



14 October 2016

Dear Shareholder,

On behalf of the Board I am pleased to invite you to attend the third Annual General Meeting (**Annual General Meeting** or **AGM**) of The PAS Group Limited (ABN 25 169 477 463) (**PAS Group** or **Company**). The following information is enclosed:

- the Notice of Annual General Meeting (Notice);
- an Explanatory Statement;
- a proxy form;
- a shareholder question form; and
- a reply paid envelope for lodging your proxy form and/or sending any written questions to the Company before the AGM.

#### **AGM**

The AGM will be held at 11am on Thursday 17 November 2016 (AEDT) at the Company's head office (Meeting Room 1) at 17 Hardner Road, Mount Waverley, Victoria 3149.

#### **Business of the AGM**

The business of the AGM is set out in the Notice. The Notice and Explanatory Statement set out important information in relation to the matters to be considered by shareholders at the meeting, and I encourage you to read these materials carefully.

#### **Attendance**

If you are attending the AGM, please bring your personalised proxy form to allow the Share Registry to promptly register your attendance at the meeting. The registration desk will be open from 10:30 am (AEDT).

If you are unable to attend in person, you may wish to appoint a proxy to attend and vote at the meeting in your place. Please refer to the Notice and proxy form regarding the appointment of a proxy.

#### **Shareholder Questions**

Shareholders attending the AGM will have the opportunity to ask questions at the AGM. If you have an issue or question that you would like to be discussed at the meeting, please complete the enclosed shareholder question form.

Written shareholder queries submitted before the AGM must be received by 10.00 am on Friday 11 November 2016 (AEDT).

I look forward to seeing you at the AGM.

Yours sincerely,

Rod Walker  
Chairman  
The PAS Group Limited



## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Annual General Meeting (**AGM**) of shareholders of The PAS Group Limited (**PAS Group** or **Company**) will be held:

Date: Thursday 17 November 2016 (AEDT)

Time: 11.00am (AEDT)

Venue: Meeting Room 1, 17 Hardner Road, Mount Waverley, Victoria 3149

The Explanatory Statement accompanying this Notice of Meeting (**Notice**) provides additional information on the matters to be considered at the AGM. The Explanatory Statement and the proxy form are part of this Notice.

### **A. CONSIDERATION OF REPORTS**

To receive and consider the Financial Report, the Directors' Report and the Independent Auditor's Report of the Company for the financial year ended 30 June 2016 (**Reports**).

Unless the Company's Share Registry has been notified otherwise, shareholders have not been sent a hard copy of the Annual Report. All shareholders can view the Annual Report, which contains the Financial Report for the year ended 30 June 2016, on the Company's website at <http://www.thepasgroup.com.au>.

### **B. QUESTIONS AND COMMENTS**

Following consideration of the Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the management of the Company.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- a. the conduct of the audit;
- b. the preparation and content of the Independent Auditor's Report;
- c. the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- d. the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the Independent Auditor's Report or the conduct of the audit. A list of written questions submitted by shareholders will be made available at the start of the AGM and any written answer tabled by the Auditor at the AGM will be made available as soon as practicable after the meeting.

### **C. ITEMS FOR APPROVAL**

#### **1. Election of Director – Adam Gray**

To consider and, if thought fit, pass the following as an ordinary resolution of shareholders of the Company:

*That, Adam Gray, having been appointed as a director on 23 February 2016 and who retires in accordance with clause 58 of the Company's Constitution, having offered himself for election and being eligible, be elected as a Director of the Company.*



## 2. Election of Director – Matthew Lavelle

To consider and, if thought fit, pass the following as an ordinary resolution of shareholders of the Company:

*That, Matthew Lavelle, having been appointed as a director on 23 February 2016 and who retires in accordance with clause 58 of the Company's Constitution, having offered himself for election and being eligible, be elected as a Director of the Company.*

## 3. Election of Director – Loretta Soffe

To consider and, if thought fit, pass the following as an ordinary resolution of shareholders of the Company:

*That, Loretta Soffe, having been appointed as a director on 22 August 2016 and who retires in accordance with clause 58 of the Company's Constitution, having offered herself for election and being eligible, be elected as a Director of the Company.*

## 4. Remuneration Report

To consider and, if thought fit, pass the following as an advisory resolution of the Company:

*That the Company's Remuneration Report for the financial year ended 30 June 2016 (set out in the Directors' Report) be adopted.*

The Remuneration Report is set out in the 2016 Annual Report. In accordance with section 250R(3) of the *Corporations Act 2001 (Cth) (Act)*, the vote on this resolution is advisory only and does not bind the Directors or the Company.

