

ABANO DIRECTORS' SHARE PLAN AND POLICY

Participating Directors shall not have any influence over any decisions made in relation to the acquisition of Shares under the Plan.

1. DEFINITIONS

1.1 For the purposes of the Plan:

"Associated Person" has the meaning given to that term in section 12 of the Financial Markets Conduct Act 2013;

"Board" means the board of directors from time to time of the Company;

"Board Policy Manual" means the Company's procedures manual relating to directors trading in Shares;

"Broker" means Craigs Investment Partners Limited or such other firm of sharebrokers appointed from time to time by the Company or by a Participating Director in respect of the Plan with the prior written approval of the Company;

"Brokerage Fee" means the brokerage or other fee to be paid by a Participating Director to the Broker in accordance with the relevant DSP Agreement;

"Business Day" means a day on which the NZX Main Board is open for trading;

"Company" means Abano Healthcare Group Limited;

"DSP Agreement" means the directors' share plan agreement to be entered into between a Participating Director and the Broker in respect of the Plan, in the form approved by the Company;

"DSP Payment" means a payment by the Company to the Broker on behalf of a Participating Director pursuant to clause 3.1(b) and clause 3.2(b)

"DSP Window" means each period during which the Broker may apply a DSP Payment towards the on-market acquisition of Shares as determined in accordance with clause 6.4.

"First Quarter" means the period from 1 June to 31 August in each year during the Term;

"Fourth Quarter" means the period from 1 March to 31 May in each year during the Term;

"First Quarter Payment Date" means 15 July in each year during the Term;

"Fourth Quarter Payment Date" means 15 April in each year during the Term;

"Group A Directors" means half of the Participating Directors (or where there is an even number of Participating Directors, a majority of Participating Directors) who are determined by the Board to be Group A Directors for the purposes of the Plan;

"Group B Directors" means the Participating Directors who are not Group A Directors;

"Inside Information" has the meaning given to that term in section 234 of the Financial Markets Conduct Act 2013;

"NZX Main Board" means the main board equity security market operated by NZX Limited;

"Participating Director" means each non-executive Director of the Company who holds (and/or his or her Associated Persons hold) less than 1% of the Shares, but excludes any Director whom the Board determines should not participate in the Plan, or whose Participation should be terminated;

"Plan" means the directors' share plan set out in this document established in accordance with section 261 of the Financial Markets Conduct Act 2013;

"Quarter" means each of the First Quarter, Second Quarter, Third Quarter and Fourth Quarter and **"Quarterly"** shall be construed accordingly;

"Relevant Interest" has the meaning given to that term in section 235 to 238 of the Financial Markets Conduct Act 2013;

"Remuneration" means, in relation to an Participating Director, the gross directors' fees (including committee fees) to be paid by the Company to such Participating Director in respect of the applicable period;

"Risk Assurance and Audit Risk Committee" means the audit and risk committee of the Board;

"Second Quarter" means the period from 1 September to 30 November in each year during the Term;

"Second Quarter Payment Date" means 15 October in each year during the Term;

"Shares" means fully paid ordinary shares in the Company;

"Takeover Offer" means a takeover offer made in accordance with the Takeovers Code Approval Order 2000;

"Tax Withholding" means a withholding on account of taxation in respect of a DSP Payment to be determined by the Company in accordance with clause 4.1;

"Term" means the period from 1 June 2015 until 31 May 2018;

"Third Quarter" means the period from 1 December to 29 February in each year during the Term;

"Third Quarter Payment Date" means 15 January in each year during the Term;

- 1.2 If any date on which anything is required to be done under the Plan falls on a day that is not a Business Day, that thing shall be deemed to be done on the next following Business Day, and all other provisions of this document will be read and construed accordingly.

2. DIRECTOR SHARE ACQUISITION POLICY

- 2.1 The Board has resolved to adopt as a policy that each Participating Director should hold Shares to better align each Participating Director's interests with those of the shareholders of the Company.

2.2 Under the policy, each Participating Director shall acquire Shares by the application of a portion of his or her directors' fees towards the purchase of Shares on his or her behalf by the Broker in accordance with the terms of this Plan. Shares so acquired are required to be retained by each Participating Director for the duration of his or her tenure as a director, except in respect of any sale in response to a Takeover Offer or otherwise with the approval of the Board, in each case in accordance with clause 8.1.

2.3 It is the intention of this policy that Participating Directors should acquire Shares over the duration of the Term with the intention that over time, they will have acquired Shares the aggregate value of which is approximately equivalent to the aggregate two years of his or her directors' fees.

3. DIRECTORS' SHARE PLAN

3.1 Subject to clause 4, on the First Quarter Payment Date and the Third Quarter Payment Date, the Company shall pay:

- a) to each of the Group A Directors his or her Remuneration in respect of the First Quarter and the Third Quarter, respectively, by way of cash payment; and
- b) the Broker, on behalf of the Group B Directors, the Group B Directors' Remuneration in respect of the First Quarter and the Third Quarter, respectively, less the applicable Tax Withholding.

3.2 Subject to clause 4, on the Second Quarter Payment Date and the Fourth Quarter Payment Date, the Company shall pay:

- a) to each of the Group B Directors his or her Remuneration in respect of the Second Quarter and the Fourth Quarter, respectively, by way of cash payment; and
- b) the Broker, on behalf of the Group A Directors, the Group A Directors' Remuneration in respect of the Second Quarter and the Fourth Quarter, respectively, less the applicable Tax Withholding.

