



**PROGRAMMED MAINTENANCE SERVICES LIMITED
ABN 61 054 742 264**

**NOTICE OF 2015 ANNUAL GENERAL MEETING
WEDNESDAY, 29 JULY 2015 AT 10.00AM (MELBOURNE TIME)**

at

**MELBOURNE MARRIOTT HOTEL
CORNER EXHIBITION STREET AND LONSDALE STREET, MELBOURNE, VICTORIA**

NOTICE IS GIVEN that the Annual General Meeting ("**AGM**" or "**Meeting**") of shareholders of Programmed Maintenance Services Limited ("**Company**") will be held at the Melbourne Marriott Hotel, Corner Exhibition Street and Lonsdale Street, Melbourne, Victoria on Wednesday, 29 July 2015 at 10.00am (Melbourne time).

Attached to, and forming part of, this Notice of Meeting are explanatory notes that provide shareholders with background information and further details on the Resolutions to assist shareholders to determine how they wish to vote on the Resolutions. This Notice of Meeting, including the explanatory notes, should be read in its entirety.

ORDINARY BUSINESS

ANNUAL REPORTS

To consider the financial report, the Directors' report and the Auditor's report for the year ended 31 March 2015.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, pass the following ordinary resolution:

"That the remuneration report (which forms part of the Directors' report for the year ended 31 March 2015) be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 (in any capacity) by or on behalf of a member of the key management personnel of the Company's consolidated group (at the date of the Meeting or whose remuneration is disclosed in the remuneration report) ("**KMP**") and their closely related parties (such as close family members and controlled companies), unless the vote is cast:

- (a) as proxy for a person entitled to vote in accordance with a direction on the proxy appointment; or
- (b) by the Chairman of the Meeting as proxy for a person entitled to vote where the appointment of the Chairman as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chairman of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP.

KMP and their closely related parties are prohibited under the Corporations Act 2001 from voting in a manner contrary to the above. The Chairman of the Meeting (where appropriately authorised) intends to vote all available undirected proxies in favour of Resolution 1.

RESOLUTION 2 – RE-ELECTION OF EMMA STEIN AS A DIRECTOR

To consider and, if thought fit, pass the following ordinary resolution:

"That Ms Emma Stein, who is retiring from the office of Director by rotation in accordance with the Company's Constitution, and being eligible, offers herself for re-election, be re-elected as a Director of the Company."

RESOLUTION 3 – RE-ELECTION OF ROBERT MCKINNON AS A DIRECTOR

To consider and, if thought fit, pass the following ordinary resolution:

“That Mr Robert McKinnon, who is retiring from the office of Director by rotation in accordance with the Company’s Constitution, and being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

RESOLUTION 4 – GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR

To consider, and if thought fit, pass the following ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, shareholders approve the 2015 grant to Mr Christopher Sutherland, the Company’s Managing Director, of 170,000 Performance Rights pursuant to the Managing Director’s Long Term Incentive Plan, the terms of which are summarised in the explanatory notes accompanying this Notice of Meeting, and the issue of ordinary shares in the Company upon vesting of any such Performance Rights.”

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4 by, or on behalf of:

- (a) the Managing Director and any other director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and their associates; and
- (b) a member of KMP (and their closely related parties) acting as a proxy,

unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy appointment, or by the Chairman of the Meeting as proxy for a person entitled to vote and the proxy appointment expressly authorises the Chairman of the Meeting to vote undirected proxies as the Chairman sees fit and exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP.

KMP and their closely related parties are prohibited under the Corporations Act 2001 from voting as proxy in a manner contrary to the above. The Chairman of the Meeting (where appropriately authorised) intends to vote all available undirected proxies in favour of Resolution 4.

RESOLUTION 5 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

To consider and, if thought fit, pass the following resolution as a special resolution:

“That, for the purposes of section 648G of the Corporations Act 2001 (Cth), Rule 37.2 of the Constitution and for all other purposes, Rule 37 of the Constitution be renewed for a period of three years after the date of the Annual General Meeting.”

