

31 August 2017

Programmed Maintenance Services Ltd
ACN 054 742 264

Issue of Scheme Booklet

FIRB condition is satisfied

Programmed Maintenance Services Limited (Programmed) (ASX:PRG) refers to its announcement yesterday about the proposed acquisition of Programmed by PERSOL HOLDINGS CO., LTD (PERSOL) by way of scheme of arrangement between Programmed and Programmed shareholders (Scheme), and the Federal Court's orders approving the convening of a meeting of Programmed shareholders to consider and vote on the Scheme (Scheme Meeting).

Programmed is pleased to confirm that the Australian Securities & Investments Commission has now registered the notice of Scheme Meeting and explanatory statement to be provided to Programmed shareholders in relation to the Scheme (together, the Scheme Booklet). Attached to this announcement is a copy of the Scheme Booklet, including the Independent Expert's Report from Lonergan Edwards & Associates Limited, which concludes that the Scheme is fair and reasonable and in the best interests of Programmed shareholders, in the absence of a superior proposal.

Programmed is also pleased to announce that the Australian Government's Foreign Investment Review Board (FIRB) has confirmed to PERSOL that the Treasurer has no objection to PERSOL's proposed acquisition (through its wholly owned subsidiary, Autalent Solutions Pty Ltd) of 100% of the issued shares of Programmed under the Scheme. As initially announced by Programmed on 14 July 2017 and set out in the Scheme Booklet attached to this announcement, FIRB approval was a condition to the Scheme. That condition has now been satisfied. Accordingly, references in the Scheme Booklet to receipt of FIRB approval being an outstanding condition to the Scheme can now be disregarded.

Programmed shareholders who have elected to receive communications electronically will receive an email with links to where they can download the Scheme Booklet and lodge their proxy vote online, and other Programmed shareholders will be mailed a printed copy of the Scheme Booklet (dispatch is expected to be completed on or before 5 September 2017).

Programmed encourages you to read the Scheme Booklet in its entirety before deciding whether or not to vote in favour of the Scheme at the Scheme Meeting. The Scheme Meeting will be held at 11.00am (AEDT) on Friday, 6 October 2017 at the Sheraton Melbourne Hotel, 27 Little Collins Street, Melbourne VIC 3000.

If after reading the Scheme Booklet you have any further questions in relation to the Scheme or the Scheme Booklet, please contact the Programmed Shareholder Information Line on 1300 642 192 (within Australia) or +61 3 9415 4137 (outside Australia) Monday to Friday from 8.30am to 5.30pm (AEDT).

About Programmed

Programmed is a leading provider of staffing, maintenance and facility management services. The company employs directly more than 20,000 people across a broad range of government and private sector businesses. Services are provided to more than 10,000 customers, often under long-term contracts, and are delivered through over 100 branches throughout Australia and New Zealand. Programmed's business model is built around its ability to recruit, deploy, manage and maintain a large directly employed workforce of professional, skilled and semi-skilled staff with a wide range of capabilities.

zero/harm

A leading provider of staffing, maintenance and facility management services.

Scheme Booklet

For personal use only

Programmed Maintenance Services Limited ABN 61 054 742 264

Scheme Booklet

A recommended scheme of arrangement in relation to the proposed acquisition of all of your Programmed Shares by PERSOL HOLDINGS CO., LTD

Your Directors unanimously recommend that you

VOTE IN FAVOUR

of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Programmed Shareholders.

Your Directors intend to **VOTE IN FAVOUR** of the Scheme in respect of the Programmed Shares over which they have voting control, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Programmed Shareholders.

This is an important document and requires your immediate attention. You should read it in its entirety before deciding whether or not to vote in favour of the Scheme Resolution required to implement the Scheme. If you are in any doubt about what to do, you should consult your broker, financial adviser or other professional adviser immediately.

If you have any questions about this Scheme Booklet or the Scheme, you should call the Programmed Shareholder Information Line on 1300 642 192 (within Australia) or +61 3 9415 4137 (from outside Australia) on Business Days between 8.30 am and 5.30 pm (Sydney time).

