



Pinnacle Investment Management Group Limited ABN 22 100 325 184

Pinnacle Investment Management Group Employee Option Share Plan Rules

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Amended 25 August 2016

A Subdivision 83A-C (ITAA 1997) complying Employee Share Scheme

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Pinnacle Investment Management Group Employee Option Share Plan Rules
(amended 25 August 2016)

1 Purpose

- 1.1 The Plan is established by Pinnacle Investment Management Group Limited to provide certain senior employees and directors of PNI with a means of participating in the grant or issue of Securities in PNI.
- 1.2 The intention is to give Participants the opportunity to share in the future growth and profitability of PNI by aligning their interests with that of shareholders, as well as providing a greater incentive for Participants to have a greater involvement with, and to focus on the longer term goals of PNI.

2 Definitions and Interpretation

2.1 Definitions

In these Rules, unless the context otherwise requires, the following terms and expressions will have the following meanings:

Acceptance means the form provided to Employees in order to accept an Invitation to apply for the grant or issue of Securities or a loan in the form approved by the Board from time to time.

Applicable Law means any one or more or all, as the context requires of:

- (a) the Corporations Act (2001);
- (b) the Listing Rules;
- (c) the constitution of the Company;
- (d) the Income Tax Assessment Act 1997 (Cth), (ITAA 1997) and the Taxation Administration Act 1953 (Cth), (TAA 1953), each as amended from time to time;
- (e) any practice note, policy statement, regulatory guide, class order, declaration, guideline, policy, procedure, ruling, judicial interpretation or other guidance note made to clarify, expand or amend (a), (b), (c), and (d) above; and
- (f) any other legal requirement that applies to the Plan.

ASIC means the Australian Securities and Investments Commission.

Asset Sale means a sale of all or substantially all of the assets of the Company.

Associated Body Corporate means:

- (a) a related body corporate of the Company;

- (b) a body corporate which has a relevant interest in not less than 20% of the voting shares of the Company; or
- (c) a body corporate in which the Company has a relevant interest in not less than 20% of the voting shares.

ASX means ASX Limited (ABN 98 008 624 691), or as the context requires, the financial market known as the Australian Securities Exchange operated by it.

ATO means the Australian Taxation Office.

Bad Leaver means a Participant who ceases to be an employee or officer of the Company in any of the following circumstances:

- (a) the employment of the Participant is terminated, or the Participant is dismissed from office (as the case may be), due to serious or wilful misconduct, wilful disobedience, negligence or incompetence, insubordination, behaviour which damages or is likely to damage the business or reputation of the Company or any of its clients, or any other conduct justifying termination of employment or office without notice at common law;
- (b) the Participant resigns or ceases their employment or office with the Company (as the case may be) and commences employment, or holds the office of director, or directly or indirectly holds more than 5% of the issued capital with a Competitor in breach of any post-termination restrictions in their contract of employment or associated documentation; or
- (c) the Participant is ineligible to hold their office for the purposes of Part 2D.6 of the Corporations Act or as a result of any relevant corporations or securities law.

Board means the board of directors of the Company, a committee appointed by the board of directors of the Company as constituted from time to time, or any person who is provided with delegated authority by the board from time to time.

Bonus Issue means a bonus issue of Shares or other securities convertible into Shares pro rata to holders of Shares (other than an issue in lieu of dividends or by way of dividend reinvestment pursuant to any election by a holder of Shares).

Business Day means a day on which banks are open for general banking business in the state of Queensland, excluding Saturdays, Sundays or public holidays in the state of Queensland.

Change of Control means:

- (a) the acquisition by any person or entity (together with his, her or its associates, if applicable) of a relevant interest in a majority of the Company Shares;
- (b) the merger or consolidation of the Company as a result of which persons or entities who were shareholders of the Company immediately prior to such merger or consolidation do not,

immediately thereafter, own, directly or indirectly, a majority of the combined voting power entitled to vote generally in the election of directors of the merged or consolidated company;
or

- (c) the transfer of all or substantially all of the assets of the Company to one or more persons or entities that are not, immediately prior to such transfer, members of the Company except as part of a bona fide arrangement, reconstruction, restructuring, reorganisation, recapitalisation or consolidation that ultimately does not result in a Change of Control.

Commissioner means the Commissioner of Taxation for the Australian Taxation Office.

Company or **PNI** means Pinnacle Investment Management Group Limited (ABN 22 100 325 184), or in the event the name of the Company is changed by special resolution, the new name of the company.

Corporations Act means the Corporations Act 2001(Cth) as amended from time to time.

Director means a director of the Company.

Eligible Employee means an Employee who is eligible to receive an Invitation.

Employee means any permanent full-time or part-time employee of the Company or a subsidiary of the Company.

ESS means employee share scheme.

Exercise Price means the price to be paid by the Participant to exercise a vested Option (if any).

First Exercise Date means the earliest date any vested Options may be exercised (if any).

Good Leaver means a Participant who is not a Bad Leaver, and includes, but is not limited to, where a Participant ceases employment or office due to Redundancy, Retirement, Permanent Incapacity, or death.

Holding Statement means a statement provided to the Participant recording the acquisition and disposal of any Securities issued under the Plan.

Invitation means an invitation to an Eligible Employee to apply for the grant or issue of Securities or a loan under these Rules in the form approved by the Board from time to time.

Insolvency means the commencement of the reorganisation, winding up or dissolution of a company, or the appointment of a voluntary administrator, custodian, trustee, receiver, manager or similar insolvency administrator for a company or any substantial part of its assets, under any law in relation to bankruptcy, insolvency or the relief of debtors.

Last Exercise Date means the last date any vested Options may be exercised, including the last date that vested Options may be subject to automatic exercise.