OTHER BUSINESS

To transact any other business that may be brought forward in accordance with the Company’s Constitution or the law. By order of the Board



Katina Nadebaum
Company Secretary

5 June 2015

EXPLANATORY NOTES

ANNUAL REPORTS

The Company's 2015 Annual Report, including the financial report, the Directors' report and the Auditor's report for the year ended 31 March 2015, will be considered. A copy of the 2015 Annual Report is available on the Company's website at www.programmed.com.au and on ASX's website www.asx.com.au.

As a shareholder you may elect to receive by mail, free of charge, the Company's 2015 Annual Report. The Company mails a copy of the Annual Report to those shareholders who have made an election to receive them. If you would like a hard copy, please contact the Company's share registrar, Computershare Investor Services Pty Limited.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Section 250R(2) of the *Corporations Act 2001* (Cth) ("**Corporations Act**") requires that a resolution that the remuneration report be adopted be put to the vote at the Company's AGM. While the vote on the resolution is advisory only and does not bind the Directors or the Company, the Board will take into consideration the outcome of voting on this resolution when assessing the remuneration policy for Non-Executive Directors and executives in the future.

Directors' recommendation: *The Board recommends that shareholders vote in favour of the adoption of the remuneration report.*

RESOLUTION 2 – RE-ELECTION OF EMMA STEIN AS A DIRECTOR

Ms Stein joined the Board as a Non-Executive Director in June 2010. Ms Stein retires at the AGM by rotation and, being eligible, offers herself for re-election as a Director in accordance with the Company's Constitution.

Ms Stein has considerable experience in international energy and utilities markets, investments in long life assets and projects, and the upstream oil and gas sector. Formerly the UK Managing Director for French utility Gaz de France's energy retailing operations, Ms Stein moved to Australia in 2003. She is a non-executive director of Alumina Limited (since February 2011), Transpacific Industries Limited (since August 2011) and DUET Group (since June 2004). Her community activities include being a NSW Ambassador for the Guides. Ms Stein was previously a member of the University of Western Sydney's Board of Trustees, a non-executive director of Transfield Services Infrastructure Fund (October 2010 to July 2011) and a non-executive director of Clough Limited (July 2008 to December 2013).

Ms Stein is the Chair of the Board's HSE Committee, a member of the Board's Audit and Risk Committee and a member of the Board's Nomination Committee. Ms Stein is considered to be independent.

Directors' recommendation: *The Board is of the view that Ms Stein continues to add considerable value to the Board, including as a result of her extensive experience as a director. The Board recommends that shareholders vote in favour of Resolution 2. Ms Stein does not make a recommendation due to her interest in the outcome of the Resolution.*

RESOLUTION 3 – RE-ELECTION OF ROBERT MCKINNON AS A DIRECTOR

Mr McKinnon joined the Board as a Non-Executive Director in November 2011. Mr McKinnon retires at the AGM by rotation and, being eligible, offers himself for re-election as a Director in accordance with the Company's Constitution.

Mr McKinnon has 40 years' experience in finance and general management positions in the light manufacturing and industrial sectors in Australia, New Zealand and Canada. He is former Managing Director of Austal Ships and Fleetwood Corporation Ltd, and spent 28 years with Capral Aluminium (formerly Alcan Australia) in various financial and senior executive positions. Mr McKinnon's other directorships include Chairman of Tox Free Solutions Limited (since July 2010) and a non-executive director of Peet Limited (since May 2014). He is the former Chairman of the Esperance Port Authority (October 2010 to September 2014) and former director of Bankwest Limited (May 2009 to November 2012), Brierty Limited (February 2010 to September 2011) and OAMPS Limited (September 2005 to November 2006).

Mr McKinnon is a member of the Board's Nomination Committee and the Chair of the Board's Audit & Risk Committee. Mr McKinnon is considered to be independent.