Financial adviser to Programmed:



Legal advisers to Programmed:

ashurst

Scheme Booklet

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Important dates and expected timetable for the Scheme

Key Dates

Date of this Scheme Booklet	Thursday, 31 August 2017
Latest time and date for receipt of completed Proxy Forms for the Scheme Meeting	8.00 am (Perth time) / 11.00 am (Melbourne time) on Wednesday, 4 October 2017
Register Date for determining eligibility to vote at the Scheme Meeting	4.00 pm (Perth time) / 7.00 pm (Melbourne time) on Wednesday, 4 October 2017
Scheme Meeting to be held at the Sheraton Melbourne Hotel, 27 Little Collins Street, Melbourne VIC 3000	11.00 am (Melbourne time) on Friday, 6 October 2017

If the Scheme Resolution is passed by Programmed Shareholders

Second Court Date for approval of the Scheme	Tuesday, 10 October 2017
Effective Date	Wednesday, 11 October 2017
Court order lodged with ASIC and announcement to ASX	
Last day of trading in Programmed Shares on ASX (with Programmed Shares suspended from close of trading)	
Special Dividend Record Date for determining entitlements to the Special Dividend ¹	4.00 pm on Tuesday, 17 October 2017
Special Dividend Payment Date	Friday, 20 October 2017
Scheme Record Date for determining entitlements to the Scheme Consideration	4.00 pm on Monday, 23 October 2017
Implementation Date	Friday, 27 October 2017
Payment of Scheme Consideration and transfer of Scheme Shares to BidCo	

All dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court. Programmed reserves the right to vary the times and dates set out above. Any changes to the above timetable will be announced on ASX and notified on Programmed's website at www.programmed.com.au.

¹ See Section 3.3 for more information about the Special Dividend.

Letter from the Chairman of Programmed

31 August 2017

Dear Programmed Shareholders

On behalf of the board of directors of Programmed Maintenance Services Limited (**Programmed**), I am pleased to provide you with this Scheme Booklet, which contains important information for your consideration about the proposed acquisition of Programmed by BidCo, a wholly owned Australian subsidiary of PERSOL HOLDINGS CO., LTD (**PERSOL**).

Programmed Shareholders who have elected to receive communications electronically will receive an email where they can download the Scheme Booklet and lodge their proxy vote online. The Scheme Booklet will also be available for download from Programmed's website at <https://www.programmed.com.au/investors/asx-releases/>.

On 14 July 2017, Programmed announced that it had entered into a Scheme Implementation Deed with PERSOL under which it is proposed that PERSOL, through BidCo, will acquire 100% of the issued share capital of Programmed for an aggregate cash amount of \$3.02 per share, by way of a scheme of arrangement and subject to certain regulatory, shareholder and court approvals, and other customary conditions.

If the Scheme is approved and implemented, Programmed Shareholders who are registered as such on both of the Record Dates will receive a Total Cash Payment of \$3.02 for each Programmed Share, which will comprise:

- ◆ a fully franked Special Dividend of \$0.16 for each Programmed Share that they hold on the Special Dividend Record Date, payable by Programmed; and
- ◆ the Scheme Consideration of \$2.86 for each Programmed Share that they hold on the Scheme Record Date, payable by BidCo.

The Total Cash Payment for each Programmed Share is in addition to Programmed's FY17 fully franked final dividend of 3.5 cents per Programmed Share, which was paid on 31 July 2017.

The Total Cash Payment of \$3.02 per Programmed Share is attractive to Programmed Shareholders based on the following transaction metrics:

- ◆ 68% premium to the last closing price of Programmed shares on 13 July 2017 of \$1.80;
- ◆ 64% premium to the one-month VWAP of Programmed shares of \$1.84;
- ◆ 69% premium to the three-month VWAP of Programmed shares of \$1.79;
- ◆ 67% premium to the six-month VWAP of Programmed shares of \$1.81; and
- ◆ FY17 enterprise value / EBITDA multiple of 10.3x (based on reported FY17 EBITDA before non-trading items).

The Total Cash Payment translates to an implied market capitalisation of \$792 million and an implied enterprise value of \$992 million for Programmed.

Programmed Directors' recommendation

Your Programmed Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Programmed Shareholders. Subject to those same qualifications, each of your Programmed Directors intends to vote all the Programmed Shares held or controlled by them in favour of the Scheme.

Your Programmed Directors have formed the view that the Scheme is in the best interests of Programmed Shareholders for the following reasons:

- ◆ the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Programmed Shareholders in the absence of a Superior Proposal;
- ◆ the Total Cash Payment fairly reflects the value of our strategic plan, the capability of our management to deliver it, and our strong market positions;

- ◆ the Total Cash Payment represents an attractive premium over the one-month, three-month and six-month volume weighted average Programmed Share price; and
- ◆ since the announcement of the Scheme, no Superior Proposal has emerged.