Listing Rules means the listing rules, market rules or operating rules of a financial market in respect of which the Company's Shares are quoted or are the subject of an application for quotation, including but not limited to the official listing rules of the ASX (as relevant).

Loan means a loan offered to an Eligible Employee under these Rules.

Market Value of the Share means the value determined in accordance with a method accepted by the Commissioner.

Market Value of the option means the value of an unlisted option determined in accordance with a method accepted by the Commissioner.

Notice of Exercise means the notice of exercise in the form approved by the Board from time to time.

Option means an option, acquired as a result of the acceptance of an Invitation under the terms of the Plan, to acquire a Share, subject to the satisfaction of any Service, Performance or other Conditions (unless waived in the Board's absolute discretion), and includes a Performance Right.

Participant means a person or a person's Related Body Corporate or a person's Related Party who has been granted Options, issued Plan Shares or offered a Loan pursuant to these Rules.

Performance Condition has the meaning given in Rule 3.5(iii).

Performance Period has the meaning given in Rule 3.5(iv).

Performance Right means an entitlement to a Share, subject to satisfaction of any Service, Performance or other Conditions (unless waived in the Board's absolute discretion).

Permanent Incapacity means a condition the effect of which is, in the opinion of the Board, to prevent a Participant from continuing to be an Eligible Employee engaged in a similar capacity as

they held prior to the condition being acquired or in any occupation with the Company for which he or she is reasonably qualified by education, training and experience.

Plan means the Pinnacle Investment Management Group Employee Option Share Plan in respect of which these Rules apply.

Plan Shares means Shares issued to an Eligible Employee as a result of the acceptance of an Invitation to acquire a Share under the terms of the Plan.

Provider means the provider of an ESS interest.

Redundancy means where a Participant's position is made redundant, there is no acceptable alternative position available within the Company, and the Participant's employment is terminated by a member of the Company by reason of redundancy.

Related Body Corporate means a body corporate controlled by a Participant or a Relative of a Participant.

Related Party means Related Party means, in respect of a Participant:

- (a) a trust of which a Participant is a trustee, a director of a company which is the trustee and/or a beneficiary; or
- (b) an entity which the Participant controls (as defined under section 50AA of the Corporations Act).

Relative of a Participant means any spouse, parent, child, brother or sister of that person.

Retirement means where a Participant intends to permanently cease all gainful employment permanently in circumstances where the Participant provides, in good faith, a written statutory declaration to the Board to that effect.

Rules means these Rules in respect of the operation of the Plan as amended from time to time.

Sale of the Company means:

- (a) a consolidation or merger of the Company with or into, or acquisition of, any other corporation or other entity or person, or any other corporate reorganisation, which results in the holdings of all voting securities of the Company immediately prior to such consolidation, merger, acquisition or reorganisation having less than 50% of the voting power of the surviving entity

(or its parent) immediately following such consolidation, merger, acquisition or reorganisation;
or

- (b) a scheme of arrangement pursuant to which a person or group of associated persons acquires more than 50% of the voting power of the Company or its successor in interest (if any) by way of a share cancellation, share transfer, share buy-back, capital reduction or similar transaction involving the Company, which results in the holders of all voting securities of the Company immediately prior to such scheme of arrangement having less than 50% of the voting power of the surviving entity (or its parent) immediately following such scheme of arrangement.

Secretary means the Company Secretary of the Company.

Security or **Securities** means a Plan Share or Option offered to employees in an Invitation under the terms of the Plan.

Security Interest means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature.

Service Condition has the meaning given in rule 3.5(i).

Share means a fully paid ordinary share in the capital of the Company.

Share Trading Policy means the Company's share trading policy as amended from time to time.

Shareholder means any holder of issued share capital in the Company.

PNI means Pinnacle Investment Management Group Limited (ABN 22 100 325 184), or in the event the name of the Company is changed by special resolution, the new name of the company.

TFN withholding tax (ESS) means any tax payable under Subdivision 14-C (TAA 1953) for Employees who fail to provide the Company with a valid tax file number.

Year means any period of 12 months commencing 1 July and ending on 30 June.

2.2 Interpretation

In these Rules unless otherwise stated or the contrary intention appears:

- (a) the singular includes the plural and vice versa;
- (b) a gender includes all genders;
- (c) if a word or phrase is defined its other grammatical forms have corresponding meanings;
- (d) 'includes' means includes without limitation;

- (e) no rule of construction will apply to a Rule to the disadvantage of a party merely because that party put forward the Rule or would otherwise benefit from it;
- (f) a provision of these Rules which has the effect of requiring anything to be done on or by a date which is not a Business Day is to be interpreted as if it required that thing to be done on or by the immediately following Business Day;
- (g) a reference to:
 - (i) a person includes a reference to the person's executors, administrators and successors and, in the case of the Trustee, includes any substituted or additional trustee;
 - (ii) any legislation includes any modification or replacement of it and any regulations and statutory instruments issued under it and a reference to any provision of any legislation includes any modification or substitution of it;
 - (iii) a bill of parliament includes the legislation as enacted, and as modified prior to enactment;
 - (iv) a right includes a benefit, remedy, discretion and power;
 - (v) time is to local time in the capital of the State of Queensland;
 - (vi) '\$' or 'dollars' is a reference to Australian currency;
 - (vii) this or any other document includes the document as varied or replaced;
 - (viii) writing includes any mode of representing or reproducing words in tangible and permanently visible form, and includes fax transmission and email; and
 - (ix) these Rules means these Rules as amended from time to time and includes all recitals, annexures, addendums and schedules of these Rules;

2.3 Applicable Legislation

These Rules, the offering and granting of any Loan, the offering and granting of any Securities (including any Securities issued on exercise of any Options) and the rights attaching to or interests in the Securities will at all times be subject to the constitution of the Company, the Corporations Act, any other applicable legislation from time to time, and the Listing Rules (as applicable).