### Voting Exclusion Statement

A vote on Resolution 4 must not be cast (in any capacity) by, or on behalf of, the following persons:

- a. a member of the Key Management Personnel (**KMP**) whose remuneration details are included in the 2016 Remuneration Report; or
- b. a closely related party of such a KMP (including close family members and companies the KMP controls).

However, a person described above may cast a vote on Resolution 4 as a proxy if the vote is not cast on behalf of a person described above and either:

- c. the proxy appointment is in writing that specifies the way the proxy is to vote (e.g. for or against) on the resolution; or
- d. the vote is cast by the chairman of the Meeting and the appointment of the chairman as proxy:
  - (i) does not specify the way the proxy is to vote on the resolution; and
  - (ii) expressly authorises the chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

"Key management personnel" and "closely related party" have the same meaning as set out in the *Corporations Act 2001 (Cth)*.

## 5. Approval of the issue of securities under The PAS Group Long Term Incentive Plan

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

*That issues of securities under the The PAS Group Long Term Incentive Plan (**Plan**) (as detailed in the Explanatory Statement accompanying this Notice) be approved as an exception to ASX Listing Rule 7.1*



*pursuant to exception 9 in ASX Listing Rule 7.2 and that the Plan be approved for the purpose of section 260C(4) of the Corporations Act and for all other purposes.*

Voting exclusion statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 5 by any Director of the Company who is eligible to participate in The PAS Group Long Term Incentive Plan and their associates. The Non-executive Directors are ineligible to participate in The PAS Group Long Term Incentive Plan or any other employee incentive scheme within the PAS Group. As a result, Non-executive Directors will not be excluded from voting on Resolution 5 and only Eric Morris and his associates will be excluded from voting.

However, the Company need not disregard a vote cast on Resolution 5 if:

- a. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b. it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, a vote must not be cast on Resolution 5 by a member of the KMP, or a closely related party of a KMP, acting as proxy for a person entitled to vote, if their appointment does not specify the way the proxy is to vote on Resolution 5.

This restriction on voting undirected proxies does not apply to the Chairman of the Meeting acting as proxy for a person entitled to vote on Resolution 5 because the proxy appointment expressly authorises the Chairman of the Meeting to exercise undirected proxies.

**6. Approval of the participation of Managing Director & Chief Executive Officer Eric Morris in The PAS Group Long Term Incentive Plan**

To consider and, if thought fit, pass the following as an ordinary resolution of shareholders of the Company:

*That for the purposes of ASX Listing Rule 10.14, and for all other purposes under the Corporations Act and the ASX Listing Rules, the grant to the Managing Director and Chief Executive Officer Eric Morris of 749,652 Performance Rights under The PAS Group Long Term Incentive Plan, on the terms set out in the Explanatory Statement which forms part of this Notice of Meeting, be approved.*

Voting exclusion statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 6 by any Director of the Company who is eligible to participate in The PAS Group Long Term Incentive Plan and their associates. The Non-executive Directors are ineligible to participate in The PAS Group Long Term Incentive Plan or any other employee incentive scheme within the PAS Group. As a result, Non-executive Directors will not be excluded from voting on Resolution 6 and only Eric Morris and his associates will be excluded from voting.

However, the Company need not disregard a vote cast on Resolution 6 if:

- a. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b. it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, a vote must not be cast on Resolution 6 by a member of the KMP, or a closely related party of a KMP, acting as proxy for a person entitled to vote, if their appointment does not specify the way the proxy is to vote on Resolution 6.



This restriction on voting undirected proxies does not apply to the Chairman of the Meeting acting as proxy for a person entitled to vote on Resolution 5 because the proxy appointment expressly authorises the Chairman of the Meeting to exercise undirected proxies.

By order of the Board

Kwong Yap  
Company Secretary  
14 October 2016



## ENTITLEMENT TO ATTEND AND VOTE

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that persons who are registered holders of shares of the Company as at 7:00pm (AEDT) on Tuesday 15 November 2016 are entitled to attend and vote at the AGM as a shareholder.

If more than one joint holder of shares is present at the AGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

### *Voting by Proxy*

If you are a shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Act to exercise its powers as proxy at the AGM.

A proxy need not be a shareholder of the Company.

A shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes.

