to be allocated and transferred, at the end of the Performance Period, the number of Shares representing the Performance Shares set out in the Schedule, conditional upon:
 - (i) the Performance Criteria set out in the Schedule being met during the Performance Period; and
 - (ii) the Executive Employee remaining continuously Employed during the Performance Period set out in the Schedule.

The Executive Employee shall pay the Company \$1 on the transfer of such Shares. The Executive Employee agrees and acknowledges that the number of Performance Shares set out in the Schedule represent the number of Shares that he/she has a conditional right to be allocated and transferred and that he or she does not have a legal or beneficial interest in such Shares and will not have a legal or beneficial interest in any such Shares unless and until any such Shares are transferred to him or her after the end of the Performance Period (and then will have an interest only in the Shares transferred).

- (b) The Performance Criteria set out in the Schedule constitute the basis upon which the Executive Employee's entitlement in respect of the Shares representing the Performance Shares will be assessed. The Executive Employee agrees and acknowledges that the Committee may vary the Performance Criteria in accordance with, and subject to the terms of, the Scheme Deed.

- (c) The Performance Period set out in the Schedule constitutes the period during which the Performance Criteria will be assessed. The Executive Employee agrees and acknowledges that the Committee may vary the Performance Period in accordance with, and subject to the terms of, the Scheme Deed.

4.3 Award Shares:

- (a) By entering into and executing this Participation Deed the Company agrees that the Executive Employee shall, subject to the Scheme Deed and all applicable laws, have a right to be allocated and transferred, at the end of each Restrictive Period, the relevant proportion of Award Shares set out in clause g(vi) of the Schedule, conditional upon:
 - (i) the Award Criteria being met during the Award Period;
 - (ii) the Executive Employee remaining continuously Employed during the relevant Restrictive Period set out in the Schedule.

The number of Award Shares the Executive Employee shall be entitled to be allocated and transferred at the end of each Restrictive Period shall be determined by the extent to which the Executive Employee has met the Award Criteria during the Award Period, subject always to the Target Award Criteria, Maximum Award Criteria and the Minimum Award Criteria.

The Executive Employee shall pay the Company \$1 on the transfer of such Shares. The Executive Employee agrees and acknowledges that he or she does not have a legal or beneficial interest in any Award Shares and will not have a legal or beneficial interest in any such Shares unless and until any such Shares are transferred to him or her after the end of a Restrictive Period (and then will have an interest only in the Shares transferred).

- (b) The Restrictive Periods set out in the Schedule constitute the periods during which the Executive Employee must be continuously Employed. At the end of each such Restrictive Period the Employee will have the right to be allocated and transferred the relevant proportion of Award Shares set out in clause g(vi) of the Schedule. The Executive Employee agrees and acknowledges that the Committee may vary the Restrictive Periods or any Restrictive Period in accordance with, and subject to the terms of, the Scheme Deed.

4.4 Additional Shares and cash distributions: In addition to the right to be allocated and transferred Performance Shares and Award Shares [Delete as appropriate], the Executive Employee may:

- (a) shortly before the Expected Vesting Date, be offered a number of Additional Shares issued to the Trustee in respect of the Shares representing the Performance Shares and the Award Shares [Delete as appropriate] ;
- (b) on the Expected Vesting Date, become entitled to be paid an amount by way of cash distribution from the Trust Fund,

as determined by the Committee in accordance with the Scheme Deed. For the avoidance of doubt, any such offer of Shares or payment of a cash distribution from the Trust Fund shall be subject to the absolute discretion of the Committee.

4.5 Expected Vesting Date: The Expected Vesting Dates set out in the Schedule shall be the dates on which the Shares representing the Performance Shares, the relevant proportion of Award Shares set out in clause g(vi) of the Schedule and any Additional Shares may be transferred, and any cash distribution may be paid, to the Executive

Employee. The Committee may vary an Expected Vesting Date in accordance with, and subject to the terms of, the Scheme Deed.

- 4.6 **Early Vesting Date:** Shares may be transferred prior to an Expected Vesting Date, on an Early Vesting Date, in accordance with, and subject to the terms of, the Scheme Deed.

5. NOTIFICATION

- 5.1 In accordance with the Scheme Deed, at least 5 Business Days before the Expected Vesting Date, the Executive Employee shall, by Letter of Notification provided by the Trustee:

- (a) be notified of the number of Performance Shares (if any) and Award Shares (if any) that the Executive Employee has a right to be allocated and transferred on the Expected Vesting Date; and
- (b) be offered such number of Additional Shares (if any) determined by the Committee that the Executive Employee has a right to be allocated and transferred on the Expected Vesting Date.

- 5.2 The Participant shall be deemed to have accepted a transfer of the Shares set out such Letter of Notification and the Trustee shall allocate and transfer the relevant Shares to the Executive Employee on the Expected Vesting Date.

6. CONTRACTS (PRIVITY) ACT 1982

- 6.1 **Privity extended:** The provisions of this Participation Deed are also for the benefit of, and are intended to be enforceable by, the Trustee under the Contracts (Privity) Act 1982.

7. RIGHTS ARE PERSONAL AND NOT ASSIGNABLE

- 7.1 The rights and interests of the Participant under the Scheme Deed and this Participation Deed are personal.
- 7.2 The Participant must not assign, charge or otherwise dispose of, or create any interest in any other person in, any Share held by the Trustee for the purposes of the Scheme or any right or interest of the Participant under the Scheme Deed or this Participation Deed.
- 7.3 Without limiting clauses 7.1 and 7.2 above, only the Participant personally may accept a transfer of the relevant Shares.