2.4 Rounding

Where any calculation or adjustment to be made pursuant of these Rules produces a fraction of a cent or a fraction of an Option or Share, the fraction will be eliminated by rounding down to the nearest whole number.

2.5 Headings

Headings are inserted in these Rules for convenience only and do not affect the interpretation of these Rules.

3 Offers

3.1 Subject to the limit in Rule 4, PNI may make offers from time to time to Eligible Employees to participate in the Plan on the terms and conditions set out in these Rules.

3.2 The Board has absolute discretion:

- (i) as to whom offers are made; and
- (ii) as to the number of Securities offered in each case and the terms of their issue;

but if Securities are to be issued under the Plan at any time when Shares are traded on the ASX, such issue must be in accordance with any Applicable Law.

3.3 Invitation to acquire Shares

An Invitation to an Eligible Employee to subscribe for or acquire Plan Shares may be on such terms and conditions as the Board decides from time to time, and must specify the following terms:

- (a) the number of Shares for which that Eligible Employee may subscribe or acquire;
- (b) the amount payable (if any) for the subscription or acquisition of a Plan Share or the method for calculating the acquisition or subscription amount; and
- (c) the method of acceptance of the offer in the Invitation and the closing date for acceptance.

3.4 Invitation to acquire Options

An Invitation with respect to each offer of Options must be in writing and specify the following terms of issue of the relevant options:

- (a) the Exercise Price of the Options (if any) or the method of calculating the Exercise Price of the Options (if any);
- (b) the number of Options which the Participant or Related Body Corporate is offered;
- (c) the earliest date from which the Options may be exercised (the '**First Exercise Date**') (if any);
- (d) the latest date prior to which the Options may be exercised (the '**Last Exercise Date**') (if any);
- (e) the closing date for Acceptance;
- (f) applicable Service, Performance or other Conditions; and
- (g) any other terms and conditions relating to the offer of Options determined by the Board in its absolute discretion.

3.5 The terms of issue specified under Rule 3.4 may include (without limitation):

- (i) service conditions which may require an Eligible Employee to remain in the employment of PNI, for a certain period of time in order to be entitled to exercise the Option (**'Service Conditions'**);
- (ii) conditions which set out the number or percentage of Options able to be exercised at certain time periods;
- (iii) performance conditions which may require that the number of Options able to be exercised be reduced or that some or all the Options lapse in circumstances determined by the Board in its absolute discretion (**'Performance Conditions'**); and
- (iv) a period or periods of time at the expiration of which the Board may review the Performance Conditions (**'Performance Period'**).

4 Certain limits

The number of Shares that may be issued under the Plan, when aggregated with the number of Shares issued under any of the Company's employee share plans during the previous 5 years and the number of Shares which would be issued if all other offers or invitations to acquire unissued Shares pursuant to any of the Company's employee share plans were accepted or exercised, must not exceed 5% of the total number of issued Shares at the time, disregarding the following:

- (i) any Shares or option for a Share offered or issued to a person resident outside Australia at the time of receipt of the offer or invitation;
- (ii) any offer that is an excluded offer within the meaning of the Corporations Act 2001 or any relevant Class Order;
- (iii) any Share or option for a Share offered or issued under a disclosure document or product disclosure statement; and
- (iv) any Share or option for a Share offered or issued by way of an offer or invitation which does not need disclosure under the Corporations Act.

5 Acceptance by participant

5.1 A Participant or Related Body Corporate may accept an offer of Securities by:

- (i) completing the Acceptance;
- (ii) signing the completed Acceptance; and
- (iii) lodging the completed and signed Acceptance with PNI, by the time and date specified in the Invitation.

5.2 As soon as practicable after the date specified in the Invitation as the closing date for acceptance of the offer, PNI, will:

- (i) issue, or procure the grant by a third party of, the number of Securities applied for in the name of the Participant;
- (ii) if the Invitation related to Options:
 - (a) complete an options register in accordance with the Corporations Act; and
 - (b) issue, or procure the issue of, an option certificate or holding statement to the Participant (if any);
- (iii) if the Invitation related to Plan Shares:
 - (a) issue to, or procure the transfer to (via the acquisition of existing Shares on market or an off-market transfer) the Participant of the number of Shares specified by the Participant in the Acceptance;
 - (b) enter the Participant's name in the member's register for PNI; and
 - (c) issue, or procure the issue of, a share certificate or holding statement to the Participant (if any).

5.3 By lodging the completed and signed Acceptance in accordance with Rule 5.1, the Participant agrees to acquire the Securities and to be bound by these Rules as amended from time to time.

5.4 Notwithstanding any other provision of this Plan, a Participant has no entitlement to be granted any Securities under this Plan unless and until such Participant has received an Invitation.

6 Performance Conditions

6.1 At the end of any Performance Period, the Board will determine the outcome of any Performance Conditions. The determination may include (without limitation):

- (i) a determination that some or all of the Options are exercisable as a consequence of the outcome of any applicable Performance Condition;
- (ii) a reduction of the number of Options able to be exercised as a consequence of the outcome of any applicable Performance Condition; and
- (iii) a determination that the Options lapse, in whole or part, as a consequence of the outcome of any applicable Performance Condition.

6.2 A determination made by the Board under Rule 6.1 is final unless the Board in its absolute discretion decides to revise any determination.

7 Consideration

Options will be issued for no consideration unless otherwise determined by the Board and set out in the terms of issue specified under Rule 3.1.

8 No quotation on any Stock Exchange

Options will not be quoted on the ASX or any other stock exchange.

9 Restriction on transfers of Options

- 9.1 The Participant must not sell, transfer, mortgage, charge or otherwise deal with or encumber any Options without the prior approval of the Board.
- 9.2 A legal personal representative of the Participant may be registered as a holder of the Participant's Options in circumstances where either the Participant has died or the Participant's estate is liable to be dealt with under the laws relating to mental health, upon the production to PNI, of such evidence reasonably required to establish the entitlement of the legal personal representative to be so registered.