To be effective, the proxy must be received at the Share Registry of the Company no later than 11.00 am (AEDT) on Tuesday 15 November 2016. Proxies must be received before that time by one of the following methods:

By post:	The PAS Group Limited C/- Link Market Services Limited Locked Bag A14 SYDNEY SOUTH NSW 1235 Australia
Online:	<a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a>
By delivery:	Link Market Services Limited 1A Homebush Bay Drive RHODES NSW 2138
By facsimile:	In Australia: (02) 9287 0309 From outside Australia: +61 2 9287 0309

To be valid, a proxy must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

### *Voting by Attorney*

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later 11.00 am (AEDT) on Tuesday 15 November 2016, being 48 hours before the AGM.

### *Corporate Representatives*

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the AGM. The appointment of the representative must comply with the requirements under section 250D of the Act. The representative should bring to the AGM a properly executed letter or other document confirming its authority to act as the company's representative.



## **EXPLANATORY STATEMENT**

This Explanatory Statement has been prepared for the information of shareholders of the Company in relation to the business to be conducted at the Company's AGM to be held on Thursday, 17 November 2016 at 11.00am (AEDT).

The purpose of this Explanatory Statement is to provide shareholders with information that is reasonably required by shareholders to decide how to vote upon the resolutions.

All of the Resolutions to be voted on are ordinary resolutions, except for Resolution 4 which is an advisory resolution. An ordinary resolution requires a simple majority of votes cast by shareholders entitled to vote on the resolution.

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### **Resolution 1 - Re-election of Adam Gray**

In accordance with ASX Listing Rule 14.4 and clause 58 of the Constitution, Adam Gray retires and, being eligible, offers himself for election as a Non-executive Director.

Adam Gray was appointed to the Board on 23 February 2016.

Adam is a managing partner of Coliseum Capital Management, a private firm that makes long-term investments in both public and private companies, which he co-founded in December 2005. Adam serves as non-executive Chairman of Redflex Holdings Limited (ASX: RDF) and on the board of directors of New Flyer Industries, Inc. (TSE: NFI) and Blue Bird Corporation (NASDAQ: BLBD). Adam served on the board of directors of DEI Holdings, Inc. from February 2009 until its sale in June 2011, and on the board of directors of Benihana Inc. from September 2010 until its sale in August 2012. From January 2005 to November 2005, Adam was a consultant for a private investment firm. From 2003 to 2004, Adam served as Executive Vice President, Strategic Projects and Capital Management at Burger King Corp, and from 1993 to 2003, held several executive positions with the Metromedia Restaurant Group, comprised of S&A Restaurant Corp. and Metromedia Steakhouses Company, LP, which included the Bennigan's, Steak & Ale, Ponderosa and Bonanza restaurant concepts. Prior to that time, Adam served as an Associate at Kluge & Co. and an analyst within Morgan Stanley's Merchant Banking Group.

Adam holds both a BSE in Finance from the Wharton School of Business and a BS in Mechanical Engineering from the School of Engineering & Applied Science at the University of Pennsylvania.

Adam is a member of the Nomination and Remuneration Committee

Interest in shares: 62,618,404 ordinary shares.

This resolution may be passed as an ordinary resolution.

### **Directors' Recommendation**

With Adam Gray abstaining, the Directors recommend that shareholders vote in favour of Resolution 1.

### **Resolution 2 – Re-election of Matthew Lavelle**

In accordance with ASX Listing Rule 14.4 and clause 58 of the Constitution, Matthew Lavelle retires and, being eligible, offers himself for election as a Non-executive Director.

Matthew Lavelle was appointed to the Board on 23 February 2016.

Matthew is an investment professional at Coliseum Capital Management, a private firm that makes long-term investments in both public and private companies. He holds board roles with several private, US-based companies in the footwear and apparel industry. Prior to joining Coliseum in 2013, Matthew was an Analyst at Public Resources Advisory Group working in financial advisory and fixed income security structuring, following three years in the Consumer Products group at investment manager Brandes Investment Partners.



Matthew is a member of the Audit and Risk Committee.

Matthew is a CFA charterholder with a BS in Business Administration from the University of Southern California.

Interest in shares: Nil

This resolution may be passed as an ordinary resolution.

#### **Directors' Recommendation**

With Matthew Lavelle abstaining, the Directors recommend that shareholders vote in favour of Resolution 2.