EXECUTED as a Deed

THE WAREHOUSE GROUP LIMITED by:

Signature of director

Name of director

Signature of director

Name of director

SIGNED by **[EXECUTIVE EMPLOYEE]**:

Signature of [Executive Employee]

SCHEDULE

This Schedule forms part of the Participation Deed in Respect of The Warehouse Group Limited Executive Share Scheme between The Warehouse Group Limited and The Warehouse Management Trustee Company No.2 Limited. Subject to the Scheme Deed, the following comprise the specific terms of the Executive Employee's participation in the Scheme as referred to in clause 4 of the Participation Deed:

- (a) **Executive Employee:** []
- (b) **Offer Date:** [] 20[]
- (c) **Participation Date:** [] 20[]
- (d) **Maximum Dollar Value of Participant's Share Incentives on the Offer Date:** [Insert maximum dollar value and allocation between Performance Share and Award Share Component]
 \$[] allocated as follows:
 - Maximum Dollar Value of Performance Share component: \$[];
 - Maximum Dollar Value of Target Award Shares component: \$[];
 - Maximum Dollar Value of Maximum Award Shares component: \$[];
 - Minimum Dollar Value of Minimum Award Shares component: \$[].
- (e) **Offer Date Price:** [Insert Offer Date Price calculated in accordance with clause 2.1 of Deed]
 \$[] per Share
- (f) **Performance Shares:**
- (i) **Number of Performance Shares:** [Calculated as Maximum Dollar Value of Performance Shares in (d) divided by Offer Date Price in (e)]
 [] Shares in the Company
- (ii) **Performance Criteria:** [Full details of long term performance targets/performance formula to be Inserted including]
 • Formula: []
- (iii) **Performance Period:** [Alter as appropriate according to duration of the Performance Period]
 [] 201[] to [] 201[] being the period beginning on the Participation Date and ending on the third anniversary of the Participation Date
- (iv) **Expected Vesting Date:** [] 201[] [Insert date 10 Business Days following the end of the Performance Period]
- (g) **Award Shares:**
- (i) **Target Award Shares:** [Calculated as Maximum Dollar Value of Target Award Shares component in (d) divided by Offer Date Price in (e)]
 A target of [] Shares in the Company (this number of Award Shares will be allocated

- and transferred if the Target Award Criteria is achieved)
- (ii) **Maximum Award Shares:** [Calculated as Maximum Dollar Value of Maximum Award Shares component in (d) divided by Offer Date Price in (e)].
- A maximum of [] Shares in the Company (no Award Shares will be allocated and transferred above the number of Maximum Award Shares if the Maximum Award Criteria is exceeded)
- (iii) **Minimum Award Shares:** [Calculated as Minimum Dollar Value at Minimum Award Shares component in (d) divided by Offer Date Price in (e)]
- A minimum of [] Shares in the Company (no Award Shares will be allocated and transferred if the Minimum Award Criteria is not achieved)
- (iv) **Award Criteria:** [Full details of short term performance targets to be inserted including Target Award Criteria, Maximum Award Criteria and Minimum Award Criteria]
- []
- (v) **Award Period:** [] 20[] to [] 20[], being the financial year of the Company in which the Offer Date falls
- (vi) **Restrictive Periods and Proportion of Award Shares which the Executive Employee will have a conditional right to be allocated and transferred at the end of each Restrictive Period:** [Alter as appropriate according to number and duration of Restrictive Periods]
- First Restrictive Period: In respect of the Restrictive Period beginning on the Participation Date and ending on [] 20[], []% of the Shares are to be allocated and transferred at the end of that Restrictive Period
 - Second Restrictive Period: In respect of the Restrictive Period beginning on the Participation Date and ending on [] 20[], []% of the Shares are to be allocated and transferred at the end of that Restrictive Period
 - Third Restrictive Period: In respect of the Restrictive Period beginning on the Participation Date and ending on [] 20[], []% of the Shares are to be allocated and transferred at the end of that Restrictive Period
- (vii) **Expected Vesting Date:** [] [Insert date 10 Business Days following the end of each Restrictive Period]
- In respect of the First Restrictive Period, [] 20[]

- In respect of the Second Restrictive Period, [] 20[]
- In respect of the Third Restrictive Period, [] 20[]

(h) **[Additional terms and conditions of Participation]** **[Insert any additional terms and conditions specific to the Executive Employee]**

SCHEDULE 3
LOAN AGREEMENT

**THE WAREHOUSE GROUP LIMITED
THE WAREHOUSE MANAGEMENT TRUSTEE
COMPANY NO 2 LIMITED**

**LOAN AGREEMENT
IN RESPECT OF THE WAREHOUSE GROUP LIMITED
EXECUTIVE SHARE SCHEME**

This is the Loan Agreement in Respect of The Warehouse Group Limited Executive Share Scheme dated 7 September 2005 and amended on 5 October 2009.

PARTIES

THE WAREHOUSE GROUP LIMITED ("Company")

**THE WAREHOUSE MANAGEMENT TRUSTEE COMPANY NO. 2 LIMITED
("Trustee")**

INTRODUCTION

- A. The Company has established The Warehouse Group Limited Executive Share Scheme (the "**Scheme**") whereby selected Executive Employees of the Company or any Member of the Group will be transferred Shares in the Company upon the satisfaction of certain criteria.
- B. The Trustee is the trustee of the Scheme.
- C. In connection with the Scheme, the Company wishes to make advances to the Trustee from time to time to enable it to purchase Shares in the Company.
- D. The Trustee wishes to borrow such advances from the Company and to grant security in respect thereto, each on the terms and subject to the conditions of this Deed.
- E. The Company also wishes to reimburse the Trustee from time to time for the costs of it acquiring such Shares.

OPERATIVE PART

1. INTERPRETATION

In this Deed, unless the context requires otherwise, words and expressions defined in the Scheme Deed shall have the same meaning when used in this Deed and:

"Advance" means an advance made or to be made by the Company to the Trustee pursuant to this Deed;

"Availability Period" means the period commencing on the Commencement Date and ending on the Termination Date;

"Commencement Date" means the later of the date of this Deed and the date on which the Scheme Deed is approved by the Shareholders;

"Collateral" has the meaning given to that term in clause 8;

"Deed" means this deed and the schedules to it;

"Event of Default" means an event specified as such in clause 11;

"Insolvency Event" means the occurrence of any of the following at any time in relation to the Trustee:

- (a) a receiver is appointed in respect of all or a material part of the Trustee's assets;

- (b) a resolution is passed, or an order is made, for the appointment of a liquidator or administrator;
- (c) a statutory manager is appointed pursuant to the Corporations (Investigations and Management) Act 1989;
- (d) a distress or execution is levied against all or a material part of the Trustee's assets and is not discharged or stayed within seven days;
- (e) the Trustee whilst insolvent enters into any arrangement for the benefit of the Trustee's creditors generally or any material class of them; or
- (f) if the Trustee is not solvent, or is not able to pay its debts as they fall due;