In forming their view that the Scheme is in the best interests of Programmed Shareholders, your Programmed Directors considered the disadvantages of the Schemes proceeding. These include:

- ◆ Programmed Shareholders will no longer be able to participate in the future financial performance of the Programmed business;
- ◆ Programmed Shareholders may find it difficult to identify or invest in alternative investments with a similar investment profile to that of Programmed; and
- ◆ the tax consequences of the Scheme may not suit certain shareholders.

Your Programmed Directors also consider that there should be no material impact on Programmed's operations, customers and employees as a result of the Scheme.

Further information to assist you in determining whether to vote in favour of or against the Scheme is set out in this Scheme Booklet, including in Section 1.

Independent Expert

Your Programmed Directors appointed Lonergan Edwards & Associates Limited as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Programmed Shareholders in the absence of a Superior Proposal. The Independent Expert has assessed the full underlying value of Programmed at between \$2.53 and \$2.72 for each Programmed Share. The Total Cash Payment of \$3.02 for each Programmed Share is above the high point of this range, for the reasons explained in the Independent Expert's Report.

A complete copy of the Independent Expert's Report is included as Annexure E to this Scheme Booklet and I encourage you to read it in full.

How to vote

Your vote is important and we encourage you to vote by completing the Proxy Form accompanying this Scheme Booklet or alternatively by attending the Scheme Meeting to be held at 11.00 am (Melbourne time) at the Sheraton Melbourne Hotel, 27 Little Collins Street, Melbourne VIC 3000 on Friday, 6 October 2017.

If you wish the Scheme to proceed, it is important that you vote in favour of the Scheme and approve the Scheme.

Further information

This Scheme Booklet sets out important information about the Scheme, including the reasons for your Programmed Directors' recommendation and the Independent Expert's Report. It also sets out some of the reasons why you may wish to vote against the Scheme.

Please read this document carefully and in its entirety, as it will assist you in making an informed decision on how to vote. We would also encourage you to seek independent financial, legal and taxation advice before making any investment decision in relation to your Programmed Shares.

If you require any further information, please call the Programmed Shareholders Information Line on 1300 642 192 (within Australia) or +61 3 9415 4137 (from outside Australia), on Business Days between 8.30 am and 5.30 pm (Sydney time).

Yours sincerely



Bruce Brook
Chairman

Important Notices

Nature of this document

This Scheme Booklet is important. Programmed Shareholders should carefully read this Scheme Booklet in its entirety before deciding whether or not to vote in favour of the Scheme Resolution required to implement the Scheme.

This Scheme Booklet explains the terms of the proposed acquisition of all of the Programmed Shares by BidCo (a wholly owned Australian subsidiary of PERSOL), by way of a scheme of arrangement between Programmed and Programmed Shareholders under Part 5.1 of the Corporations Act.

This Scheme Booklet also sets out the manner in which the Scheme will be considered and implemented (if all of the conditions to the Scheme are satisfied or (if permitted) waived) and provides such information as is prescribed by law or is otherwise material to the decision of Programmed Shareholders whether to vote in favour of the Scheme.

If you have sold all your Programmed Shares, please disregard this Scheme Booklet.

Responsibility for information

Programmed has been solely responsible for preparing the Programmed Information. The information concerning Programmed and the intentions, views and opinions of Programmed and the Directors contained in this Scheme Booklet has been prepared by Programmed and is the responsibility of Programmed. BidCo, PERSOL and their related bodies corporate and their respective directors, officers, employees and advisers have not verified any Programmed Information and do not assume any responsibility for the accuracy or completeness of any Programmed Information.

BidCo and PERSOL have been solely responsible for preparing the PERSOL Information. Programmed and its related bodies corporate and their respective directors, officers, employees and advisers have not verified any PERSOL Information and do not assume any responsibility for the accuracy or completeness of any PERSOL Information.

The Independent Expert, Lonergan Edwards & Associates Limited, has prepared the Independent Expert's Report and takes responsibility for that report. None of Programmed, BidCo or PERSOL, or their respective related bodies corporate, nor any of their respective directors, officers, employees and advisers takes any responsibility for the Independent Expert's Report. The Independent Expert's Report is set out in Annexure E.