#### **Resolution 3 – Election of Loretta Soffe**

In accordance with ASX Listing Rule 14.4 and clause 58 of the Constitution, Loretta Soffe retires and, being eligible, offers herself for election as a Non-executive Director.

Loretta Soffe was appointed to the Board on 22 August 2016.

Loretta has extensive experience in digital, social and traditional marketing with a history of building brands on and offline. She spent 24 years at the US retail giant Nordstrom, progressing from the sales floor to National Buyer, Brand Manager and Executive Vice President. For the past five years she has run her own consultancy, advising Fortune 500 companies around the world on multi-channel retailing and building consumer brands.

Interest in shares: Nil

This resolution may be passed as an ordinary resolution.

#### **Directors' Recommendation**

With Loretta Soffe abstaining, the Directors recommend that shareholders vote in favour of Resolution 3.

#### **Resolution 4 - Remuneration Report**

Section 250R(2) of the Act requires that the section of the Directors' Report dealing with the remuneration of directors and key management personnel (**Remuneration Report**) be put to the vote of shareholders for adoption by way of a non-binding vote.

Section 250R(3) of the Act provides that the vote on the Remuneration Report is advisory and does not bind the Directors or the Company. However, if 25% of the votes are cast against two consecutive annual resolutions for the purposes of section 250R(2), the Act requires a shareholder vote on whether to convene a special meeting at which all directors (other than the managing director) who were in office when the second section 250R(2) resolution was voted on, must stand for re-election.

The Remuneration Report details the remuneration policy for the Company and:

- reports the remuneration arrangements for Key Management Personnel of the Company (KMP);
- explains Board policies in relation to the nature and value of remuneration paid to KMP; and
- discusses the relationship between the policy and Company performance.

The Report is available in the Company's 2016 Annual Report (available on the Company's website <http://www.thepasgroup.com.au>).

The Chairman will give shareholders a reasonable opportunity to ask questions about or make comments on the Remuneration Report.

#### **Directors' Recommendation**

As a matter of best practice corporate governance the Directors abstain from making a recommendation in relation to Resolution 4.



## **Resolution 5 – Approval of The PAS Group Long Term Incentive Plan**

Resolution 5 seeks approval of The PAS Group Long Term Incentive Plan (**Plan**).

In general terms, ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any 12 month period. An exception to Listing Rule 7.1 is set out in Listing Rule 7.2 (Exception 9) provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme or, if in the case of a scheme established prior to an entity being listed, the date on which a summary of the terms of the scheme was included in the prospectus.

The PAS Group disclosed its previous Long Term Incentive Plan in its Prospectus in 2014. However, the Board has recently undertaken a review of its executive incentive structures and has updated the Plan for implementation of ongoing offers.

Resolution 5 seeks shareholder approval for the Company to have the capacity to issue securities under the Plan as an exception to Listing Rule 7.1 in accordance with Listing Rule 7.2 (Exception 9). Furthermore, if Resolution 5 is passed, Listing Rule 7.2 (Exception 4) will exempt from Listing Rule 7.1 any shares that are issued on the conversion of securities that are issued under this approval.

In order to provide a long-term incentive which aligns employees with the Company's strategies, the Board has established the Plan to provide an additional incentive for eligible employees to work to improve the performance of the Company and enhance the relationship between the Company and eligible employees for the long term mutual benefit of all stakeholders.

The Board believes that appropriately designed equity-based plans are an important part of the Company's remuneration structure. Such plans are a key element in attracting and retaining talented employees, including senior executives, and ensure the interests of employees are aligned with those of shareholders in creating long-term shareholder value.

In order to take advantage of the exemption from Listing Rule 7.1 contained in Listing Rule 7.2 (Exception 9) and allow the Company greater flexibility to issue securities, Shareholders are requested to approve the Plan as an exemption from Listing Rule 7.1.

In addition, the passing of this resolution will provide approval for the giving of financial assistance to the acquisition of Shares on the conversion of securities issued under the Plan pursuant to section 260C(4) of the Corporations Act.

**The Company is not seeking approval for the issue of securities to any Director or an associate of a Director under this Resolution. Resolution 6 separately addresses the issue of securities to the Managing Director & Chief Executive Officer, Eric Morris.**

### Terms and Conditions of the Plan

The terms and conditions of the Plan are annexed to this Explanatory Statement.

### Other information required by Listing Rule 7.2 (Exception 9)

A voting exclusion statement is included in the Notice of Meeting under Resolution 5.

A copy of the Plan Rules will be available at the Meeting venue immediately prior to and during the Meeting.