"Issuer" means each issuer of any Shares or Rights at any time the subject of this Deed;

"Loan" means the outstanding principal amount of all Advances made from the Company to the Trustee pursuant to this Deed;

"Permitted Transfer Date" means any Business Day other than a day on which the sale of Shares by the Trustee would:

- (a) result in the Trustee contravening the Company's constitution, the Companies Act 1993, the Securities Act 1978, the Securities Markets Act 1988, the Corporations Act 2001, the NZX Listing Rules, the ASX Listing Rules or any other applicable laws;
- (b) be at a time at which the buying or selling of securities may not occur under the Company's Insider Trading Rules for trading in securities by directors and employees; and
- (c) be other than in accordance with the Company's Corporate Governance Policy;

"PPSA" means the Personal Property Securities Act 1999;

"Purchase Price" means, in relation to any particular Shares, the price paid for such Shares by the Trustee;

"Receiver" means a receiver, or receiver and manager, appointed under this Deed;

"Rights" has the meaning given to that term in clause 8;

"Scheme Documents" means this Deed and the Scheme Deed;

"Scheme Deed" means the deed dated 7 September 2005 between the Company and the Trustee in relation to the Scheme, as amended from time to time;

"Secured Money" has the meaning given to that term in clause 8;

"Termination Date" means the date on which the Scheme is terminated pursuant to clause 18 of the Scheme Deed;

"Transfer" means, in relation to any Shares or Rights, a transfer thereof duly signed by the Trustee with the name of the transferee, date and consideration left blank, but otherwise, if appropriate, in proper form for registration by the relevant Issuer;

“Vesting Date” means an Expected Vesting Date or an Early Vesting Date, as those terms are defined in the Scheme Deed;

“Year” means any period from 1 August in a calendar year to 31 July in the following calendar year.

1.1 **PPSA references:** In this Deed, the expressions “account receivable”, “attach”, “document of title”, “investment security”, “proceeds”, “purchase money security interest”, “security interest” and “value” have the meanings given to those expressions under, or in the context of, the PPSA.

1.2 **References:** In this Deed, unless the context otherwise requires:

“agreement” includes a contract, deed, licence, franchise or undertaking (in each case whether oral or written);

“consent” includes an approval, authorisation, permission, exemption, filing, recording, registration or other act of similar effect including any of the foregoing by or with a governmental agency;

a **“disposal”** and to **“dispose”** of an asset includes a sale, gift, transfer or any other kind of disposal of, or the grant of an option in respect of, a right or interest, legal or equitable, in that asset or any agreement for any of the foregoing;

“dollars” “\$” “NZ dollars” or “NZD” means New Zealand dollars, or such other lawful currency of New Zealand from time to time;

“governmental agency” means and includes any government, governmental agency, semi-governmental agency, and any statutory, judicial or regulatory body or authority and any territorial or local authority, whether incorporated or not;

“guarantee” includes an indemnity, and any other obligation (whatever called) of any person to pay, purchase, provide funds or underwrite, or otherwise be responsible for the indebtedness of any person, or any arrangement or agreement that has a similar effect (and “guaranteed” and “guarantor” shall be construed accordingly);

“indebtedness” includes any obligation (whether present or future, actual or contingent, secured or unsecured, as principal, surety or otherwise) for the payment or repayment of money;

“laws” means all applicable statutes, regulations, by-laws, orders in council, judgments and decrees, and includes common or customary law, of any relevant jurisdiction and any other measure which has the force of law;

“month” means calendar month;

“person” includes any individual, company, corporation, partnership, joint venture, association, trust, state or agency of state, whether or not having separate legal personality;

“security interest” includes any encumbrance, mortgage, pledge, lien, charge, retention of title, or other security interest given or arising over or in respect of any assets, present or future and any arrangement, the effect of which is to prefer any creditor over unsecured creditors;

“subsidiary” has the meaning ascribed to it by Section 5 of the Companies Act 1993 and also includes an “in-substance subsidiary” as defined in the New Zealand Society of Accountants Statement of Standard Accountancy Practice number 8;

“tax” includes any present or future tax, duty, levy, impost, charge, fee, deduction or withholding of any nature and whatever called, imposed or assessed by any government, state, municipal authority or other person whomsoever and includes any penalty, interest, surcharge or other amount payable in connection with the foregoing, and **“taxation”** shall be construed accordingly;

“written” and **“in writing”** includes all means of reproducing words in a tangible and permanently visible form, and includes reproduction by facsimile.

1.3 **General:** Unless otherwise stated or the context otherwise requires, this Deed shall be construed as follows:

- (a) Headings are inserted for reference only and shall be ignored in construing this Deed;
- (b) Words importing one gender include the other genders;
- (c) Words importing the singular include the plural and vice versa;
- (d) References to clauses and schedules are references to clauses and schedules in this Deed;
- (e) References to dates or times are references to dates or times in New Zealand, unless otherwise expressly stated;
- (f) References to any document are references to that document as varied, amended or novated from time to time;
- (g) References to any accounting term or expression shall be a reference to such term or expression as it is generally interpreted in accordance with GAAP;
- (h) References to any specific statute, regulation, order, bylaw or other legislation are references to such statutes, regulations, orders, bylaws or other legislation as amended, consolidated, re-enacted, substituted or extended from time to time; and
- (i) References to a party in this Deed includes the representatives, successors and permitted assigns of that party.

2. THE LOAN FACILITY

2.1 **Grant of Loan Facility:** The Company agrees to make Advances available to the Trustee from time to time on the terms and subject to the conditions of this Deed. The aggregate maximum principal amount of Advances that the Trustee may draw down in any Year will be in an amount equal to the amount of financial assistance approved by the Company’s shareholders (if required) and the board of directors of the Company in respect of the Scheme for that year.

2.2 **Purpose:** Each Advance shall be used by the Trustee to fund the acquisition of Shares in the Company. The Trustee shall not utilise any Advance for any other purpose without obtaining the prior written consent of the Company.

3. **DRAWDOWN**

3.1 **Availability of Facility Amount:** Subject to the condition precedent in clause 3.2 having been satisfied, the Trustee may drawdown an Advance on any Business Day in the Availability Period and the Company will make such Advance available to the Trustee. Each Advance shall be in an amount no greater than the Purchase Price for which the Trustee acquires Shares in the Company in a number up to the maximum potential entitlement of Award Shares and/or Performance Shares of a Participant in the Scheme on the date of the Advance.