Programmed's Australian tax adviser, KPMG, has prepared Section 8, (Taxation Implications), of this Scheme Booklet and takes responsibility for that Section. None of Programmed, BidCo or PERSOL, or their respective related bodies corporate, nor any of their respective directors, officers, employees and advisers takes any responsibility for that Section.

Regulatory information and role of ASIC and ASX

This document is the explanatory statement for the scheme of arrangement between Programmed and the holders of its fully paid ordinary shares as at the Scheme Record Date for the purposes of section 412(1) of the Corporations Act. A copy of the proposed Scheme is included in this Scheme Booklet as Annexure C.

A copy of this Scheme Booklet has been provided to ASIC in accordance with section 411(2) of the Corporations Act. It was then registered by ASIC under section 412(6) of the Corporations Act before being sent to Programmed Shareholders.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire Scheme process. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing. Neither ASIC nor any of its officers take any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers take any responsibility for the contents of this Scheme Booklet.

Forward looking statements and intentions

This Scheme Booklet contains both historical and forward looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements.

All forward looking statements in this Scheme Booklet reflect views only as at the date of this Scheme Booklet, and generally may be identified by the use of forward-looking words such as "believe", "aim", "expect", "anticipate",

“intending”, “foreseeing”, “likely”, “should”, “planned”, “may”, “estimate”, “potential”, or other similar words.

Similarly, statements that describe Programmed’s, BidCo’s or PERSOL’s objectives, plans, goals or expectations are or may be forward looking statements. The statements contained in this Scheme Booklet about the impact that the Scheme may have on the results of Programmed’s operations and the advantages and disadvantages anticipated to result from the Scheme are also forward looking statements.

Programmed Shareholders should be aware that there are risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of Programmed to be materially different from the future conduct, results, performance or achievements expressed or implied by such statements or that could cause the future conduct, results, performance or achievements to be materially different from historical conduct, results, performance or achievements. These risks, uncertainties, assumptions and other important factors include, among other things, the risks set out in Section 7 of this Scheme Booklet.

None of BidCo, PERSOL or Programmed, nor any of their respective directors, officers or advisers, nor any person named in this Scheme Booklet with their consent, or otherwise involved in the preparation of this Scheme Booklet, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Scheme Booklet will actually occur.

Programmed Shareholders are cautioned about relying on any such forward looking statements. The forward looking statements in this Scheme Booklet reflect views held only as at the date of this Scheme Booklet. Subject to any continuing obligations under applicable law or the ASX Listing Rules, Programmed, BidCo and PERSOL and their respective directors and officers disclaim any obligation to update any forward looking statements after the date of this Scheme Booklet to reflect any change in expectations in relation to those statements or change in events, conditions or circumstances on which a statement is based.

Not investment advice

The information contained in this Scheme Booklet does not take into account the investment objectives, financial situation or particular needs of any individual Programmed Shareholder or any other person. Before making any investment decision in relation to the Scheme, you should consider, with or without the assistance of an independent securities or other adviser, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances.

Not an offer

This Scheme Booklet does not constitute or contain an offer to Programmed Shareholders, or a solicitation of an offer from Programmed Shareholders, in any jurisdiction.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law

or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of jurisdictions other than Australia.

Important notice associated with Court order

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened and has approved the Scheme Booklet required to accompany the Notice of Scheme Meeting does not mean that the Court:

- ◆ has formed any view as to the merits of the proposed Scheme or as to how Programmed Shareholders should vote (on this matter members must reach their own decision); or
- ◆ has prepared, or is responsible for the content of, the Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure D.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any Programmed Shareholder may appear at the Second Court Hearing expected to be held on or about Tuesday, 10 October 2017 at the Court.

Tax implications of the Scheme

If the Scheme becomes Effective and is implemented, there will be tax consequences for Scheme Shareholders which may include tax being payable on any gain on disposal of Programmed Shares or on receipt of the Special Dividend.

For further detail about the general Australian tax consequences of the Scheme and the Special Dividend, refer to Section 8. The tax treatment may vary depending on the nature and characteristics of each Programmed Shareholder and their specific circumstances. Accordingly, Programmed Shareholders should seek professional tax advice in relation to their particular circumstances.

Important Notices continued

Privacy

Programmed and BidCo may need to collect personal information to implement the Scheme.

The personal information may include the names, contact details and details of holdings of Programmed Shareholders, together with contact details of individuals appointed as proxies, attorneys or corporate representatives for the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist Programmed and BidCo conduct the Scheme Meeting and implement the Scheme.