3.3 Where any Remuneration relates to a period less than a full Quarter, the relevant payment referred to in clause 3.2 and clause 3.3 above shall be adjusted to reflect a pro rata share of a Quarterly payment on a weekly basis.

4. TAX

4.1 Each DSP Payment shall be adjusted by the Company as follows:

- a) for those Participating Directors who have withholding payments deducted from their Remuneration, the applicable withholding tax shall be deducted from their DSP Payments;
- b) for those Participating Directors who have withholding payments deducted from, and GST added to, their Remuneration, the applicable withholding tax and GST will be deducted from their DSP Payments. The GST deducted will be paid in cash by the Company to the relevant Participating Director to assist that Participating Director in meeting his or her obligations to the Inland Revenue Department; and
- c) for those Participating Directors who do not have withholding payments deducted from, or GST added to, their Remuneration, an allowance for tax at an appropriate assumed rate (being 33% at the date of this document) will be deducted from their DSP Payment and paid in cash to the relevant Participating Director to assist that Participating

Director in meeting his or her obligations to the Inland Revenue Department.

- 4.2 Where the Company makes an adjustment in accordance with clauses 4.1(a) and/or 4.1(b) above, the applicable Tax Withholding will be paid by the Company to the Inland Revenue Department.

5. TERM AND TERMINATION

- 5.1 The term of the Plan shall be fixed for the Term.
- 5.2 A Participating Director may not:
- a) withdraw from the Plan before the end of the Term; or
 - b) change the terms of their participation in the Plan without the prior written approval of the Chairperson or, in the case of the Chairperson, without the prior written approval of the Chairperson of the Risk Assurance and Audit Committee.
- 5.3 The Company may, at its discretion and on providing each Participating Director five Business Days prior written notice:
- a) make non-material modifications to the Plan on such terms and conditions it thinks fit;
 - b) suspend or terminate the Plan at any time; and/or
 - c) waive compliance with any provision of terms of the Plan set out in this document.

6. SHARE ACQUISITION

- 6.1 Each Participating Director shall enter into a DSP Agreement with the Broker for the Term.
- 6.2 On signing an DSP Agreement with the Broker and agreeing to participate in the Plan, each Participating Director shall provide written confirmation to the Broker and the Company that he or she is not in possession of Inside Information.
- 6.3 The Participating Directors may not adjust the terms of the relevant DSP Agreement during the Term and shall have no discretion regarding their participation in a particular period or DSP Window.
- 6.4 The Company shall direct the Broker to apply each DSP Payment to the on-market purchase of Shares during the relevant DSP Window and the Broker shall purchase the required Shares, while ensuring the normal, efficient operation of the market for the Shares.
- 6.5 Each DSP Window shall be for a period of one month from the date on which the Broker receives the payments under clause 3 except:
- a) in respect of the Quarter in which the full year results of the Company are released to the market, in which case the DSP Window for that Quarter shall be for a period of one month from the later of the date on which the Broker receives the payments under clause 3 and 10 Business Days after the full year results have been released to the market; and
 - b) in respect of the Quarter in which the half year results of the Company are released to the market, in which case the DSP Window for that Quarter shall be for a period of one month from the later of the date on which the Broker receives the payments under clause 3 and 10 Business Days after the half year results have been released to the market.

6.6 If Shares are not reasonably available through purchase on the NZX Main Board over the relevant DSP Window, the Broker will hold the relevant DSP Payment in a cash management account held by the Participating Director with the Broker for such purpose and shall be applied by the Broker in buying Shares during the next DSP Window on a first in, first out basis.

6.7 Each Participating Director shall be responsible for paying the Broker the Brokerage Fee in accordance with the relevant DSP Agreement. The Brokerage Fee will not be the responsibility of the Company and the Company will not provide any financial assistance in connection with the Plan.

7. CUSTODIANS

7.1 A Participating Director may purchase Shares under the Plan through a trustee or nominee which holds the legal ownership of such Shares on trust for the benefit of a Participating Director. A Participating Director shall procure that any such trustee or nominee is bound by, and complies with the terms of, the Plan.

8. RESTRICTION

8.1 A Participating Director shall not be entitled to transfer or otherwise dispose of his or her legal or beneficial interest in any Shares purchased under the Plan while such Participating Director is in office except:

- a) in circumstances of hardship and then with the prior written approval of the Chairperson or, in the case of the Chairperson, the Chairperson of the Risk Assurance and Audit Risk Committee and in accordance with the Board Policy Manual; or
- b) in accepting a Takeover Offer acceptance of which is recommended by not less than a majority of the Board.

8.2 Nothing in clause 2.2 or clause 8.1 is intended to have or has the effect of giving the Company, the Board or any other director of the Company any Relevant Interest in any Shares held under the Plan by any director of the Company.

9. AUTHORISATION

9.1 A Participating Director shall abstain from voting on any Board resolution which relates to that Participating Director's interest in the Plan.

9.2 Each Participating Director shall be responsible for filing all necessary disclosures relating to his or her acquisition of Shares pursuant to the Plan and the Company shall assist each Participating Director by facilitating this process.

9.3 The Board has resolved that the Chief Financial Officer for the Company, is authorised to give any notices or other communications or to take any other action whatsoever, on behalf of the Company, that is required, necessary or desirable under or in connection with the Plan.

10. GOVERNING LAW

10.1 The Plan shall be governed by and construed in accordance with the laws of New Zealand.

SIGNED for and on behalf of the Company by:



Signature of Trevor Janes - Chair



Signature of Susan Paterson – Deputy Chair

Review and Approval

Reviewed and approved
Next review date

By the Board

7 May 2015
May 2018