3.2 **Conditions Precedent to Drawdown:** The obligation of the Company to make an Advance available to the Trustee pursuant to this Deed shall be conditional upon the Trustee having received a direction of the Committee as contemplated by clause 7.1 and/or 7.2 of the Scheme Deed identifying a Participant in the Scheme and directing the Trustee to buy a number of Shares up to such Participant's maximum potential entitlement of Award Shares and/or Performance Shares.

4. **NO INTEREST PAYABLE ON LOAN**

4.1 **No Payment of Interest:** No interest shall be payable by the Trustee to the Company on the Loan.

5. **REPAYMENT AND PREPAYMENT**

5.1 **Repayment Upon Demand:** Notwithstanding any other provision of this Deed, all or part of each Advance is repayable by the Trustee on the later of:

(a) the second Business Day following the Trustee's receipt of a written demand for repayment from the Company; and

(b) the first Permitted Transfer Date following the Trustee's receipt of a written demand for repayment from the Company.

5.2 **Final Repayment:** The Trustee shall repay each Advance in full to the Company on the Termination Date or if the Termination Date is not a Permitted Transfer Date, the first Permitted Transfer Date following the Termination Date.

5.3 **Optional Repayment:** The Trustee may elect from time to time to repay some or all of any Advance.

5.4 **Mandatory Repayment:** On each Vesting Date, the Trustee shall repay an amount of the Loan equal to the Purchase Price of the Shares transferred to a Participant on such Vesting Date. Such amount shall be allocated first to the Advance(s) made in respect of the purchase of such Shares by the Trustee and thereafter to such Advances as the Company may elect.

6. **REIMBURSEMENT**

6.1 The Company agrees to reimburse the Trustee on the Vesting Date of any Shares for the Purchase Price of those Shares.

7. **SET OFF**

7.1 The parties agree, on any date, to set off and apply amounts owing by the Trustee under clause 5 against amounts owing by the Company under clause 6.

8. SECURITY INTEREST AND LIMITATION OF RECOURSE

8.1 Grant of Security Interest: As security for:

- (a) the payment or delivery of all amounts of any nature which the Trustee is, or may at any time become, liable (whether actually or contingently) to pay or deliver to the Company under this Deed ("**Secured Money**"); and
- (b) the performance by the Trustee of all the Trustee's other obligations to the Company under this Deed,

the Trustee grants to the Company a security interest in:

- (c) the Shares;
- (d) all:
 - (i) distributions (as that term is defined in section 2 of the Companies Act 1993);
 - (ii) options or rights to take up any investment securities; and
 - (iii) all other rights, money or investment securities of any nature, ("**Rights**") attributable to, or arising from, the Shares;
- (e) all proceeds of the Shares or Rights;
- (f) all documents of title relating to the Shares or Rights,

and all of the Trustee's present and future rights in relation to the Shares, Rights, proceeds and documents of title, ("**Collateral**"). So far as it concerns each security interest over or in respect of any present or future account receivable and present and future rights in relation to any account receivable, the security interest granted shall take effect as a transfer (as "transfer" is used in the context of and for the purposes of the PPSA). Immediately upon the vesting of Shares to a Participant on a Vesting Date, such Shares, all Rights attributable to, or arising from, such Shares, all proceeds of such Shares and Rights and all documents of title relating to such Shares or Rights shall be released from the security interest constituted by this clause 8.1.

8.2 Positive obligations of Trustee: The Trustee shall:

- (a) promptly deposit with the Company, if required by the Company:
 - (i) documents of title (if any) to the Shares and any Rights; and
 - (ii) a Transfer (or such number of separate Transfers as the Company may require) in respect of the Shares and any Rights;
- (b) do all other things which the Company reasonably requires to enable the Company to:
 - (i) ensure that the Collateral is subject to an effective security interest having the priority required by the Company (including, but not limited to, providing details of any Collateral, and delivering any Collateral to the Company where possession of that Collateral by a third party may have the result that the interest of that third party in that Collateral would take priority over the interest of the Company); and/or

- (ii) assist the Company in exercising any of the Company's rights or powers under this Deed, whether on enforcement of the security interest (including, but not limited to, the sale of any of the Collateral) or otherwise, including, but not limited to, exercising all rights of inspection, requesting all information and taking all necessary copies, which the Trustee is entitled to exercise, request or take, and, for the purposes of section 216 of the Companies Act, the Trustee hereby authorises the Company to inspect those records of each Issuer which the Trustee is entitled to inspect by virtue of that Act.

8.3 Negative obligations of Trustee: The Trustee shall not:

- (a) permit any Collateral that is an account receivable to be subject to any right of set-off or combination of accounts (other than rights that arise solely by operation of law);
- (b) change the Trustee's name without first notifying the Company of the new name not less than 21 days before the change takes effect; or
- (c) relocate the principal place of business of the Trustee outside New Zealand or change its place of incorporation.

8.4 Scripless trading: If an Issuer, while listed on any stock exchange, is party to or converts to an electronic transfer and registration system which results in a system of scripless trading of its investment securities, the Trustee shall, if the Company so requires:

- (a) enter into an agreement with the Company and a broker/dealer of such investment securities nominated by the Company in such form as the Company may require; and
- (b) give such notices and directions as the Company may require to the manager of the registry of securities for that Issuer.

8.5 Rights of the Company:

- (a) The Company may:
 - (i) do all things as the Company thinks desirable to protect the Collateral or the security interest under this Deed;
 - (ii) notify an Issuer of the security interest under this Deed;
 - (iii) after an Event of Default has occurred:
 - (aa) cause itself to be registered as the holder of any Shares, or as the person entitled to any Rights, in order to hold those Shares or Rights as the secured party under this Deed;
 - (bb) complete and present any Transfer to the relevant Issuer for registration; and
 - (cc) complete in favour of any person (including the Company itself) who is purchasing the Shares under the powers given to the Company by this Deed or by law, any Transfer or any other document signed by or on behalf of the Trustee;

- (iv) retain and hold all documents of title and Transfers deposited with the Company in accordance with this Deed until the Company delivers to the Trustee a final release of this Deed;
 - (v) appropriate all amounts in respect of the Secured Money in any manner the Company determines (including in any manner required to preserve any purchase money security interest), notwithstanding any rule of law, any purported appropriation made by the Trustee or any other person, or any other matter or circumstance; or
 - (vi) when any security created by this Deed is enforceable, apply any amount owing by the Company in or towards satisfaction of any Secured Money, and for such purpose may accelerate the date for payment of any amount owing by the Company to the Trustee, notwithstanding the terms upon which such amount is owing;
- (b) The Company's rights under this Deed are without prejudice, and in addition, to any other right to which the Company is at any time entitled (whether under this Deed or by law, contract or otherwise), and may be exercised by the Company without prior notice to the Trustee or any other person.