Directors' recommendation: *The Board is of the view that Mr McKinnon continues to add considerable value to the Board, including as a result of his extensive experience as a director. The Board recommends that shareholders vote in favour of Resolution 3. Mr McKinnon does not make a recommendation due to his interest in the outcome of the Resolution.*

RESOLUTION 4 – GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR

Background

Resolution 4 seeks shareholder approval for the purposes of ASX Listing Rule 10.14, and for all other purposes, to grant 170,000 Performance Rights to the Company's Managing Director, Mr Christopher Sutherland, pursuant to the Managing Director's Long Term Incentive Plan ("**Plan**"), and to issue up to 170,000 ordinary shares on vesting of these Performance Rights.

As disclosed, including in the Remuneration Report set out on pages 29 to 53 of the 2015 Annual Report, the remuneration of the Company's Managing Director, Mr Sutherland (in accordance with his Employment Agreement) comprises:

- fixed annual remuneration (being a base salary, superannuation contribution and benefits as allocated in accordance with Company's policies);
- a short term incentive bonus of up to 75% of fixed annual remuneration payable in the Company's shares or cash upon the achievement of key performance indicators (to be agreed between Mr Sutherland and the Board); and
- a long term incentive ("**LTI**") component, whereby Mr Sutherland may, subject to shareholder approval, be invited to participate in the Plan and be granted Performance Rights, which may vest into shares in the Company subject to specified performance criteria in accordance with the Plan rules.

In relation to the LTI component, it is proposed that, subject to shareholder approval of Resolution 4, Mr Sutherland be granted 170,000 Performance Rights ("**2015 Performance Rights**"), which will vest in 4 years (on 1 July 2019) ("**Vesting Date**"). The 2015 Performance Rights will be subject to the performance criteria set out below ("**Performance Criteria**"), which must be satisfied over the relevant performance period before the 2015 Performance Rights can vest.

Non-Executive Directors' views and recommendation

The Non-Executive Directors:

- (a) believe that the continued success of the Company will depend largely on the leadership, skills and motivation of Mr Sutherland in overseeing the management of the Company's operations and strategy;
- (b) took into account the nature of Mr Sutherland's position, the function and purpose of the LTI component of the Company's remuneration strategy, and considered this against the practices of its Australian peer companies and other relevant information provided by external remuneration consultants; and

- (c) consider that the grant of these 2015 Performance Rights is an appropriate form of remuneration and is part of a reasonable remuneration package taking into account the Company's and Mr Sutherland's circumstances.

Accordingly, it is the Non-Executive Directors' view that it is in the best interests of shareholders to approve Resolution 4. They consider that this share based LTI arrangement and the grant of the 2015 Performance Rights appropriately align Mr Sutherland's remuneration with shareholders' return due to the significant Performance Criteria that must be achieved for the LTI components to vest. The Non-Executive Directors therefore recommend that shareholders vote in favour of Resolution 4.

Reasons shareholder approval is being sought

ASX Listing Rule 10.14 requires a listed company to obtain shareholder approval prior to the issue of securities under an employee incentive scheme to a director of a company or his or her associates. As Mr Sutherland is a Director of the Company, in accordance with the ASX Listing Rules, any issue of securities to him (including Performance Rights issued under the Plan) requires prior approval of shareholders.

Resolution 4 seeks approval for the purposes of ASX Listing Rule 10.14, and for all other purposes, to make the grant of the 170,000 2015 Performance Rights to Mr Sutherland in accordance with the terms and conditions of the Plan, and the issue of Shares to him on exercise of any such Performance Rights. Approval under ASX Listing Rule 10.14 is an exception to the prohibition on a company issuing shares to related parties without shareholder approval under ASX Listing Rule 10.11.

Terms of the 2015 Performance Rights

If shareholders approve Resolution 4, the Board intends to invite the Managing Director to accept an offer of 170,000 2015 Performance Rights under the Plan.

A performance right is a right to acquire one fully paid ordinary share ("**Share**") in the Company subject to the satisfaction of applicable performance criteria ("**Performance Right**").

The performance criteria for the 2015 Performance Rights are as set out below:

- 85,000 of the 2015 Performance Rights are subject to performance criteria 1 – Total Shareholder Return ("**TSR 2015 Performance Rights**"), and
- the other 85,000 of the 2015 Performance Rights are subject to performance criteria 2 – Earnings Per Share ("**EPS 2015 Performance Rights**").