10 Lapse of Options

- 10.1 Subject to Rule 10.2, a Participant's Options lapse on the earliest to occur of:
- (i) 5:00pm Brisbane time on the Last Exercise Date;
 - (ii) a determination that the Options lapse under Rule 6;
 - (iii) a change in control in a Participant which is a Related Body Corporate without PNI's prior written consent;
 - (iv) the breach by the Participant of any obligation arising under these Rules, including any purported transfer of its Options other than in accordance with Rule 9; and
 - (v) the Insolvency of PNI, a Participant, or a Participant which is a Related Body Corporate.
- 10.2 Notwithstanding Rules 10.1(ii) and (iii) if a Participant ceases to be employed by, or to be a director of any member of PNI at a time when the relevant Participant's Options have not yet become exercisable, the Board may determine that instead of lapsing upon such cessation, all or any portion of those Options will become exercisable and will lapse at the time specified by the Board (which time may not be later than the time set out in Rule 10.1(i)).

11 Change of Control

If a Change of Control occurs after the date the Plan is established, the Board in its absolute discretion may determine the treatment of the Options (and any Shares allocated upon exercise of the Options), including without limitation that:

- (i) all or some of the outstanding Options that are not yet able to be exercised will become exercisable at the time or upon the occurrence of an event determined by the Board; and

- (ii) notwithstanding Rule 10 and the terms of issue specified under Rule 3.3, all Options that are not exercised prior to the time or occurrence of an event determined by the Board will lapse at that time or upon the occurrence of that event.

12 Exercise of Options

12.1 Notwithstanding any other Rule of these Rules and subject to the Board's discretion otherwise, an Option may be exercised if:

- (i) the Option is exercised during the period commencing on the First Exercise Date (if any) and ending on the Last Exercise Date or any other date determined by the Board under Rule 10 or Rule 11;
- (ii) the Option has not lapsed in accordance with Rule 10 or 11(ii); and
- (iii) each Performance Condition, Service Condition and any other condition to which the Option is subject has been satisfied.

12.2 Subject to Rule 12.1 and in the absolute discretion of the Board, an Option may be exercised by the Participant completing a Notice of Exercise and lodging the Notice of Exercise with PNI, together with:

- (i) if an option certificate was given to the Participant under Rule 5.2, an option certificate relating to a number of Options not less than the number of Options being exercised; and
- (ii) payment of the Exercise Price (if any) in a form agreed between the PNI Board and the Participant.

12.3 At the request of a Participant, PNI (in the absolute discretion of the Board) may enter into arrangements with the Participant for PNI to advance the Exercise Price upon such terms and conditions as the Board shall think fit.

12.4 Following the exercise of an Option, PNI must (in the absolute discretion of the Board) issue to, procure the transfer to (via the acquisition of existing Shares on market or an off-market transfer), or procure the setting aside for the Participant of, the number of Shares in respect of which Options have been exercised.

13 Exercise Price

13.1 The Exercise Price per Option (if any) will be the amount determined by the Board and set out in the terms of issue specified under Rule 3.4 (as such amount may be adjusted in accordance with Rule 16, if applicable).

14 Overriding Restrictions on Issue and Exercise

- 14.1 Despite any Rule or the terms of any Security, no Security may be offered, issued or exercised if to do so would contravene the Listing Rules, the Corporations Act, the law of the jurisdiction in which PNI may be incorporated from time to time or any other applicable law or where compliance with any applicable law would in the opinion of the Board be unduly onerous or impractical.

15 Hedging invested Options

- 15.1 Participants must not enter into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding invested Options.

16 Adjustments under certain events

- 16.1 Prior to the allocation of Shares to a Participant upon exercise of Options in accordance with Rule 12, the Board may make any adjustments it considers appropriate to the terms of an Option granted to that Participant in order to minimise or eliminate any material advantage or disadvantage to a Participant resulting from a corporate action such as a capital raising or capital reconstruction.

- 16.2 Without limiting Rule 16.1, if:

- (i) Shares are issued pro rata to the PNI's shareholders generally by way of a bonus issue (other than an issue in lieu of dividends or by way of a dividend reinvestment) involving capitalisation of reserves of distributable profits;
- (ii) Shares are issued pro rata to the PNI's shareholders generally by way of a rights issue; or
- (iii) any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of PNI is effected (having regard to Rule 16.4),

the number of Options, or the number of Shares to which each Participant is entitled upon exercising of Options, or any amount payable on exercise of Options (or both the number and amount payable if appropriate) will be adjusted in the manner determined by the Board, having regard to the ASX Listing Rules and the general principle set out in Rule 16.1.

- 16.3 Without limiting Rule 16.1, if, at any time when Shares are traded on the ASX, a pro rata issue (except a bonus issue) is made to holders of Shares before the exercise of Options, the Board may determine that the Exercise Price applicable to each then outstanding Option will be reduced according to the following formula:

$$O' = O - \frac{E[P - (S+D)]}{N + 1}$$

where O' = the new Exercise Price for the Option.

- O = the old Exercise Price for the Option.
- E = the number of Shares into which one Option is then exercisable.
- P = the average market price per Share (weighted by reference to volume) of Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price for a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing ordinary shares (except those to be issued under the pro rata issue).
- N = the number of shares with rights or entitlements that must be held to receive a right to one new share.

16.4 Subject to Rule 3 and without limiting Rules 16.1 and 16.2, upon any capital reorganisation of PNI prior to the exercise of then outstanding Options in accordance with Rule 12, the terms of such Options are to be reconstructed to the extent necessary to comply with any Listing Rules applying to a reorganisation of capital at the time of the reorganisation. Subject to the provisions with respect to the rounding of entitlements as sanctioned by the meeting of shareholders approving such a capital reorganisation, in all other respects the terms for the exercise of Options are to remain unchanged.