8.6 When security enforceable: The security created under, and by, this Deed becomes enforceable if an Event of Default occurs and is continuing. At any time after an Event of Default occurs, the Company may:

- (a) declare the Secured Money to be due and payable, whereupon it shall become immediately due and payable;
- (b) (whether or not a Receiver has been appointed) exercise any of the powers of a Receiver, or which a person would have if appointed as a Receiver under this Deed; and
- (c) pay any expenses incurred in the exercise of any of such powers out of the revenue from, or proceeds of realisation of, the Collateral.

8.7 Receiver:

- (a) The Company may (whether or not the Company has exercised any other power):
 - (i) at any time after an Event of Default occurs; or
 - (ii) if the Trustee requests,

appoint any person or persons to be a Receiver of all or any of the Collateral. The Company may remove any Receiver and may appoint a new Receiver in place of any Receiver who has been removed, retired or died.
- (b) In addition to, and without limiting or affecting, any other powers and authorities conferred on a Receiver (whether under the Receiverships Act 1993 or at law or otherwise), a Receiver has the power to do all things in relation to the Collateral and the Trustee's business as if the Receiver had absolute ownership of the Collateral and carried on the Trustees business for the Receiver's own benefit.

8.8 Protection of Company, Receiver and Other Persons:

- (a) If the Company or a Receiver sells any Collateral (whether pursuant to this Deed or otherwise), the Company or Receiver shall be accountable only for any purchase money which that person actually receives.
- (b) The Company or a Receiver shall not be liable to account, or for any loss, as mortgagee in possession and may at any time give up possession of any Collateral. Neither the Company nor a Receiver shall be liable for any losses which may occur in, or as a result of, the exercise, purported exercise or non-exercise of any of their rights, powers or remedies.
- (c) The Company and a Receiver shall each be indemnified out of revenue from, or proceeds of sale of, the Collateral against losses, expenses and liabilities resulting from the exercise of any rights or powers (including, but not limited to, losses, expenses and liabilities resulting from a mistake or error of judgment).
- (d) No person dealing with the Company or any Receiver, or with any person acting on behalf of any of them, shall:
 - (i) enquire whether any power which the Company, Receiver, or person acting on their behalf, as the case may be, is purporting to exercise have become exercisable (whether by an Event of Default occurring, the proper appointment of a Receiver, or otherwise), or otherwise as to any matter in connection with the exercise of any such power; or
 - (ii) see to the application of any amount paid to the Company, Receiver, or person acting on their behalf, as the case may be.

8.9 Indemnity: The Trustee shall indemnify any Receiver:

- (a) for all costs, losses and other liabilities incurred or sustained by the Receiver in relation to this Deed and in exercising any right or recovering any Secured Money; and
- (b) against any claim by any person relating to the Collateral, or the exercise by the Receiver of any right or power under this Deed.

8.10 Attorney: The Trustee irrevocably appoints the Company, every officer of the Company with the title "Manager" and every Receiver, individually, to be the Trustee's attorney ("Attorney") at any time when the security created by this Deed is enforceable, with full power to:

- (a) (at the Trustee's expense) do anything which the Trustee agrees to do under this Deed and anything which, in the Attorney's opinion, is desirable to protect the Company's interests under this Deed (even if the Attorney has a conflict of duty in doing so, or has a direct or personal interest in the means or result of the exercise of any of the Attorney's powers); and
- (b) delegate the Attorney's powers to any person for any period and to revoke a delegation,

and the Trustee ratifies anything done by the Attorney or any delegate in accordance with this clause.

8.11 PPSA rights:

- (a) Nothing in this Deed shall be construed as:

- (i) an agreement to subordinate the security interest under this Deed in favour of any person; or
 - (ii) a consent by the Company to any other security interest attaching to, or any other security subsisting over, any Collateral.
- (b) The Trustee waives the right to receive a copy of the verification statement confirming registration of a financing statement or financing change statement relating to the security interest under this Deed.
- (c) The Trustee:
- (i) agrees that if, at any relevant time, the Company does not at that time have priority over all other secured parties in respect of any Collateral, then the Trustee and the Company will, for purposes of section 109(1) of the PPSA, be deemed, in accordance with the entitlement to do so under section 107(1) of the PPSA, to have contracted out of that section but specifically on the basis that, as between them and for purposes of this Deed and the operation and application of the PPSA, that section 109(1) (but amended only by the deletion of the words "with priority over all other secured parties") is reinstated and contracted back into;
 - (ii) agrees that nothing in sections 114(1)(a), 133 and 134 of the PPSA shall apply to this Deed, or the security under this Deed; and
 - (iii) waives the Trustees right to do any of the following:
 - (aa) object to the Company's proposal to retain any Collateral under section 121 of the PPSA;
 - (bb) (without affecting clause 20.3) redeem any Collateral under section 132 of the PPSA.

8.12 Miscellaneous (Security):

- (a) This Deed is collateral to each other security (whenever executed or given) which is at any time held by the Company in respect of any Secured Money, and nothing in this Deed shall prejudice any other security at any time held by the Company. The Company may exercise any of the Company's rights under this Deed and any such other security separately or concurrently.
- (b) Each of the obligations of the Trustee under this clause 8 shall constitute a continuing obligation, separate and independent from the Trustee's other obligations under this Deed and shall survive payment of the Secured Money and release of this Deed. It shall not be necessary for the Company to incur any expense or make any payment before enforcing any of the Company's rights in respect of any obligation of the Trustee under this Deed.
- (c) No delay in acting, or failure to act, by the Company is a waiver of any of the Company's rights, and the Company shall not be liable to any person for any such delay or failure.
- (d) The Company's right to payment of any Secured Money (including under any negotiable instrument or other agreement) shall not merge in the Trustee's obligation to pay that Secured Money under this Deed. The Company has no duty to marshal in favour of the Trustee or any other person.