The 2015 Performance Rights will be tested against the applicable Performance Criteria on the Vesting Date (1 July 2019) to determine the number of 2015 Performance Rights that will vest into Shares (which are to be allocated to Mr Sutherland shortly after the Vesting Date).

(a) Performance criteria 1: Total Shareholder Return ("TSR")

The performance hurdle for the 85,000 TSR 2015 Performance Rights will be based on the Company's performance by reference to the TSR over the relevant period (the "**Performance Period**" being the period from 1 July 2015 to 1 July 2019) when compared with the TSR for each company in a group of peer companies.

Broadly speaking, TSR is the growth in share price plus the value of dividends and distributions on the relevant shares. The peer group of companies comprises the companies listed in the S&P/ASX 300 as at the date of the invitation after excluding resource companies, banks and listed property trusts. A peer company continues to be included in the comparator group for the entire Performance Period, except where the company is delisted due to takeover or merger. New entrants into the S&P/ASX 300 during the Performance Period are excluded.

The Company's performance ranking within that group of peer companies at the end of the Performance Period determines the number of TSR 2015 Performance Rights that vest, as follows:

Performance Criteria	TSR 2015 Performance Rights vest
TSR below 40th percentile	None vest
TSR between 40th and 75th percentile (inclusive)	TSR 2015 Performance Rights that vest to be determined on a straight line escalation from the 40th percentile (0% vest) to the 75th percentile (100% vest)
TSR above 75th percentile	100% of TSR 2015 Performance Rights vest

(b) **Performance criteria 2: Earnings Per Share ("EPS")**

The performance hurdle for the 85,000 EPS 2015 Performance Rights will be based on the Company's EPS performance, where a target range for the average annual growth in diluted EPS over the Performance Period of the EPS 2015 Performance Rights has been established to determine the number of EPS 2015 Performance Rights that vest, as follows:

Performance Criteria	EPS Performance Rights vest
Average EPS growth of less than 5% pa	None vest
Average EPS growth from 5% to 15% pa (inclusive)	EPS 2015 Performance Rights that vest to be determined on a straight line escalation from EPS growth of 5% pa (0% vest) to EPS growth of 15% pa (100% vest)
Average EPS growth above 15% pa	100% of EPS 2015 Performance Rights vest

The starting EPS for the EPS 2015 Performance Rights is the reported audited EPS for the Company's financial year ended 31 March prior to grant.

Terms of the Managing Director's Long Term Incentive Plan

The 2015 Performance Rights are to be issued pursuant to the Plan. The Plan was last approved by shareholders at the Company's 2013 annual general meeting. A summary of the terms of the Plan was set out in the Company's 2013 notice of annual general meeting, which can be downloaded from ASX's website www.asx.com.au or the Company's website at www.programmed.com.au.

Note that for the 2015 Performance Rights, in determining whether the Performance Criteria have been satisfied in the case of a change of control event (as defined under the Plan), the Performance Period will be taken to be from 1 July 2015 to the date on which the change of control event occurs, and the following principles will be applied:

- Performance criteria 1 – Total Shareholder Return: The price (including, if appropriate, implied price) of the Company's shares under a takeover bid, scheme of arrangement or other control transaction, will be used in determining the Company's TSR performance ranking; and
- Performance criteria 2 – Earnings Per Share: The average of the Company's EPS in the two reported half-years immediately preceding the change of control event will be used to determine the Company's EPS growth.

Further, under the Plan, Performance Rights will, at the discretion of the Board, automatically lapse if the Managing Director ceases to be an Employee (as defined in the Plan), other than in Special Circumstances (see definition below) or the Managing Director commits an act of fraud, dishonesty, theft or gross misconduct in relation to the affairs of an Employing Company (as defined in the Plan). "**Special Circumstances**" includes retirement, redundancy, death or permanent disablement of the Managing Director or other circumstances that the Board determines from time to time.