- (i) Any adjustment to the terms of the Options under Rule 16.4 may not be made if it would result in any benefits being conferred on the Participant which are not conferred on PNI shareholders.
- (ii) Subject to the Corporations Act, the law of the jurisdiction in which PNI may be incorporated from time to time and the Listing Rules (where applicable), the number of Options (or the number of Shares issuable or transferable upon exercise of those Options) issued under the Plan, the Exercise Price for those Options or both may be adjusted by the Board, in its sole discretion, if it determines that such an adjustment is necessary or appropriate to reflect any share dividend, share split or share combination in relation to the Shares, any corporate restructure or any other recapitalisation, merger, consolidation or exchange of shares in relation to PNI.

16.5 Where additional Options are granted to the Participant under this Rule 16, such Options will be subject to the same terms and conditions as the original Options granted to the Participant (including without limitation, any Performance Conditions) unless the Board determines otherwise.

16.6 The Board must as soon as reasonably practicable after making any adjustments under this Rule 16, give notice in writing of the adjustment to any affected Participant.

17 Taxes or social security contributions

17.1 Stamp duty or any similar tax which may be assessed, paid or payable in respect of any document or documents executed in connection with the Plan (other than any share transfer) is payable by PNI within the time prescribed by law.

17.2 The employer of a Participant will have the power to withhold, or to require the Participant to remit to it, an amount sufficient to satisfy all federal, state, local and foreign withholding tax requirements in respect of any or all of the Participant's Securities or the Securities issued to a Related Body Corporate of that Participant.

17.3 Where the Company, or a subsidiary (within the meaning of the Corporations Act) of the Company, must account for any tax or social security contributions (in any jurisdiction) for which a Participant is liable because of the issue or transfer of Shares, or the vesting or exercise of an Option, either the Company or subsidiary of the Company may withhold the amount assessed in its discretion or the Participant must, prior to the Participant's Shares being issued or transferred or cash being paid to the Participant, or the Option vesting or being exercised (as applicable), either:

- (i) pay the amount assessed to the Company; or
- (ii) make acceptable arrangements with the Company for the amount assessed to be made available to the Company.

18 Forms

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

19 Rights of Participants and Eligible Employees

Nothing in these Rules or the terms of any Securities:

- (i) confers upon an Eligible Employee a right to the issue or grant or offer of the issue or grant of Securities;
- (ii) confers on a Participant or an Eligible Employee the right to continue as an employee or officer of a company in the Company (as the case may be);
- (iii) affects the rights of the Company, or a subsidiary of the Company, to terminate the employment or office of a Participant or an Eligible Employee (as the case may be);

- (iv) affects the rights and obligations of any Participant or an Eligible Employee under the terms of their office or employment with the Company or a subsidiary of the Company;
- (v) confers any legal or equitable right on a Participant or an Eligible Employee whatsoever to take action against Company, or a subsidiary of the Company, in respect of their office or employment; nor
- (vi) confers on a Participant or an Eligible Employee any rights to compensation or damages in consequence of the termination of their employment by Company, or a subsidiary of the Company, for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination.

20 Power of Attorney

- 20.1 In consideration of the issue of the Securities, each Participant irrevocably appoints each director and the secretary for the time being of the Company severally as his or her attorney, to do all acts and things and to complete and execute any documents, including share transfers, in his or her name and on his or her behalf that may be convenient or necessary for the purpose of giving effect to the provisions of these Rules or the terms of an Security issued in accordance with this Plan .
- 20.2 The Participant (or after his or her death, his or her legal personal representative) will be deemed to ratify and confirm any act or thing done under this power and must indemnify the attorney in respect of doing so.

21 Administration of the Plan

- 21.1 The Plan is administered by the Board committee which has power to:
- (i) determine appropriate procedures for administration of the Plan consistent with these Rules;
 - (ii) resolve conclusively all questions of fact or interpretation in connection with the Plan; and
 - (iii) do anything delegated to it by the Board which the Board has the power to do.
- 21.2 The Board may delegate to the Committee the Board's authority in respect of any or all of the matters referred to in these Rules, either generally or with respect to any specific issuance of Securities. In the event of any such delegation, each reference to the Board in the relevant Rule or Rules will be deemed to be a reference to the Committee.

22 Plan amendment

22.1 Amendment of Plan

- (i) Subject to the Listing Rules and the constitution of the Company, the Board may at any time amend these Rules or the terms and conditions upon which any Securities have been issued under the Plan.
- (ii) No amendment of these Rules or to the terms upon which Securities are issued under the Plan may be made if the amendment materially reduces the rights of any Participant (unless agreed by the Participant) in respect of Securities issued to them prior to the date of the amendment other than an amendment introduced primarily:
 - (a) for the purposes of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;
 - (b) to correct any manifest error or mistake;
 - (c) for the purpose of complying with Listing Rules; or
 - (d) to take into consideration possible adverse taxation implications in respect of the Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation.
- (iii) The Board may determine that any amendment of these Rules or the terms of Securities issued under the Plan be given retrospective effect.
- (iv) Amendment of these Rules or the terms and conditions upon which Securities are issued under the Plan by the Board will be of immediate effect unless otherwise determined by them.
- (v) As soon as reasonably practicable after making any amendment of these Rules or the terms and conditions upon which Securities are issued under the Plan the Board will give notice of the amendment to any Participant affected by the amendment. Failure by the Board to notify a Participant of any amendment will not invalidate the amendment as it applies to that Participant.

22.2 Amendment by Addendum

Subject to any other provision of these Rules, the Board may from time to time amend the terms of this Plan as they will apply in particular jurisdictions or circumstances by means of an addendum of these Rules.