8.13 Limitation of Liability and Recourse:

- (a) Notwithstanding any other provision of this Deed, the Company's and any Receiver's recourse against the Trustee under this Deed is limited to the Company's rights in relation to the Collateral and the liability of the Trustee under this Deed shall, subject to paragraph (b), be limited to the Collateral.
- (b) The Trustee shall not as Trustee under this Deed incur any personal liability whatsoever, nor in any way be personally liable, for any act or default or otherwise in connection with or as a result of being a Trustee under this Deed, except for and in respect of loss arising out of wilful default or wilful breach of trust.

9. REPRESENTATIONS AND WARRANTIES

9.1 **Representations:** Each party represents and warrants to and for the benefit of the other party as follows:

- (a) **Status:** It is a company duly incorporated and existing under New Zealand law.
- (b) **Powers:** It has the power to enter into, and exercise its rights and perform and comply with its obligations under this document.
- (c) **Corporate Action, Authorisations and Consents:** Everything required to be done, including the taking of all necessary corporate action and the obtaining of all necessary consents, has been duly done in order to:
 - (i) enable it lawfully to enter into, exercise its rights and perform and comply with its obligations under, this document;
 - (ii) ensure that those obligations are legal, valid, binding and enforceable in accordance with their respective terms; and
 - (iii) make this document admissible in evidence in any New Zealand court.
- (d) **Obligations Binding:** Its obligations under this document are legal, valid, binding and enforceable in accordance with their respective terms.
- (e) **Non-Contravention:** Its entry into, the exercise of its rights, and the performance of and compliance with its obligations under, this document does not and will not:
 - (i) contravene any law to which it is subject;
 - (ii) contravene its constitutions;
 - (iii) exceed any limitation on, or constitute an abuse of, the powers of its directors or officers; or
 - (iv) contravene any agreement to which it is a party or which is binding on any of its assets.
- (f) **Solvency:** It is solvent and able to pay its indebtedness as it falls due.
- (g) **No Dissolution:** it has not taken any corporate action nor have any other steps been taken or legal proceedings been started or (to the best of its knowledge and belief) threatened against it for its dissolution or reorganisation

or for the appointment of a receiver, statutory manager, inspector, trustee or similar officer of it or its assets, nor has it been declared at risk pursuant to the Corporations (Investigation and Management) Act 1989.

9.2 **Repetition:** Each of the representations and warranties contained above will be correct and complied with in all respects on the date of this Deed, the date of each Advance and each Vesting Date as if given on that date by reference to the facts and circumstances then prevailing.

10. **NEGATIVE UNDERTAKINGS**

10.1 The Trustee undertakes to the Company that during the currency of this Deed it shall not, without the prior written consent of the Company:

- (a) **Security Interests:** Create or permit to exist any security interest over the Collateral;
- (b) **Borrowing:** Incur any indebtedness other than to the Company under this Deed;
- (c) **Guarantees:** Give any guarantee of any indebtedness of any person; or
- (d) **Disposals:** Sell, transfer, lease out, lend or otherwise dispose of any Collateral in the Company other than in accordance with the Scheme Documents.

11. **EVENTS OF DEFAULT**

11.1 **Events of Default:** An Event of Default shall occur if:

- (a) **Non-Payment:** The Trustee fails to pay any amount or sum due under a Relevant Document in the manner required on its due date (or within two (2) Business Days of its due date where non-payment on its due date has arisen solely by reason of a bank, technical, computer or similar error outside the control of the Trustee); or
- (b) **Breach by the Trustee of Other Obligations:** The Trustee commits any breach of or omits to observe or perform any of its obligations or undertakings under a Relevant Document; or
- (c) **Misrepresentation:** Any representation, warranty or statement made, deemed to be made or repeated by the Trustee in or pursuant to a Relevant Document or in any notice, certificate, statement or opinion or other document contemplated by or made or delivered pursuant to a Relevant Document is or was untrue or incorrect in any material respect when made, deemed made, or repeated; or
- (d) **Insolvency:** An Insolvency Event occurs; or
- (e) **Legal Process:** A distress, execution, attachment, execution or other legal process is levied or enforced upon or sued out against all or a material part of the assets of the Trustee or any subsidiary of the Trustee and, in the case of a subsidiary, has a Material Adverse Effect on the group taken as a whole and is not discharged or stayed within seven (7) days; or
- (f) **Invalidity:**
 - (i) Any provision of a Relevant Document:

- (aa) ceases to have effect in whole or in part, otherwise than in accordance with its terms; or
 - (bb) is or becomes void, voidable, illegal, invalid or unenforceable in whole or in part (other than by reason only of a party waiving any of its rights) or of limited force and effect or the performance of any such provision becomes illegal; or
- (ii) It is or will become unlawful for the Trustee to perform or comply with all or any of its obligations under a Relevant Document.

11.2 Remedies on Default: Upon or at any time after the occurrence of an Event of Default and if any Event of Default continues unremedied then the Company may at its discretion and without prejudice to its other rights and remedies by notice in writing to the Trustee take all or any of the following actions:

- (a) demand immediate repayment of all moneys owing or payable pursuant to this Deed and if so demanded the Trustee shall immediately repay such moneys to the Company; or
- (b) enforce, or procure the enforcement of, its rights and remedies pursuant to this Deed in such order as it thinks fit; or
- (c) declare that the Company's obligations under this Deed have ceased, and if so declared such obligations shall immediately cease.

12. TAXES

12.1 Payments to be Free and Clear: All amounts payable by each party under this Deed shall be paid:

- (a) free and clear of any restriction or condition; and
- (b) free and clear of and (except to the extent required by law) without any deduction or withholding on account of any tax; and
- (c) without any deduction or withholding on account of any other amount, whether by way of set-off, counterclaim or otherwise.