If the Managing Director's employment ceases because of Special Circumstances, then:

- if less than 24 months of the Performance Period relating to the Performance Rights has elapsed at the date of cessation of Employment, all of the Performance Rights will, at the discretion of the Board, be forfeited; or
- if 24 months or more of the relevant Performance Period has elapsed at the date of cessation of Employment, a proportion of the Managing Director's Performance Rights (calculated in proportion to the number of days in the Performance Period which have elapsed as at the date of cessation of Employment) will be capable of vesting if the Performance Criteria in respect of those Performance Rights was satisfied over the part of the Performance Period ending on the date of cessation of Employment. In such circumstances, the remaining Performance Rights that do not vest, will lapse.

For example, for the 2015 Performance Rights, if Mr Sutherland ceased employment then, subject to the Board's discretion, Mr Sutherland may be entitled to retain a pro rata portion of the 2015 Performance Rights that have been issued to him, if an initial 24 month qualifying period from the date of the issue of the 2015 Performance Rights has passed and the minimum Performance Criteria in relation to the Company's EPS and TSR performance have been satisfied. The Performance Period in relation to the 2015 Performance Rights in this case will be taken to be from 1 July 2015 to the date on which Mr Sutherland's employment ends due to Special Circumstances (assuming that is more than 24 months after the start of the Performance Period).

Specific information required under the ASX Listing Rules

The following additional information is provided in accordance with ASX Listing Rule 10.15:

- **Maximum number of securities:** The maximum number of 2015 Performance Rights to be issued to Mr Sutherland is 170,000. If all of the Performance Criteria are satisfied, upon vesting of those rights, Mr Sutherland would receive a maximum of 170,000 Shares.
- **Terms of 2015 Performance Rights:** The 2015 Performance Rights will be issued in accordance with the terms of the Plan as approved by shareholders at the Company's 2013 annual general meeting. A summary of the terms of the Plan was contained in the Company's 2013 notice of annual general meeting, and the key terms of the 2015 Performance Rights are summarised in the paragraphs above.
- **Issue price:** The 2015 Performance Rights will be issued to Mr Sutherland for nil cash consideration. Any shares issued upon vesting of the Performance Rights will also be for nil cash consideration (but the relevant Performance Criteria must first be satisfied before the 2015 Performance Rights vest and can be exercised).
- **Prior participation:** Mr Sutherland was issued:
 - 160,000 Performance Rights on 9 August 2013 (which was approved by shareholders at the Company's 2013 annual general meeting); and
 - 150,000 Performance Rights on 31 July 2014 (which was approved by shareholders at the Company's 2014 annual general meeting),

under the Plan. As stated above, the Plan was approved by shareholders at the Company's 2013 annual general meeting. The Performance Rights were issued for nil cash consideration. No other person referred to in ASX Listing Rule 10.14 has been issued securities under the Plan since it was last approved by shareholders at the Company's 2013 annual general meeting.

- **Future participation:** The Managing Director of the Company from time to time is the only person eligible to participate in the Plan. Any grants to a Managing Director will remain subject to shareholder approval under ASX Listing Rule 10.14. Mr Sutherland is the Company's current Managing Director.
- **Loan:** No loan is being made available to Mr Sutherland in connection with this grant of the 2015 Performance Rights.
- **Date of issue:** The 2015 Performance Rights will be issued to Mr Sutherland as soon as practicable following shareholder approval (and in any event within 12 months of the date of the AGM).

RESOLUTION 5 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

Rule 37 of the Constitution provides that the Company is prohibited from registering a transfer of shares resulting from a proportional takeover bid unless a resolution to approve the bid is passed (or deemed to have been passed) by holders of shares in the relevant bid class. It is a requirement of section 648G of the Corporations Act that proportional takeover bid approval rules apply for a maximum period of three years unless renewed. This requirement is also reflected in Rule 37.2 of the Constitution.

