

## ASX Announcement

18 September 2017

### CEO CONTRACT AND GRANT OF PERFORMANCE RIGHTS

National Veterinary Care Ltd (ASX: NVL) (NVL) is pleased to announce that the terms of the employment contract for Chief Executive Officer and Managing Director, Tomas Steenackers have been amended.

As disclosed in the Company's 2017 financial report, the Company engaged Crichton and Associates, Remuneration Consultants, during the 2017 financial year to review its existing remuneration policies and provide recommendations on how to improve these, including the Total Fixed Remuneration (TFR) component and the short-term incentive (STI) and long-term incentive (LTI) programs.

The Board has adopted the recommendations in relation to Mr Steenackers' remuneration which now comprises:

- TFR, consisting of base salary, superannuation and other benefits;
- STI with a maximum opportunity of 75% of TFR; and
- LTI with a maximum opportunity of 75% of TFR.

A summary of the key terms of Mr Steenackers' employment agreement is contained in Appendix 1.

#### Grant of Performance Rights

In accordance with the above remuneration strategy, the Board (other than Mr Steenackers) has today granted Mr Steenackers 140,260 Performance Rights (2016 Performance Rights) to acquire ordinary shares in the Company.

The above grant of performance rights has been made in relation to the 2016 financial year. A summary of the key terms of the 2016 Performance Rights is contained in the attached Appendix 3B.

The 2016 Performance Rights provide that unless Shareholder approval is obtained, the shares to be acquired upon satisfaction of the vesting conditions are required to be purchased on-market. Shareholder approval to remove the on-market purchase restriction will be requested at the Company's annual general meeting (AGM) to be held on 20 October 2017.

Subject to Shareholder approval, it is intended that further Performance Rights will be granted to Mr Steenackers in relation to the 2017 financial year (2017 Performance Rights) following the AGM. A summary of the key terms of the 2017 Performance Rights will be contained in the Notice of Meeting and Explanatory Memorandum which will be released to the ASX separately.

The Board (other than Mr Steenackers) considers it appropriate to award Performance Rights to Mr Steenackers in recognition of the Company's growth, and Mr Steenackers' performance in the 2016 and 2017 years.

## **Employee Incentive (Share Loan) Plan (Loan Plan)**

The Board (other than Mr Steenackers) has also determined that long-term incentives in the form of Performance Rights linked to the Company's performance provide a more effective way to align the interests of key management personnel to those of the Company and its shareholders than the existing Loan Plan.

To date 300,000 shares have been issued pursuant to the Loan Plan, including 250,000 shares which were issued to Mr Steenackers. The Company does not intend to make any further awards under the Loan Plan.

-END-

### **About NVL:**

NVL aims to be a leading provider of veterinary services in Australia and New Zealand. NVL has acquired and integrated 56 veterinary services businesses across Australia and New Zealand. NVL strives to achieve excellence in clinical care for pets, and to build a platform for loyal, long term relationships with their owners. The key growth strategies for NVL are expanding its network of clinics through acquisition, and driving organic growth at a clinic level.

### **For further information please contact:**

Susan Forrester  
Chair  
National Veterinary Care Ltd  
+ 61 438 343 186

### **IMPORTANT NOTICES**

This announcement may contain forward-looking statements, which include all matters that are not historical facts. Without limitation, indications of, and guidance on, future earnings and financial position and performance are examples of forward-looking statements.

Forward-looking statements, including projections or guidance on future earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including NVL). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based.

**Appendix 1**  
**Summary of Key Terms of CEO Employment Agreement**

Effective date	1 January 2017
Term	Ongoing, with no fixed term
Total Fixed Remuneration (TFR)	Annual TFR of \$343,500 including superannuation, allowances and benefits.
Short Term Incentives (STI)	<p>Mr Steenackers is eligible to receive STI, with a maximum opportunity of 75% of TFR per annum. The STI will be in the form of an annual cash bonus, subject to achievement of key performance indicators as determined by the Board.</p> <p>The Board may in its discretion require up to 50% of the STI to be deferred into equity for a period of 12 months.</p>
Long Term Incentives (LTI)	Subject to shareholder approval, Mr Steenackers will be awarded an LTI under NVL's Employee Incentive Plan, equal to 75% of his TFR per annum. Awards will be in the form of equity-based remuneration and subject to applicable vesting conditions as determined by the Board to support the long-term growth of the Company. Full details will be provided in the relevant notice of general meeting.
Notice	Either party can terminate the employment agreement by providing 6 months' written notice. Mr Steenackers' employment may also be terminated immediately without notice for defined causes.
Restrictive Covenant	Mr Steenackers will be subject to a post -employment restraint for 12 months (less any time spent on garden leave) preventing him from being employed by a competitor (or involved in a competitor's business).
Other Terms	The employment agreement contains standard terms and conditions for agreements of its nature, including confidentiality, retention of intellectual property and leave.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

NATIONAL VETERINARY CARE LTD

ABN

17 166 200 059

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |  |
|---|---|--|
| 1 | +Class of +securities issued or to be issued  | Unlisted performance rights to acquire Ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 140,260  |

+ See chapter 19 for defined terms.

For personal use only

**Appendix 3B**  
**New issue announcement**

3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

Grant date: 18 September 2017  
 Grant price: Nil  
 Exercise price: Nil  
 Expiry: 30 November 2019  
 Vesting date: 31 October 2019  
 Vesting conditions:

- Service Condition – continuous employment with the Company from the Grant Date until the Vesting Date; and
- Performance Condition – the Company’s Earnings Per Share (EPS) achieves the EPS Cumulative Compound Annual Growth Rate (CAGR) hurdle as set out in the following table:

EPS <sup>1</sup> Cumulative CAGR over the three financial years ending 30 June 2019	% of Performance Rights to vest
Less than 10% per annum	None
Between 10% and 15% per annum	50% - 100% on a straight-line basis
At least 15% per annum	100%

<sup>1</sup> EPS will be Basic EPS recorded in NVL’s audited financial statements. The Basic EPS may be adjusted for items which the Board, in its discretion, considers should be excluded from the EPS result (such as items of a one-off and non-recurring nature). Base year EPS is 7.35 cents per share for year ended 30 June 2016.

Restriction on settlement: the performance rights have been granted to a director without shareholder approval and therefore settlement will be restricted to ‘on market’ purchase only pursuant to ASX Listing Rule 10.15B. Shareholder approval will be sought at the 2017 AGM and if received, this restriction may no longer apply.

Restriction on shares issued on exercise: can only be traded in accordance with Securities Trading Policy and insider trading laws.

+ See chapter 19 for defined terms.

For personal use only

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>The performance rights do not rank equally with existing ordinary shares.</p> <p>Shares issued upon exercise will rank equally with existing ordinary shares.</p> <p>To participate in a dividend, the ordinary shares must be issued prior to the record date for the dividend.</p>
5	Issue price or consideration	Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issued 140,260 performance rights to the CEO as a long-term incentive pursuant to the CEO's employment agreement and the Company's Employee Incentive Plan.
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	No
6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of +securities issued without security holder approval under rule 7.1	N/A

+ See chapter 19 for defined terms.

For personal use only

**Appendix 3B**  
**New issue announcement**

6d	Number of +securities issued with security holder approval under rule 7.1A	N/A	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A	
6f	Number of +securities issued under an exception in rule 7.2	N/A	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A	
7	+Issue dates  <small>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.             Cross reference: item 33 of Appendix 3B.</small>	Upon satisfaction of vesting conditions described in item 3.	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		58,940,699	ORD

+ See chapter 19 for defined terms.

For personal use only

	Number	+Class
9	257,753	Maximum number of shares to be issued as part consideration for the acquisition of Hornsby Veterinary Hospital. 50% of the maximum number of shares may be issued on each of 28 September 2018 and 27 September 2019.
	140,260	Performance rights expiring 30 November 2019 with an exercise price of \$0.00, to acquire ordinary shares

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Fully Paid Ordinary Shares resulting from the conversion of Performance Rights will have the same dividend policy as the Fully Paid Ordinary Shares then on issue, from the date of issue.
----	--	--

## Part 2 - Pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	

+ See chapter 19 for defined terms.

For personal use only



**Appendix 3B**  
**New issue announcement**

---

- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions
- 18 Names of countries in which the entity has security holders who will not be sent new offer documents  
Note: Security holders must be told how their entitlements are to be dealt with.  
Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations
- 20 Names of any underwriters
- 21 Amount of any underwriting fee or commission
- 22 Names of any brokers to the issue
- 23 Fee or commission payable to the broker to the issue
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders
- 25 If the issue is contingent on security holders' approval, the date of the meeting
- 26 Date entitlement and acceptance form and offer documents will be sent to persons entitled

---

+ See chapter 19 for defined terms.

For personal use only

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do security holders dispose of their entitlements (except by sale through a broker)?	
33	<sup>+</sup> Issue date	

### Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of <sup>+</sup>securities  
(tick one)

(a)  <sup>+</sup>Securities described in Part 1

(b)  All other <sup>+</sup>securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

+ See chapter 19 for defined terms.

For personal use only

**Entities that have ticked box 34(a)**

**Additional securities forming a new class of securities**

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional +securities

**Entities that have ticked box 34(b)**

- 38 Number of +securities for which +quotation is sought
- 39 +Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?
- If the additional +securities do not rank equally, please state:
- the date from which they do
  - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
  - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
- 

---

+ See chapter 19 for defined terms.

For personal use only

41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	
----	--	--

42	<p>Number and +class of all +securities quoted on ASX (including the +securities in clause 38)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 60px;"></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

For personal use only

---

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

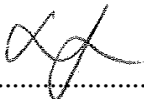
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  ..... Date: 18 September 2017  
Company Secretary

Print name: Laura Fanning, Company Secretary

== == == == ==

---

+ See chapter 19 for defined terms.

For personal use only