12.2 Gross-Up: If:

- (a) any party is required by law to make any deduction or withholding from any amount paid or payable by it under this Deed; or
- (b) the recipient of any payment is required by law to make any payment on account of tax (other than tax on overall net income of the Company) or otherwise, on or in relation to any amount received or receivable by it under this Deed,

then:

- (c) the payer shall ensure that any such deduction or withholding does not exceed the legal minimum and shall pay any such tax or other amount required to be deducted or withheld to the relevant taxation or other authority before the date on which penalties attach thereto; and
- (d) the amount payable by the payer in respect of which such deduction, withholding or payment is required to be made shall in a case where the

Company is payer, be increased to the extent necessary to ensure that, after the making of such deduction, withholding or payment, the Trustee receives and retains (free from any liability in respect of any such deduction, withholding or payment) a net amount equal to the amount which it would have received and so retained had no such deduction, withholding or payment been made and, in a case where the Trustee is the payer, be paid net of such deduction of withholding; and

- (e) the payer shall deliver to the payee, within thirty (30) days after each deduction or withholding is required by law to be made, a receipt issued by the applicable taxation or other authority evidencing that such deduction or withholding has been made.

13. SURVIVAL OF PROVISIONS

- 13.1 The agreements, undertakings, representations and indemnities in this Deed will survive the termination or expiry of this Deed.

14. EVIDENCE OF DEBT

- 14.1 **Company's Records:** The Company shall maintain records in accordance with its usual practice evidencing the amounts from time to time owing by the Trustee pursuant to this Deed. In any legal proceedings or other action arising out of or in connection with this Deed the contents of such records shall, in the absence of manifest error or fraud, be conclusive and binding on the Trustee.
- 14.2 **Certificate Conclusive:** Where any provision of this Deed provides that the Company may certify or determine an amount or rate payable by the Trustee, a certificate by the Company or a manager, director, secretary or other officer of the Company as to such amount or rate shall, in the absence of manifest error or fraud, be conclusive and binding on the Trustee.

15. PAYMENTS

- 15.1 **Currency of Payment:** All payments to be made pursuant to this Deed shall be paid in NZ dollars.
- 15.2 **Time for Payment:** All payments to be made pursuant to this Deed shall be made prior to 3.00 pm on the day upon which payment is due and shall be made to such bank account as shall have been notified to the other party in writing.

16. NOTICES

Form and Delivery of Notice: All notices, requests, demands or other communications to or upon the parties in connection with this Deed shall be given and deemed received in accordance with the Scheme Deed.

17. NON-WAIVER

No failure or delay by the Company in exercising, or single or partial exercise, of any right, power, discretion, remedy or privilege in connection with this Deed shall operate as a waiver of that right, power, discretion or remedy. No course of dealing between the Trustee and the Company, shall operate as a waiver of any right, power, discretion, remedy or privilege of the Company.

18. **REMEDIES CUMULATIVE**

The rights, powers and remedies provided in this Deed are cumulative and are not exclusive of any rights, powers or remedies provided by law or pursuant to any other agreements or securities granted either before or after the date of this Deed.

19. **PARTIAL INVALIDITY**

Each of the provisions of this Deed are severable and distinct from the others. If at any time one or more of such provisions is or becomes invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions of this Deed shall not in any way be affected or impaired.

20. **AMENDMENT**

This Deed shall not be amended or varied except in writing signed by the Trustee and the Company.

21. **TIME OF THE ESSENCE**

Except as otherwise provided in this Deed, time is of the essence with respect to the obligation to pay money pursuant to this Deed.

22. **NO PARTNERSHIP**

The parties to this Deed acknowledge that their relationship in respect of this Deed is that of borrower and lender. Nothing in this Deed shall be deemed or construed as creating a relationship of partnership between the Company and Trustee.

23. **ASSIGNMENT**

23.1 **Binding Obligations:** This Deed shall be binding upon and for the benefit of the parties and their respective successors and any permitted assignee or transferee of some or all of any party's rights or obligations under this Deed.

23.2 **Neither Party may Assign:** Neither party shall assign or transfer any of its rights and obligations or both under this Deed without the prior written consent of the other party.

24. **COUNTERPARTS**

This Deed may be signed in any number of counterparts, all of which when taken together shall constitute one and the same agreement. Any party to this Deed may enter into this Deed by executing a counterpart of this Deed. If a party to this Deed so executes a counterpart of this Deed then that party shall execute upon demand by any other party to this Deed such additional copies of this Deed as may be required to obtain a copy of this Deed signed by all parties for each of the parties to this Deed.

25. **ENTIRE AGREEMENT**

This Deed contain all the terms of the agreement between the parties and supersede all prior discussions and arrangements in relation to the subject of this Deed.

26. **DISPUTES AND LAW**

26.1 **Disputes:** The decision of the Committee on any question of interpretation of this Deed or any dispute relating to or connected with the Scheme shall be final, conclusive and binding on all Participants, the Company and the Trustee. No Participant shall in any circumstances whatsoever make any claim, or be entitled to

any remedy of any nature, against the Committee (or any member of the Committee) or against the Trustee for anything done or omitted to be done by the Committee (or any member of the Committee) or by the Trustee.

- 26.2 **Governing law:** This Deed shall be governed and interpreted in all respects according to the laws of New Zealand the courts of which country shall have exclusive jurisdiction in all matters and disputes pertaining to its powers and provisions and pertaining to any agreement as between the Company, the Board, the Trustee, Participants or any of them envisaged by this Deed, and otherwise for all purposes.

EXECUTED as a Deed

THE WAREHOUSE GROUP LIMITED by:

Signature of director

Name of director

Signature of director

Name of director

**THE WAREHOUSE MANAGEMENT TRUSTEE
COMPANY NO. 2 LIMITED** by:

Signature of director

Name of director

Signature of director

Name of director

SCHEDULE 4
LETTER OF NOTIFICATION

[] [Insert date]

[] [Insert addressee]

[] [Insert address]

LETTER OF NOTIFICATION - THE WAREHOUSE GROUP LIMITED EXECUTIVE SHARE SCHEME ("Scheme")

Introduction

1. This letter relates to the participation deed entered into between you and The Warehouse Group Limited dated [] [Insert date] ("Participation Deed") in respect of your participation in the Scheme.
2. [] [Insert name of Trustee] ("Trustee") is the trustee appointed in respect of the Scheme under the Deed in respect of The Warehouse Group Limited Executive Share Scheme ("Scheme Deed").