The Company resolved to insert the proportional takeover provisions in Rule 37 of the Constitution (**Proportional Takeover Provisions**) into the Constitution at the Company's 2012 Annual General Meeting. This means that, unless shareholder approval is obtained, the Proportional Takeover Provisions will cease to have effect on 3 August 2015 (being the date of the third anniversary of the 2012 Annual General Meeting).

Resolution to renew the Proportional Takeover Provisions

Resolution 5 (if passed) would renew Rule 37 of the Constitution of the Company. The renewal would operate for a further three years, and would then cease to apply unless renewed again by a further special resolution of shareholders. If Resolution 5 is passed, then for 21 days after the meeting, the holders of 10% of the Company's shares would have the right to apply to the Court to have the resolution set aside. The Court may set aside Resolution 5 if the Court is satisfied in all the circumstances that it is appropriate to do so.

The Corporations Act requires certain information to be included in a notice of meeting where a company seeks the approval of its shareholders to renew proportional takeover provisions. This information is set out below.

What is a proportional takeover bid?

A proportional takeover bid is a takeover offer sent to all shareholders in a class offering to purchase only a specified proportion of each shareholder's shares. If a shareholder accepts, the shareholder disposes of that specified portion and retains the balance.

What is the effect of the proposed provisions?

For a three year period, the combined effect of the Proportional Takeover Provisions and the *Corporations Act 2001* (Cth) would be as follows.

- If a bidder makes a proportional takeover bid for any class of shares in the Company, the Directors must convene a meeting of the members of that class of shares where a resolution to approve the proportional takeover bid is voted upon. The vote is decided on a simple majority.
- The bidder and its associates are excluded from this meeting. The Directors must ensure that the vote on the approving resolution must take place more than 14 days before the last day of the bid period.
- If a resolution to approve the bid is rejected before that deadline, the bid cannot proceed and all offers and contracts under the takeover bid must be withdrawn and rescinded.
- The proportional takeover bid can proceed if a resolution approving it is passed before the deadline. If the approving resolution is not voted on, the bid will be taken to have been approved.

- If the resolution is passed (or taken to have been approved), the transfers must be registered (subject to other provisions of the Corporations Act and the Company's Constitution).

The Proportional Takeover Provisions do not apply to full takeover bids.

What are the reasons for the proposal?

A proportional takeover bid may result in control of the Company changing without shareholders having an opportunity to dispose of all their shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of not being able to exit their investment in the Company by selling their entire shareholding and consequently being left as part of a minority interest in the Company. The bidder may be able to acquire control of the Company without paying an adequate control premium.

The Board believes that the Proportional Takeover Provisions are desirable to give shareholders the protection from these risks inherent in proportional takeover bids - this is the protection that the Corporations Act provisions are intended to provide. Renewal of the Proportional Takeover Provisions will allow shareholders to decide if a proportional takeover bid is acceptable in principle, and the provisions will assist in ensuring that any proportional takeover bid is appropriately priced.

Apart from these general considerations, the Directors are not in a position to point to any special factual matters or principles as a basis for the proposal. Further, to assess the merits of the proposal, shareholders need to make a judgement as to what events are likely to occur during the proposed further three year renewal period of the Proportional Takeover Provisions.

Advantages and disadvantages for members

The potential advantages for shareholders of the Proportional Takeover Provisions include the following.

- Shareholders have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed. This gives shareholders a measure of protection if a proportional takeover bid is made and may assist shareholders by protecting them from being locked in as a minority.
- The Proportional Takeover Provisions allow shareholders to act in a more cohesive manner, may increase their bargaining power in the face of a partial bid and may assist in ensuring that any proportional takeover bid is adequately priced. Even shareholders who have accepted the bid, perhaps because they feel constrained to do so, may oppose the bid at the meeting.
- The Proportional Takeover Provisions may encourage any partial takeover bidder to make its offer attractive to a majority of shareholders. This may also have the effect of not allowing control of the Company to pass without payment of a control premium.

The potential disadvantages for shareholders of the Proportional Takeover Provisions include the following.