This resolution may be passed as an ordinary resolution.



### **Directors' Recommendation**

The Non-executive Directors recommend that shareholders vote in favour of Resolution 5. Mr Morris, a Director eligible to participate in the Plan and excluded from voting, has abstained from providing a recommendation.

### **Resolution 6 – Participation of Managing Director & Chief Executive Officer Eric Morris in The PAS Group Long Term Incentive Plan**

Resolution 6 seeks the approval of the proposed grant of 749,652 performance rights (**Rights**) under The PAS Group Long Term Incentive Plan (**Plan**) to the Company's Managing Director and Chief Executive Officer Eric Morris.

ASX Listing Rule 10.14 provides that a listed company must not permit a Director to acquire securities under an employee incentive scheme without the approval of shareholders by ordinary resolution. If approval is given under Listing Rule 10.14, shareholder approval is not required under Listing Rule 7.1.

In order to provide a long-term incentive which aligns employees with the Company's strategies, the Board has established the Plan to provide an additional incentive for eligible employees to work to improve the performance of the Company and enhance the relationship between the Company and eligible employees for the long term mutual benefit of all stakeholders. The Plan has been designed to provide for the offer of performance rights structured with a performance condition that aligns with the Company's key business drivers at the time of award. Further information regarding the general operation of the Plan is set out under Resolution 5 above which seeks shareholder approval for the Plan itself.

The Board believes that appropriately designed equity-based plans are an important part of the Company's remuneration structure. Such plans are a key element in attracting and retaining talented employees, including senior executives, and ensure the interests of employees are aligned with those of shareholders in creating long-term shareholder value.

Under the Plan, eligible executives may be offered options or Rights to acquire shares in the Company where certain performance, service or other vesting conditions determined by the Board are satisfied (**Vesting Conditions**).

### **Rights – Terms & Conditions**

Shareholders approval is sought for the Company to grant Rights to Mr Morris under the Plan. Subject to the rules of the Plan (**Rules**), the Performance Conditions described below and any other terms determined by the Board, each Right gives the holder the right to one fully paid ordinary share in the Company for no consideration upon the Right vesting and becoming exercisable by the holder.

Further, each vested Right (**Vested Right**) entitles Mr Morris to receive a further issue of Shares (in accordance with the Dividend Equivalent Award provision in the Plan), equivalent to the dividends paid on each Vested Right (as if each Vested Right was a Share during the period between the grant of the Right and exercise). Rights do not otherwise give Mr Morris any right to receive any dividends or capital returns paid to ordinary shareholders, nor any right to attend and vote at general meetings of the Company.

Mr Morris will be granted Rights as both a Short Term Incentive (**STI**) and Long term Incentive (**LTI**). The grant of Rights under STI is not the subject of this approval as the offer for the STI Rights will not be made until achievement of certain performance conditions.

The number of Rights available to vest, Performance Period and Performance Conditions are set out in the table below.

Tranche	Performance Period	% of Rights available to vest	Performance Condition
Tranche 1	1 July 2016 – 30 June 2017	33.33%	cumulative EBITDA* target for FY 2017
Tranche 2	1 July 2017 – 30 June 2018	33.33%	cumulative EBITDA* target for FY 2017 + FY 2018
Tranche 3	1 July 2018 – 30 June 2019	33.33%	cumulative EBITDA* target for FY 2017 + FY 2018 + FY 2019

\* EBITDA means underlying maintainable EBITDA. The EBITDA target will be calculated less interest and all capital expenditures (as set out in the annual operating plans approved by the Board), during the relevant year of the Performance Period. This will be adjusted as determined by the Board for any 'abnormal' amounts such as acquisition costs.

Any rights which vest will not become exercisable until after the completion of the final Performance Period.

#### Number of Rights

The calculation of the number of Rights was based upon an LTI Value determined by the Board divided by the 30 Day VWAP, for the period commencing on and including the date of release of the 2016 financial results.

#### Performance Condition

The Performance Period is each financial year as detailed in the table above. The performance will be assessed each relevant year after the audited financial results for the Company have been lodged with the ASX.

In the event that the Performance Condition is not achieved in any Performance Period, the Rights available to vest in that tranche carry forward and will be subject to re-testing in the following year(s). If none of the Performance Conditions is met, the Rights will lapse. Upon exercise of any Vested Rights, Mr Morris will be allocated the number of shares (or the cash equivalent equal to the value of the relevant shares at that time, at the Board's discretion) on a one for one basis.

#### Dividend Equivalent Award

Any Vested Rights under the Offer will also entitle Mr Morris to a Dividend Equivalent Award of Shares.

The Dividend Equivalent Award will be the number of Shares allocated following exercise (excluding any Dividend Equivalent Award of Shares), multiplied by the Entitlement Conversion Factor (rounded up to the nearest whole number and as calculated in accordance with the following):

$$E = \left( \frac{Div 1}{P Div 1} \right) \times \left( \frac{Div 2}{P Div 2} \right) \times \dots \times \left( \frac{Div N}{P Div N} \right)$$

where:

*E* is the Entitlement Conversion Factor.

*Div 1, Div 2, ... Div N* means the dividends paid on a Vested Right as if the Vested Right was a Share in the



Company in the period between the date of grant of the Right and exercise (with N being the last dividend paid in that period).

*P Div 1, P Div 2,... P Div N* Means the volume weighted average price of Shares traded in the 30 trading days commencing on the 3<sup>rd</sup> trading day following the relevant record date (or if the Board considers that price is not reflective of the actual market price, such other price as determined by the Board in its discretion).

Shares (if any) allocated under the Dividend Equivalent Award will be allocated at the same time as the Allocation of Shares for Vested Rights (subject to shareholder approval of the allocation of any Shares under the Dividend Equivalent Award).

The Board may determine at its discretion to settle any Dividend Entitlement Award in cash instead of Shares in which case Mr Morris will be entitled to a cash payment in satisfaction of the amount calculated in accordance with the above.

Shareholder approval is not being sought for the Dividend Equivalent Award at this time as the grant will not take place until after the vesting of Rights which will only occur after 30 September 2019.

#### **Disposal Restriction**

Disposal restrictions will apply to any shares allocated to Mr Morris for one year after the date on which the underlying right becomes exercisable. For example, any issued shares referable to the number of Rights which have achieved the Performance Condition in September 2017 may only be disposed of any time after 30 September 2020. Similarly, any issued shares referable to the number of Rights which have achieved the Performance Condition in September 2019 may only be disposed of after 30 September 2020.

#### **Treatment of Rights on cessation of employment**

Any Rights that do not lapse as a result of Mr Morris ceasing to be employed within the PAS Group (as described below) continue to be held subject to the Plan Rules and the terms of the offer (including the performance conditions detailed above).

If Mr Morris ceases to be employed within the PAS Group due to Termination for Cause (as defined in the Plan Rules), any and all Rights held at the time will lapse on the date of cessation of employment, whether those Rights are vested or unvested.

If Mr Morris ceases to be employed within the PAS Group for any reason other than termination for Cause, the Board may (at any time and whether before or after cessation of employment) determine that all or some of the Rights (whether vested or unvested) will lapse, either immediately or at some future time (including following the occurrence of such further event or circumstance as the Board determines).

#### **Change of Control**

Under the Plan Rules, subject to the discretion of the Board, in the event of a change of control of the Company (as defined in the Rules) any and all unvested Rights held by Morris will be taken to have become vested Rights, and any outstanding Vesting Conditions will be waived from the date on which the change of control event occurs.



## 6.2 Information for the purposes of ASX Listing Rule 10.15

ASX Listing Rule 10.15 requires the Notice to include the following specified information in relation to the proposed grant of Rights to Mr Morris under the Plan.

In accordance with ASX Listing Rule 10.15, the following information is provided regarding Resolution 6.

- Eric Morris is the Managing Director and Chief Executive Officer of the Company.
- The maximum number of Rights that may be granted to Mr Morris for which shareholder approval is sought is 749,652 Rights for nil financial consideration, which subject to the achievement of performance conditions, may convert to ordinary shares in the capital of the Company. Any shares allocated to Mr Morris may be acquired on-market or issued by the Company.  
  
Alternatively, the Board may determine in its absolute discretion that Vested Rights will be satisfied by the Company making a cash payment to Mr Morris in lieu of allocating Shares.
- The only securities granted under the previous Long Term Incentive Plan (as disclosed in the PAS Group's Prospectus in 2014) since the date of the last approval (2015 AGM) to persons referred to in ASX Listing Rule 10.15.4 were 980,000 performance rights granted to Eric Morris in October 2015.
- The terms and conditions of the Plan provide that only employees of the Company (which includes Executive Directors) are eligible to participate in the Plan. Non-executive Directors are not eligible to participate in the Plan. Mr Morris is currently the only Executive Director of the Company.
- The Rights will be granted under the terms and conditions of the Plan.
- There is no loan attaching to the offer of Rights under the Plan.
- Details of any securities issued under the Plan will be published in the Company's future annual Remuneration Reports, including that approval for this issue of securities was obtained under Listing Rule 10.14.
- If shareholder approval is obtained, it is expected that the Rights will be granted to Mr Morris on or about 21 November 2016, and in any event no later than 12 months after the date of this Meeting.
- If approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.