Notification

3. Pursuant to clause 11.1 of the Scheme Deed and upon direction of the committee appointed under clause 4.1 of the Scheme Deed to administer the Scheme ("Committee"), you are hereby advised that, subject to paragraph 7 below, you are deemed to have accepted a transfer of the following shares in The Warehouse Group Limited ("Shares"): [Delete either (a) or (b) if appropriate]

Performance Shares: []

Award Shares: []

(a) [Delete paragraph 4 if appropriate]

4. Pursuant to clause 11.2 of the Scheme Deed and upon direction of the Committee, you are hereby advised that, subject to paragraph 7 below, you have a right to be allocated and transferred the following Shares: [Delete either (a) or (b) if appropriate]

Additional Performance Shares: []

Additional Award Shares: [].

(b) You are hereby advised that you are deemed to have accepted a transfer of such Shares, subject to paragraph 7 below.

(c) [Amend paragraphs 5 and 6 as appropriate]

Additional Documentation

5. **Attached** to this Letter of Notification is a copy of the current Investment Statement in respect of the Scheme dated [] [Insert date of the Investment Statement] and [] [Insert details of any other Offer Document required]. Additional information may be found in the current Registered Prospectus in respect of the Scheme dated [] [Insert date of the Registered Prospectus], which is registered at the New Zealand Companies Office.

Transfer

6. Subject to clause 14 of the Scheme Deed and paragraph 7 below, on [] [Insert relevant Expected Vesting Date from Participation Deed], the Trustee will transfer the Shares set out in paragraphs 3 and 4 [Delete 3 or 4 as appropriate] (or such lesser number as directed by you) to you in accordance with clause 12.1 of the Scheme Deed.

Confirmation re material information [Delete this heading and paragraph 10 as appropriate]

7. The transfers of Shares referred to above are subject to you being able to confirm either that:
- (a) you do not hold any "material information" as defined in The Warehouse Group Limited Securities Trading Policy; or
 - (b) if you do hold material information, that the trustee of the Scheme holds the same material information as you hold.

Please complete the attached form of confirmation and return it to the Company Secretary on or before [] [Insert date - prior to vesting date].

Payment of cash distributions

8. The Trustee will, in accordance with clause 12.1 of the Scheme Deed, also pay to you the following cash distributions calculated in accordance with clause 10 of the Scheme Deed:
- [] [Insert details of amounts of cash distributions].
9. In accordance with clause 10.1 of the Scheme Deed, you will only receive the above cash distributions if you are transferred Shares in accordance with clause 12.1 of the Scheme Deed.

Terms used in this Letter of Notification

10. Unless otherwise stated in this Letter of Notification:
- (a) the definitions set out in clause 2.1 of the Scheme Deed apply to and have the same meaning in this Letter of Notification; and
 - (b) the interpretation of this Letter of Notification will be construed in accordance with clause 2.2 of the Scheme Deed.

Yours faithfully,

[] [Trustee to sign]

THE WAREHOUSE GROUP LIMITED
("The Warehouse")
CONFIRMATION RE MATERIAL INFORMATION

To: The Company Secretary
The Warehouse Group Limited

I have received a letter of notification from the Trustee of The Warehouse Group Limited Executive Share Scheme ("**Scheme**"). In accordance with The Warehouse's Securities Trading Policy and the deed relating to the Scheme, I give the declaration set out below.

Name of Team Member:	
Position in Company:	
Residential address:	
E-mail address:	

DECLARATION

TICK ONE:

I declare that I do not hold information which:

- is not generally available to the market; and
- would have a material effect on the price of The Warehouse's listed securities if it were generally available to the market.

I know of no reason to prohibit me from trading in The Warehouse's securities and certify that the details given above are complete, true and correct.

OR:

I declare that I hold information which:

- is not generally available to the market; and
- would have a material effect on the price of The Warehouse's listed securities if it were generally available to the market; AND
- that the trustee of the Scheme holds the same material information as I hold.

I know of no reason to prohibit me from trading in The Warehouse's securities and certify that the details given above are complete, true and correct.

OR:

I am not able to give either of the declarations set out above.

I UNDERSTAND THAT I MUST NOTIFY THE COMPANY SECRETARY IMMEDIATELY IF I BECOME AWARE OF MATERIAL INFORMATION PRIOR TO THE SHARES VESTING TO ME.

Signature of Team Member

Date

AUTHORITY OF AGENT TO SIGN PROSPECTUS

I, **STEPHEN ROBERT TINDALL**, a director of The Warehouse Group Limited, hereby severally appoint **Keith Raymond Smith**, director, of Auckland, and **Eduard Koert van Arkel**, director, of Auckland, to be my agent to sign on my behalf a prospectus dated on or about 29th March 2012 in relation to an offer of conditional rights under The Warehouse Group Limited Executive Share Scheme.



STEPHEN ROBERT TINDALL

AUTHORITY OF AGENT TO SIGN PROSPECTUS

I, **JAMES HAROLD OGDEN**, a director of The Warehouse Group Limited, hereby severally appoint **Keith Raymond Smith**, director, of Auckland, and **Eduard Koert van Arkel**, director, of Auckland, to be my agent to sign on my behalf a prospectus dated on or about 29th March 2012 in relation to an offer of conditional rights under The Warehouse Group Limited Executive Share Scheme.



JAMES HAROLD OGDEN

AUTHORITY OF AGENT TO SIGN PROSPECTUS

I, **JANINE LAUREL SMITH**, a director of The Warehouse Group Limited, hereby severally appoint **Keith Raymond Smith**, director, of Auckland, and **Eduard Koert van Arkel**, director, of Auckland, to be my agent to sign on my behalf a prospectus dated on or about 29th March 2012 in relation to an offer of conditional rights under The Warehouse Group Limited Executive Share Scheme.



JANINE LAUREL SMITH

AUTHORITY OF AGENT TO SIGN PROSPECTUS

I, **GRAHAM FRANCIS EVANS**, a director of The Warehouse Group Limited, hereby severally appoint **Keith Raymond Smith**, director, of Auckland, and **Eduard Koart van Arkel**, director, of Auckland, to be my agent to sign on my behalf a prospectus dated on or about 29th March 2012 in relation to an offer of conditional rights under The Warehouse Group Limited Executive Share Scheme.

A handwritten signature in black ink, appearing to read 'GFE', is written over a solid horizontal line.

GRAHAM FRANCIS EVANS