- If renewed, the Proportional Takeover Provisions could have the effect of discouraging a takeover bid that might be beneficial to shareholders if it were to be made. This could reduce any speculative element in the Company's share price on the ASX.
- Individual shareholders may consider the Proportional Takeover Provisions would restrict their ability to deal with their shares as they see fit including selling some of their shares at a premium.
- The likelihood of a proportional takeover bid succeeding may be reduced.

The position of the Directors

As at the day on which this statement is prepared, no Director of the Company is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Those of the Company's Directors who are shareholders have the same interest in the proposal as shareholders have. Details of Directors' shareholdings in the Company are set out in the annual report.

The Directors consider that the Proportional Takeover Provisions have no potential advantages or disadvantages for any of them, and that they would remain free to make a recommendation on whether or not an offer under a proportional takeover bid should be accepted. The Directors note that it could be argued that the Proportional Takeover Provisions are advantageous to Directors as a takeover defence mechanism that could be exploited to entrench the incumbent Board. However, the Directors believe that argument ignores the basic object of the Proportional Takeover Provisions which are to empower shareholders, not the Directors.

Operation of Rule 37 over last three years

Rule 37 was adopted by special resolution on 3 August 2012. Since then, the advantages and disadvantages of the Proportional Takeover Provisions for shareholders and Directors have been as outlined above. While the Proportional Takeover Provisions have been in effect, there have been no takeover bids for the Company, either proportional or otherwise. Consequently there are no actual examples against which to review the advantages or disadvantages of the Proportional Takeover Provisions for the Directors and shareholders of the Company. The Directors are not aware of any potential takeover bid which was discouraged by the Proportional Takeover Provisions.

Directors' recommendation: *The Board consider that the proposed renewal of Rule 37 is in the interest of the Company and shareholders and recommend that shareholders vote in favour of Resolution 5.*

OTHER INFORMATION

Determination of Shareholders' Right to Attend and Vote

The Company has determined that persons who are registered holders of Shares at 7.00pm (Melbourne time) on 27 July 2015 will be entitled to attend and vote at the AGM.

Voting by Proxy

A shareholder entitled to attend and vote at the AGM may appoint a proxy. A proxy need not be a shareholder and can be either an individual or a body corporate. If a body corporate is appointed as a proxy, it must ensure that it appoints a corporate representative to exercise its powers as proxy at the Meeting (see below).

A shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. Generally, these sections mean that if proxies vote, they must cast all directed proxies as directed, and any directed proxies that are not voted will automatically default to the Chairman of the Meeting, who must vote the proxies as directed. If the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands.

The following addresses are specified for the purposes of receipt of proxy appointments and any authorities under which proxy appointments are signed (or certified copies of those authorities):

- By Facsimile:** (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555
- By Post:** Computershare Investor Services Pty Limited, GPO Box 242 Melbourne VIC 3001
- Online:** A proxy can be appointed electronically by visiting www.investorvote.com.au and following the instructions provided.
- In Person:** Computershare Investor Services Pty Limited
Level 11, 172 St George's Terrace
Perth WA 6000

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting instructions.

To be effective, a proxy appointment and, if the proxy appointment is signed by the shareholder's attorney, the authority under which the appointment is signed (or a certified copy of the authority) must be received by the Company at least 48 hours before the commencement of the Meeting.


The enclosed proxy form provides further details on appointing proxies and lodging the proxy forms.


Bodies corporate

A body corporate may appoint an individual as its representative to exercise all or any of the powers the body may exercise (either as a shareholder or as a proxy) at a meeting of a Company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution. The representative will need to bring to the AGM evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

Programmed Maintenance Services Limited
ABN 61 054 742 264

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
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┌ 000001 000 PRG
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10:00am (Melbourne Time) Monday, 27 July 2015**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Programmed Maintenance Services Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Programmed Maintenance Services Limited to be held at the Melbourne Marriott Hotel, Corner Exhibition Street And Lonsdale Street, Melbourne, Victoria on Wednesday, 29 July 2015 at 10:00am (Melbourne Time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 4 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 4 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-Election of Emma Stein as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-Election of Robert McKinnon as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Grant of Performance Rights to the Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Renewal of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /