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### By ASX Online

ASX Market Announcement Office  
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Sydney NSW 2000

### Long term incentive plan – FY17 & FY18 performance rights

Clover Corporation Limited (**Clover** or **Company**) (ASX code: CLV) has in place a long term incentive plan for its senior executives and other employees. The purpose of the plan is to provide an equity based reward to employees for enhanced performance that is aligned with the interests of shareholders. Under the plan, the Company has granted the following performance rights (**FY17 performance rights**) for the year ended 31 July 2017 and performance rights (**FY18 performance rights**) for the year ended 31 July 2018:

<b>Grant date</b>	FY17 performance rights – 29 November 2016 to 31 January 2017 FY18 performance rights – 1 November 2017 to 15 December 2017
<b>Grantees</b>	The performance rights were granted to Clover’s Managing Director, Chief Financial Officer, and three other senior managers of the Company. No performance rights were granted to any non-executive director of the Company.
<b>Nature of performance rights</b>	Each performance right entitles the holder to acquire 1 fully paid ordinary share in the Company for no cash consideration, subject to the satisfaction of certain performance conditions (and subject to adjustment for bonus issues, rights offers and other share capital reconstructions – see below).
<b>Number of performance rights</b>	<p>A total of 716,684 FY17 performance rights were granted. These performance rights are divided into 3 tranches:</p> <ul style="list-style-type: none"><li>• The 1<sup>st</sup> tranche of 238,894 rights was subject to performance conditions measured in respect of the year ended 31 July 2017 (<b>FY17</b>).</li><li>• The 2<sup>nd</sup> tranche of 238,895 rights is subject to performance conditions measured in respect of the year ended 31 July 2018 (<b>FY18</b>).</li><li>• The 3<sup>rd</sup> tranche of 238,895 rights is subject to performance conditions measured in respect of the year ending 31 July 2019 (<b>FY19</b>).</li></ul> <p>The performance conditions of the 1<sup>st</sup> tranche of the FY17 performance rights were not satisfied and, therefore, this tranche of performance rights has ceased to exist. In consequence, there are now only 477,790 outstanding FY17 performance rights.</p> <p>A total of 650,619 FY18 performance rights were granted. These performance rights are also divided into 3 tranches:</p> <ul style="list-style-type: none"><li>• The 1<sup>st</sup> tranche of 216,873 rights is subject to performance conditions measured</li></ul>

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in respect of FY18.

- The 2<sup>nd</sup> tranche of 216,873 rights is subject to performance conditions measured in respect of FY19.
- The 3<sup>rd</sup> tranche of 216,873 rights is subject to performance conditions measured in respect of the year ending 31 July 2020 (FY20).

All FY18 performance rights are currently outstanding.

Accordingly, there is a total of 1,128,409 outstanding performance rights.

The shares underlying the outstanding FY17 performance rights and FY18 performance rights represent approximately 0.68% of the total number of fully paid ordinary shares in the Company currently on issue.

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**Consideration** No cash consideration was paid or payable for the grant of the performance rights and no cash consideration is payable to acquire the shares underlying the performance rights.

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**Performance conditions** The outstanding FY17 performance rights are subject to satisfaction of the following performance conditions:

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**2<sup>nd</sup> tranche**

For 50% of this tranche of performance rights, the performance condition is that the Company's return on equity<sup>1</sup> for FY18 is at least a specified percentage - 14.7% for half these performance rights and 18.8% for all of them.

For the other 50%, the performance condition is that the Company's earnings per share<sup>2</sup> for FY18 is at least a specified amount – 2.9 cents for half these performance rights and 3.7 cents for all of them.

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**3<sup>rd</sup> tranche**

For 50% of this tranche of performance rights, the performance condition is that the Company's return on equity for FY19 is at least a specified percentage – 16.4% for half these performance rights and 20.8% for all of them.

For the other 50%, the performance condition is that the Company's earnings per share for FY19 is at least a specified amount – 3.4 cents for half these performance rights and 4.3 cents for all of them.

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The FY18 performance rights are subject to satisfaction of the following performance conditions:

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**1<sup>st</sup> tranche**

For 50% of this tranche of performance rights, the performance condition is that the Company's return on equity for FY18 is at least a specified percentage - 14.7% for half these performance rights and 18.8% for all of them.

For the other 50%, the performance condition is that the Company's earnings per share for FY18 is at least a specified amount – 2.9

**2<sup>nd</sup> tranche**

For 50% of this tranche of performance rights, the performance condition is that the Company's return on equity for FY19 is at least a specified percentage – 16.4% for half these performance rights and 20.8% for all of them.

For the other 50%, the performance condition is that the Company's earnings per share for FY19 is at least a specified amount – 3.4

**3<sup>rd</sup> tranche**

For 50% of this tranche of performance rights, the performance condition is that the Company's return on equity for FY20 is at least a specified percentage – 17.8% for half these performance rights and 22.8% for all of them.

For the other 50%, the performance condition is that the Company's earnings per share for FY20 is at least a specified amount – 3.8

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<sup>1</sup> Return on equity is the fraction expressed as percentage equal to (net profit after tax of Clover for the relevant financial year) ÷ (average shareholder equity of Clover at the start and end of the relevant financial year).

<sup>2</sup> Earnings per share is the amount equal to (net profit after tax of Clover for the relevant financial year) ÷ (weighted average number of Clover shares on issue during the financial year).

	cents for half these performance rights and 3.7 cents for all of them.	cents for half these performance rights and 4.3 cents for all of them.	cents for half these performance rights and 4.6 cents for all of them.
	Clover's board of directors determines whether or not a performance condition has been satisfied.		
	Where Clover's board determines that the performance condition for any performance rights has not been satisfied, those rights will not be able to be exercised and will cease to exist once the board makes its determination.		
	Where Clover's board determines that the performance condition for any performance rights has been satisfied, the Company is required to notify the relevant employees in writing that their rights have vested and may be exercised, and once notified the employees will be entitled to exercise the vested performance rights at any time during their exercise period.		
	At this stage, the board has not made any determination concerning the performance conditions of the FY17 performance rights (other than the 1 <sup>st</sup> tranche that ceased to exist in early FY18 when the directors determined that their performance conditions had not been met) or the FY18 performance rights. However, the board expects to do so in relation to the 2 <sup>nd</sup> tranche of the FY17 performance rights and 1 <sup>st</sup> tranche of the FY18 performance rights once the Company's annual financial statements for FY18 are finalised.		
<b>Exercise period</b>	The exercise period of vested FY17 performance rights starts on 1 August 2019 (or when the board determines that the relevant performance conditions have been satisfied, if that is later) and ends on 31 July 2021.		
	The exercise period of vested FY18 performance rights starts on 1 August 2020 (or when the board determines that the relevant performance conditions have been satisfied, if that is later) and ends on 31 July 2022.		
<b>Continuing employment</b>	<p>If the holder of a tranche of performance rights ceases to be a Clover employee before receiving notice that the performance conditions applicable to that tranche have been satisfied, he or she will forfeit all of these performance rights except in the following circumstances:</p> <ul style="list-style-type: none"> <li>• If the cessation of employment occurs after the 1<sup>st</sup> anniversary of the date of grant of the performance rights and is due to redundancy, death, disability or illness, the employee will be entitled to early measuring and testing of the performance conditions of his or her performance rights, and if the performance conditions are determined by Clover's board to be satisfied, the employee may be entitled to retain a proportion of his or her performance rights.</li> <li>• In any other case, the Company may decide prior to the employee ceasing employment to allow the employee to retain some or all of the performance rights and/or to determine that the performance conditions of some or all of them has been satisfied early and/or permit some or all of the performance rights to be exercised early. Whether the Company exercises its discretion in favour of a departing employee will depend on the circumstances of the cessation of employment and the likelihood of the performance condition of the performance rights being satisfied.</li> </ul> <p>Where the holder of a tranche of performance rights ceases to be a Clover employee after receiving notice that the relevant performance conditions have been satisfied, he or she will retain the performance rights and will continue to be entitled to exercise them until their expiry.</p>		
<b>Adjustment</b>	<p>Where there is a bonus issue of shares to Clover shareholders, holders of performance rights that exercise those rights will be provided with additional shares equal to the number of bonus shares they would have been entitled to receive if the performance rights had been exercised before the record date for the bonus issue.</p> <p>Where there is a rights offer of shares to Clover shareholders or the share capital of</p>		

	the Company is otherwise reconstructed, the terms of the performance rights will be adjusted in the manner the Company determines having regarding to the ASX Listing Rules.
<b>Satisfaction of share entitlement</b>	In the case of the performance rights granted to Clover's managing director, the Company is required to satisfy any entitlement to shares underlying his performance rights by arranging to buy the shares on-market.  In the case of all other performance rights, the Company may satisfy any entitlement to underlying shares by issuing them, buying them on-market or in any other way.
<b>Shareholder approval</b>	The Company is considering seeking shareholder approval for a proposed new issue of shares to the Managing Director (credited as fully paid) equivalent in number to, and instead of, the shares required to be bought on-market in satisfaction of any entitlement to shares underlying his performance rights. Shareholder approval would be sought for this proposed new issue of shares for the purpose of rule 10.14 of the ASX Listing Rules and on the basis that if issued the Managing Director's entitlement to require the Company to buy the equivalent shares on-market would cease. If shareholder approval is not obtained, the Company will continue to be required to satisfy any share entitlement by arranging to buy them on-market.

The Managing Director and other senior managers of the Company were granted the following FY17 performance rights and FY18 performance rights:

<b>Mr Peter Davey, Managing Director</b>	518,386 FY17 performance rights, of which only 345,591 are outstanding  470,821 FY18 performance rights
<b>Mr Paul Sherman, Chief Financial Officer and Company Secretary</b>	57,299 FY17 performance rights, of which only 38,199 are outstanding  51,788 FY18 performance rights
<b>Mr David Pierotti, Operations Manager</b>	47,640 FY17 performance rights, of which only 31,760 are outstanding  43,058 FY18 performance rights
<b>Mr Bassam Hallak, Global Business Manager</b>	50,884 FY17 performance rights, of which only 33,923 are outstanding  45,990 FY18 performance rights
<b>Mr Glenn Elliot, Research, Quality &amp; Regulatory Manager</b>	42,475 FY17 performance rights, of which only 28,317 are outstanding  38,962 FY18 performance rights

As noted above, the board of directors of Clover has not made any determination concerning satisfaction of the performance conditions of these performance rights (other than the 1<sup>st</sup> tranche of the FY17 performance rights that ceased to exist in early FY18 when the directors determined that their performance conditions had not been met).

An appendix 3B for the grant of the performance rights accompanies this announcement, as does an appendix 3Y notifying the change in notifiable interests of the Managing Director as a result of the performance rights granted to him.

The Company acknowledges that these notifications are late. The lateness was due to a misunderstanding as to whether the performance rights were securities for the purposes of rule 3.10 of the ASX Listing Rules. As soon as the Company obtained advice that the performance rights were securities for the purpose of that rule, the Company promptly contacted ASX, and then arranged for this announcement and the accompanying appendices to be prepared and given to ASX.

The directors are satisfied the Company has appropriate arrangements in place to ensure timely notifications in accordance with its disclosure obligations under the ASX Listing Rules. In light of this particular oversight, however, the Company has taken steps to review its notification and reporting procedures.

A handwritten signature in black ink, appearing to be the name 'Rupert Harrington' written in a cursive style.

**Rupert Harrington**  
Chairman  
Clover Corporation Limited