23 Notices

23.1 Any notice or other communication given pursuant to these Rules must be in writing and is deemed to have been given properly if:

- (i) delivered;
- (ii) sent by post; or

(iii) sent by facsimile transmission or other print-out communications method (including email);

and is deemed to have been served:

(iv) if delivered, at the time of delivery;

(v) if posted, 3 business days after the date of posting (or, in the case of a notice posted to a Participant with an address outside Australia, 5 business days after the date of posting); and

(vi) if sent by facsimile transmission or other print-out communications method, 24 hours after receipt by the sender of a transmission control report from the despatching machine showing the relevant number of pages and the correct destination fax machine number or name of recipient and indicating that the transmission has been made without error (or, in the case of email, 24 hours after the message has been sent, so long as the sender has not received a notice that the message was not delivered).

23.1 Delivery, postage and print-out communications to the Participant or PNI must be made:

(i) in the case of PNI, to its registered office address; and

(ii) in the case of a Participant, to the address of the Participant according to the records of PNI;
or

(iii) to such other address as PNI or the Participant may notify to the other party respectively.

24 Leavers

24.1 Good Leaver

Subject to the terms of an Invitation:

(a) where a Participant who holds Options becomes a Good Leaver all unvested Options will automatically lapse, unless the Board determines in its sole and absolute discretion to allow some or all of those Options to vest, in which case those Options will be available for exercise; and

(b) Good Leavers will have 30 days from the date of termination of employment to exercise vested Options.

24.2 Bad Leaver

Where a Participant who holds Options becomes a Bad Leaver, all vested and unvested Options will automatically lapse.

24.3 Notwithstanding Rules 24.1 and 24.2 if a Participant ceases to be employed by, or to be a director of the Company or a subsidiary of the Company, at a time when the relevant Participant's Options have not yet become exercisable, the Board may determine that instead of lapsing upon such cessation,

all or any portion of those Options will become exercisable and will lapse at the time specified by the Board (which time may not be later than the time set out in Rule 10.1(i)).

25 Compliance with Subdivision 83A-C (ITAA 97)

To ensure all Invitations and Share acquisitions under the Plan comply with Subdivision 83A-C (ITAA 97) and to enable Participants access to the deferred inclusion of gain in assessable income:

- (i) Invitations under the Plan will only be made to Eligible Employees;
- (ii) Invitations will only be for Options where:
 - (a) there exists a real risk that the Participant may lose the Option (other than by disposing of the Option, exercising the Option or letting the Option lapse); and/or
 - (b) there exists a real risk that for any Share received on exercise of the Option, the Participant may forfeit or lose the Share (other than by disposing of the Share).
- (iii) Shares acquired on exercise of Options under the Plan will be ordinary shares only;
- (iv) Employees of Pinnacle Investment Management Group Limited will not be employed by more than one company in the group (within the meaning contemplated in subsection 83A-35(5) ITAA 97).

26 Compliance with TAA 1953

26.1 Information required

The legislative guidance that is provided on what the Commissioner may require in the approved form does not in any way limit the information that the Commissioner may or may not require.

26.2 Information about acquisition of Securities under the Plan

- (i) The Company shall provide to the Commissioner information about Securities acquired by the Plan during the year as set out in **Schedule A** no later than 14 August after the end of the year.
- (ii) The Company shall provide to the Participant information about Securities acquired by the Plan during the year as set out in **Schedule B** no later than 14 July after the end of the year.

26.3 Information about ESS deferred taxing points for Securities issued under the Plan

- (i) The Company shall provide to the Commissioner information about Securities for which an ESS deferred taxing point occurred during the year as set out in **Schedule C** no later than 14 August after the end of the year.

- (ii) The Company shall provide to the Participant information about Securities for which an ESS deferred taxing point occurred during the year as set out in **Schedule D** no later than 14 July after the end of the year.

26.4 Liability for TFN withholding tax (ESS)

The Company will not be liable for tax imposed under the *Income Tax (TFN Withholding Tax (ESS)) Act 2009*, as participation in the Plan is conditional on the Participant providing a valid tax file number or Australian Business Number.

Acceptances to the Plan will not be processed unless the Participant provides a valid tax file number or Australian Business Number.

27 Listing

27.1 Options

Where the Company is listed on the ASX, and unless determined otherwise by the Board in its sole and absolute discretion, Options issued under the Plan will not be quoted on the ASX.

27.2 Plan Shares and Shares issued on exercise of Options

Where the Company is listed on the ASX, any Plan Shares issued under the Plan, or Shares issued on exercise of Options will be listed on the ASX.

28 Disposal restrictions

28.1 Board determines

The Board may determine prior to an Invitation being made whether there will be any restrictions on the disposal or otherwise on dealing with Plan Shares, Options or Shares issued on exercise of Options held by the Trustees on behalf of any Participants, or other securities.

28.2 No transfer

Subject to Rule 28.1, Options and Shares issued on exercise of Options may not be transferred, encumbered or otherwise disposed of by a Participant unless all restrictions on transfer, encumbrance or disposal of the Options and Shares issued on exercise of Options have been met or the Board has waived any such restrictions.

28.3 Board actions

The Company may do such things and enter such arrangements as it considers necessary to enforce the restrictions set out in this Rule 28. Participants will be bound by any action by the Company under this Rule 28.

29 Forfeiture Condition

29.1 Subject to Forfeiture

An Invitation may contain a term to the effect that the Options acquired this Plan are subject at all times to Forfeiture Conditions.

29.2 Forfeiture events

While Options are subject to this Rule 29, if the Board determines that the Participant:

- (i) has committed an act of fraud;
- (ii) is ineligible to hold their office for the purposes of Part 2D.6 of the Corporations Act; or
- (iii) is found to have acted in a manner that the Board considers to be gross misconduct or in such other circumstances as may be specified in an Invitation,

the Participant will forfeit any right or interest in the Options.

30 ASIC relief

Notwithstanding any other provisions of the Plan, every covenant or other provisions set out in an exemption or modification granted from time to time by ASIC in respect of the Plan or which applies to the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this Rule to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision will prevail.

31 Loans

Prior to 31 December 2016 and subject to Applicable Law, the Company may in its sole discretion arrange for the Company or any Related Body Corporate to make Loans to assist Participants to purchase Shares from a third party, to subscribe for Plan Shares, to purchase Shares upon the exercise of Options and to repay previous loans obtained to acquire Shares or shares in any of its subsidiaries. Such Loans may be secured or unsecured and at such rates of interest, if any, and on such other terms as may be determined by the Company.

32 Non-exclusivity

32.1 Non-exclusivity

This Plan will not be deemed to be the exclusive method of providing incentive compensation to Eligible Employees, nor will it preclude the Company from authorising or approving other forms of incentive compensation for employees of the Company.

32.2 Relationship to other Share Plans

Participation in this Plan will not affect or be affected by any participation in any other employee equity plan operated by the Company, except as specifically provided in the terms of that other plan.

33 Termination of the Plan

The Board may at any time terminate the Plan or suspend the operation of the Plan for such period or periods as it thinks fit.

34 General

34.1 No fiduciary capacity

The Board may exercise any power or discretion conferred on them by these Rules in the interest or for the benefit of the Company, and in so doing the Board is not required to act in the interests of another person or as requested by another person and will not be under any fiduciary obligation to another person.

34.2 Listing Rules

Where the Company is listed on the ASX, the provisions of the Listing Rules of the ASX will apply to the Plan, and to the extent that the Plan and the Listing Rules are inconsistent, the provisions of the Listing Rules will apply.

34.3 Governing Law

This Plan and, any Securities granted under it, will be governed by, and must be construed according to, the laws of the state of Queensland and the Commonwealth of Australia.

Schedule A: TAA 1953 INFORMATION FOR THE COMMISISONER

Taxation Administration Act 1953

Subdivision 392-5 Annual Statement by provider

Schedule B: TAA 1953 INFORMATION FOR THE PARTICIPANT

Taxation Administration Act 1953

Subdivision 392-5 Annual Statement by provider

Schedule C: TAA 1953 INFORMATION FOR THE COMMISISONER

Taxation Administration Act 1953

Subdivision 392-5 Annual Statement by provider

Schedule D: TAA 1953 INFORMATION FOR THE PARTICIPANT

Taxation Administration Act 1953

Subdivision 392-5 Annual Statement by provider

Schedule A

Pinnacle Investment Management Group Employee Option Share Plan

TAA 1953 INFORMATION FOR THE COMMISSIONER

Taxation Administration Act 1953

Subdivision 392-5 Annual Statement by provider

To be provided to the Commissioner of Taxation no later than 14 August 20XY/20XZ

Summary Provider Information for the year 20XX/20XY

Provider Name:	Pinnacle Investment Management Group Limited	Total number of ESS interests acquired during the year:	TOTAL OP
Provider ABN:	22 100 325 184	Acquisition Method:	ISSUE
For ESS interests:	Options over fully paid ordinary shares in Pinnacle Investment Management Group Limited (Options)	Total Amount paid by employees towards the acquisition cost:	NIL
Acquired under employee share scheme name:	Pinnacle Investment Management Group Employee Option Share Plan	Total Market Value of ESS interests at time of acquisition:	TOTAL MVOP

Information by Acquisition:

Date of Acquisition	Number ESS interests	Method of acquisition	Amount paid by employees toward acquisition	Market Value of ESS interests at time of acquisition:
		Issue	Nil	
TOTAL OP		ISSUE	NIL	TOTAL MVOP

Information by Employee:

#	Employee Identifiers and Residential Address Details							ESS interest: Grant Information			
	TFN	Surname or family name	Given name(s)	Street	Suburb / town / locality	State / territory	Postcode	Date of acquisition	Number	Amount paid towards acquisition	Market value at time of acquisition
TOTAL OP									NIL	TOTAL MVOP	

Schedule B

Pinnacle Investment Management Group Employee Option Share Plan

TAA 1953 INFORMATION FOR THE PARTICIPANT

To be provided to the Participant no later than 14 July 20XY/20XZ

Statement Date:

PRN (Participant Reference Number):

Employee Payroll Number:

Plan Member Name:

Plan Member Address:

Plan Member Tax File Number:

Taxation Administration Act 1953 Subdivision 392-5 Annual Statement by provider

During the 20XX/20XY Tax Year, you received from **Pinnacle Investment Management Group Limited** ABN 22 100 325 184 (the provider), on request from your employer, a grant of Options (ESS interests) in the **Pinnacle Investment Management Group Employee Option Share Plan** (an employee share scheme).

This grant may have income tax consequences.

<u>Acquisition Date</u>	<u>No of Options Acquired</u>	<u>Amount paid by you towards the acquisition</u>	<u>Market Value¹ of the Options at acquisition</u>
<hr/>			
TOTAL	0	\$0.00	\$0.00

Note 1: You do not need to include this amount as assessable income in your tax return for the 20XX/20XY tax year, **unless at the time you acquired the interest:**

- (i) you held a beneficial interest in more than 5% of the shares in PNI; **and**
- (ii) you were in a position to cast, or control the casting of, more than 5% of the maximum number of votes that might be cast at a general meeting of PNI.

Pinnacle Investment Management Group Limited is required to provide to the Commissioner of Taxation your TFN, name and address and details of this acquisition. Please retain this letter for tax purposes.

Yours sincerely,

Director

Pinnacle Investment Management Group Limited

Schedule C

Pinnacle Investment Management Group Employee Option Share Plan

TAA 1953 INFORMATION FOR THE COMMISSIONER

Taxation Administration Act 1953

Subdivision 392-5 Annual Statement by provider

To be provided to the Commissioner of Taxation no later than 14 August 20XY/20XZ

Summary Provider Information for the year 20XX/20XY

Provider Name:	Pinnacle Investment Management Group Limited	Total number of ESS interests with ESS deferred taxing points:	TOTAL OPDTP
Provider ABN:	22 100 325 184	Total Amount paid by employees after acquisition but not after ESS deferred taxing point toward acquisition:	TOTAL TPOP
For ESS interests:	Options over fully paid ordinary shares in Pinnacle Investment Management Group Limited (Options)	Total Provider's estimate Market Value of interests at ESS deferred taxing point:	TOTAL MVOPDTP
Acquired under employee share scheme name:	Pinnacle Investment Management Group Employee Option Share Plan	Total TFN withholding tax (ESS) paid or payable by Pinnacle Investment Management Group Limited:	NIL

Information of Options with ESS deferred taxing point:

Date of ESS deferred taxing point	ESS deferred taxing point type ¹	Number of ESS interests with deferred taxing points	Amount paid by employees after acquisition but not after ESS deferred taxing point toward acquisition	Provider's estimate Market Value of ESS interests at date of ESS deferred taxing point:	Total TFN withholding tax (ESS) paid or payable by Pinnacle Investment Management Group Limited:
					NIL
		TOTAL OPDTP	NIL	TOTAL MVOPDTP	NIL

- Note 1:**
- Type 1: No restrictions on disposing of Option
 - Type 2: Cessation of employment
 - Type 3: Maximum time period for deferral
 - Type 4: No restrictions on exercising the Option and disposing of the Share acquired on exercise of the Option

Information by Employee:

Employee Identifiers and Residential Address Details								ESS interest: ESS deferred taxing point					
TFN	Surname or family name	Given name(s)	Street	Suburb / town / locality	State / territory	Postcode	Date of ESS deferred taxing point	ESS deferred taxing point type	Number of ESS interests with ESS deferred taxing points	Amount paid after acquisition but not after ESS deferred taxing point towards acquisition	Provider's estimate Market Value of ESS interests at date of ESS deferred taxing point	TFN withholding tax (ESS) paid or payable (if any)	
TOTAL OPDTP										NIL	TOTAL MVOPDTP	Nil	

Schedule D

Pinnacle Investment Management Group Employee Option Share Plan

TAA 1953 INFORMATION FOR THE PARTICIPANT

To be provided to the Participant no later than 14 July 20XY/20XZ

Statement Date:

PRN (Participant Reference Number):

Employee Payroll Number:

Plan Member Name:

Plan Member Address:

Plan Member Tax File Number:

Taxation Administration Act 1953 Subdivision 392-5 Annual Statement by provider

During the 20XX/20XY Tax Year, an ESS deferred taxing point occurred for Options (ESS interests) you received from **Pinnacle Investment Management Group Limited ABN 22 100 325 184** (the provider) in the **Pinnacle Investment Management Group Employee Option Share Plan** (an employee share scheme).

The occurrence of an ESS deferred taxing point has income tax consequences.

Date of ESS deferred taxing point	ESS deferred taxing point type ¹	Number of ESS interests with deferred taxing points	Amount paid by you after acquisition but not after ESS deferred taxing point toward acquisition	Provider's estimate Market Value of ESS interests at date of ESS deferred taxing point ² :	Total TFN withholding tax (ESS) paid or payable by Pinnacle Investment Management Group Limited:
TOTAL			NIL	\$TOTAL²	NIL

Note 1: Please see attached definitions.

Note 2: This amount is to be included in your 20XX/20XY tax return as income.

This statement assumes you were an Australian resident for taxation purposes at the ESS deferred taxing point date(s), and were not a temporary resident. Please be aware there are special rules in connection with individuals whose residency status changes.

This taxation information is general in nature and has been prepared on <Date> based on current Australian income tax laws. As each employee's circumstances will be different, it is strongly recommended you seek professional advice in relation to your specific personal circumstances. Pinnacle Investment Management

Group Limited and its advisors will not be held responsible to employees who act solely on the information provided in this statement.

Pinnacle Investment Management Group Limited is required to provide to the Commissioner of Taxation your TFN, name and address and details of any ESS deferred taxing point occurrence.

Please retain this letter for use in the preparation of your 20XX/20XY tax return.

Yours sincerely,

Director

Pinnacle Investment Management Group Limited

Note 1: ESS deferred taxing points:

Type 1: No restrictions on disposing of Option

An ESS deferred taxing point occurs when:

- (a) you have not exercised the Option; and
- (b) there is no longer any real risk that you will forfeit or lose the Option, other than by:
 - (i) disposing of the Option;
 - (ii) exercising the Option; or
 - (iii) letting the Option lapse.

Type 2: Cessation of employment

An ESS deferred taxing point occurs when the employment in respect of which you acquired the Option ends.

Type 3: Maximum time period for deferral

An ESS deferred taxing point occurs 7 years from the date when you acquired the Options.

Type 4: No restrictions on exercising the Option and disposing of the Share acquired on exercise of the Option

An ESS deferred taxing point occurs when:

- (a) there is no longer any real risk that you will forfeit or lose the Option, other than by:
 - (i) disposing of the Option;
 - (ii) exercising the Option; or
 - (iii) letting the Option lapse, and
- (b) there is no longer any restriction on you exercising the Option; and
- (c) there is no longer any real risk that you will forfeit or lose the Share acquired on exercise of the Option, other than by disposing of the Share; and
- (d) there is no longer any restriction on you disposing of the Share.