This resolution may be passed as an ordinary resolution.

### Directors' Recommendation

The Non-executive Directors recommend that shareholders vote in favour of Resolution 6. Mr Morris, being the Managing Director and Chief Executive Officer, has a material personal interest in the resolution and has therefore abstained from providing a recommendation.

**ANNEXURE**

**Terms and Conditions of The PAS Group Long Term Incentive Plan**

Feature	Terms of the Plan
Type of security	<p>The Plan provides flexibility for the Board to grant one or more of the following securities subject to the terms of the individual offer at the relevant time:</p> <ul style="list-style-type: none"> <li>• performance rights (<b>rights</b>);</li> <li>• options; or</li> <li>• such other rights or benefits as the Board may determine in its discretion.</li> </ul> <p>Unless otherwise specified in an offer document, the Board has the discretion to settle vesting with a cash equivalent payment. The Board also has discretion to make a Dividend Equivalent Award as defined under “Voting and Dividend Rights” in this table.</p>
Eligibility	<p>Offers may be made at the Board’s discretion to Employees of a Group Company who satisfies the eligibility criteria (if any) set by the Board.</p> <p>The Plan is not available for Non-executive Directors.</p>
Offers of equity	<p>The Board may make offers of options or rights at its discretion on the terms and conditions it determines (including conditions in relation to vesting, cash settlement, disposal restrictions or forfeiture and any applicable exercise price). The Board may set different terms and conditions which apply to different participants in the Plan.</p> <p>The Board will determine the procedure for offering and granting options and rights (including the form, terms and content of any offer or invitation or acceptance procedure) in accordance with the rules of the Plan.</p>
Consideration payable	<p>No payment is required for a grant of securities under the Plan unless the Board determines otherwise.</p>
Vesting	<p>Options and rights will become exercisable if and to the extent that any applicable performance, service and other vesting conditions specified at the time of the grant are satisfied (collectively, the Vesting Conditions) and the options or rights have not been forfeited.</p> <p>Vesting Conditions may include conditions relating to employment or service, the individual performance of the participant and/or the Company’s performance and the exercise price (if any) being less than the current market price of the underlying Share as at vesting. The Vesting Conditions and performance period will be set by the Board in its absolute discretion.</p>
Voting and Dividend rights	<p>Options and rights do not carry voting or dividend rights. Shares issued or transferred to participants on exercise of options or rights will carry the same rights and entitlements as</p>

<b>Feature</b>	<b>Terms of the Plan</b>
	<p>other issued Shares, including voting and dividend rights.</p> <p>In addition, the Board has discretion to make a Dividend Equivalent Award which means an award of Shares (or cash payment if determined by the Board) equivalent in value to the amount of dividends that would have been payable to a participant over the relevant period of time specified in the offer document as if a Share had been held by the Participant instead of rights during such period of time and otherwise determined in accordance with the offer document.</p>
Ranking	Shares issued or transferred upon exercise of options or conversion of rights granted under the Plan will rank equally all respects with other issued Shares.
Lapse	<p>If the Board determines that the Vesting Conditions (if any) applicable to all or part of the options or rights have not been satisfied, the relevant securities will lapse.</p> <p>The options or rights will lapse on cessation of employment in certain circumstances as specified in the offer document and as determined by the Board.</p>
Issue or Acquisition of Shares	Shares to be allocated to participants on the exercise of options or rights may be issued by the Company or acquired on or off market by the Company or its nominee. The Company may appoint a trustee to acquire and hold those Shares on behalf of participants or otherwise for the purposes of the Plan.
Transfer	The Board must approve any transfer of options or rights.
Change in control	The Plan provides that in the event of a change of control as that is defined in the Plan, the Board has the absolute discretion to determine whether some, none or all of a participant's unvested rights or options will vest and become exercisable or cease to be subject to restrictions unless the specific terms of the relevant offer specify otherwise.
Capital reconstruction	If there are certain variations of the share capital of the Company including a rights issue, subdivision, consolidation or reduction in share capital, the Board may make such adjustments as it considers appropriate to ensure participants are not materially advantaged or disadvantaged, in accordance with the provisions of the ASX Listing Rules.
Clawback	The Board has the ability to implement a policy in relation to any circumstances in which the Company may claw back performance-based remuneration from key management personnel (or other senior executives) of the Company (or any other Group Company).
Other	The Plan contains the usual terms for dealing with administration, variation, suspension and termination of the Plan.

## LODGE YOUR VOTE

 **ONLINE**  
www.linkmarketservices.com.au

 **BY MAIL**  
The PAS Group Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

 **BY FAX**  
+61 2 9287 0309

 **BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474

## PROXY FORM

I/We being a member(s) of The PAS Group Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

the Chairman of the Meeting (mark box)

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am on Thursday, 17 November 2016 at the Company's head office (Meeting Room 1) at 17 Hardner Road, Mount Waverley, Victoria 3149** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 4, 5 and 6:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 4, 5 and/or 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel (**KMP**) of the Company (Note: you may direct the Chairman of the Meeting to vote against Resolutions 4, 5 and 6 or to abstain by marking the box(es) below).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions	For	Against	Abstain*	For	Against	Abstain*
1 Election of Adam Gray as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval of the issue of securities under The PAS Group LTIP	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Matthew Lavelle as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of the participation of MD/CEO Mr Eric Morris in The PAS Group LTIP	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Loretta Softe as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
4 Adoption of the Remuneration Report (Advisory Only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			

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

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)




Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. If your named proxy attends the Meeting but does not vote on a poll on a resolution in accordance with your directions, the Chairman of the Meeting will become your proxy in respect of that resolution. A proxy need not be a shareholder of the Company.

### PROXY VOTING BY THE CHAIRMAN OF THE MEETING

On a poll, the Chairman of the Meeting will vote directed proxies as directed and may vote undirected proxies as the Chairman of the Meeting sees fit. If the Chairman of the Meeting is your proxy or becomes your proxy by default, and you do not provide voting directions, then by submitting the Proxy Form you are expressly authorising the Chairman of the Meeting to exercise your proxy on resolutions that are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

If you wish to appoint a Director (other than the Chairman of the Meeting) or other member of the KMP or their closely related parties, as your proxy, you must specify how they should vote on Resolutions 5 and 6 by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolutions 5 and 6.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Tuesday, 15 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MAIL

The PAS Group Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138  
or  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

**LODGE YOUR QUESTIONS**

 **ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

 **BY MAIL**  
 The PAS Group Limited  
 C/- Link Market Services Limited  
 Locked Bag A14  
 Sydney South NSW 1235 Australia

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 **ALL ENQUIRIES TO**  
 Telephone: +61 1300 554 474

Please use this form to submit any questions about The PAS Group Limited ("the Company") that you would like us to respond to at the Company's 2016 Annual General Meeting. Your questions should relate to matters that are relevant to the business of the meeting, as outlined in the accompanying Notice of Meeting and Explanatory Memorandum. If your question is for the Company's auditor it should be relevant to the content of the auditor's report, or the conduct of the audit of the financial report.

This form must be received by the Company's share registrar, Link Market Services Limited, by **10:00am on Friday, 11 November 2016**.

Questions will be collated. During the course of the Annual General Meeting, the Chairman of the Meeting will endeavour to address as many of the more frequently raised shareholder topics as possible and, where appropriate, will give a representative of the Company's auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the meeting to address all topics raised. Please note that individual responses will not be sent to shareholders.

**My question relates to (please mark the most appropriate box)**

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Performance or financial reports | <input type="checkbox"/> A resolution being put to the AGM | <input type="checkbox"/> General suggestion |
| <input type="checkbox"/> Remuneration Report              | <input type="checkbox"/> Sustainability/Environment        | <input type="checkbox"/> Other              |
| <input type="checkbox"/> My question is for the auditor   | <input type="checkbox"/> Future direction                  |   |

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|---|--|---|
| <input type="checkbox"/> Performance or financial reports | <input type="checkbox"/> A resolution being put to the AGM | <input type="checkbox"/> General suggestion |
| <input type="checkbox"/> Remuneration Report              | <input type="checkbox"/> Sustainability/Environment        | <input type="checkbox"/> Other              |
| <input type="checkbox"/> My question is for the auditor   | <input type="checkbox"/> Future direction                  |   |

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