The information may be disclosed to Programmed, BidCo, PERSOL and their respective related bodies corporate and advisers, print and mail service providers, share registries, securities brokers and any other service provider to the extent necessary to effect the Scheme.

Programmed Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them. Programmed Shareholders may contact the Share Registry if they wish to exercise these rights.

If the information outlined above is not collected, Programmed may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme. Programmed Shareholders who appoint an individual as their proxy, attorney or corporate representative to vote at the Scheme Meeting should inform that individual of the matters outlined above.

External websites

Unless expressly stated otherwise, the content of PERSOL's and Programmed's websites do not form part of this Scheme Booklet and Programmed Shareholders should not rely on any such content.

Interpretations

Capitalised terms used in this Scheme Booklet are defined in the Glossary in Section 11 of this Scheme Booklet. That Section also sets out rules of interpretation which apply to this Scheme Booklet. Some of the documents reproduced in the Annexures to this Scheme Booklet have their own defined terms, which are sometimes different from those in the Glossary.

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this document. All numbers are rounded unless otherwise indicated.

The financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated. A reference to \$, A\$ and AUD and cents is to Australian currency, unless otherwise stated. All times referred to in this Scheme Booklet are references to times in Perth, Western Australia, unless otherwise stated.

Date of this Scheme Booklet

This Scheme Booklet is dated Thursday, 31 August 2017.

1. Considerations relevant to your vote

1.1 Summary

Reasons to vote in favour of the Scheme

- ✓ Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Programmed Shareholders.
- ✓ The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Programmed Shareholders in absence of a Superior Proposal.
- ✓ Your Directors believe that the Total Cash Payment fairly reflects the value of Programmed's strategic plan, the capabilities of the organisation, and strong market positions.
- ✓ The Total Cash Payment of \$3.02 for each Programmed Share represents an attractive premium for your Programmed Shares.
- ✓ Those Programmed Shareholders who can take advantage of the franking credits attached to the Special Dividend may receive an additional benefit from the value of those franking credits.
- ✓ The Programmed Share price is likely to fall if the Scheme is not implemented.
- ✓ If the Scheme does not proceed, you will continue to be subject to the uncertainties associated with the delivery of Programmed's strategic plan and general market risks.

These reasons are discussed in more detail in Section 1.2.

Reasons why you may choose to vote against the Scheme

- ✗ You may disagree with the Directors' recommendation and the Independent Expert's conclusion.
- ✗ You may prefer to participate in the future financial performance of the Programmed business.
- ✗ You may believe it is in your best interests to maintain your current investment and risk profile.
- ✗ You may consider that there is potential for a Superior Proposal to emerge.
- ✗ The tax consequences of the Scheme may not be suitable for you.

These reasons are discussed in more detail in Section 1.3.

1. Considerations relevant to your vote continued

1.2 Reasons to vote in favour of the Scheme

- (a) Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Programmed Shareholders.**

In reaching their recommendation, your Directors have assessed the Scheme having regard to the reasons to vote in favour of, or against, the Scheme, as set out in this Scheme Booklet. The Directors believe the pricing under the Scheme is attractive, and fairly recognises the value of both Programmed's existing business and its growth opportunities.

In the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Programmed Shareholders, each of your Directors intends to vote all Programmed Shares held or controlled by them in favour of the Scheme. The interests of the Directors in Programmed Securities are set out in Section 10.1.

- (b) The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Programmed Shareholders in the absence of a Superior Proposal.**

Your Directors appointed Lonergan Edwards & Associates Limited to prepare an Independent Expert's Report, including an opinion as to whether the Scheme is fair and reasonable and in the best interests of Programmed Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Programmed Shareholders in the absence of a Superior Proposal. The Independent Expert has assessed the value of a Programmed Share to be in the range of \$2.53 – \$2.72. The Total Cash Payment of \$3.02 for each Programmed Share is above the high point of this range.

- (c) Your Directors believe that the Total Cash Payment fairly reflects the value of Programmed's strategic plan, the capabilities of the organisation, and strong market positions.**

Your Directors have assessed the potential of Programmed's strategic plan (as outlined in Programmed's 2017 Annual Report); the size, geographic footprint and capabilities of the organisation; and the strong market positions in many of the sectors that Programmed serves, and have concluded that the Total Cash Payment fairly reflects the value of a Programmed Share.

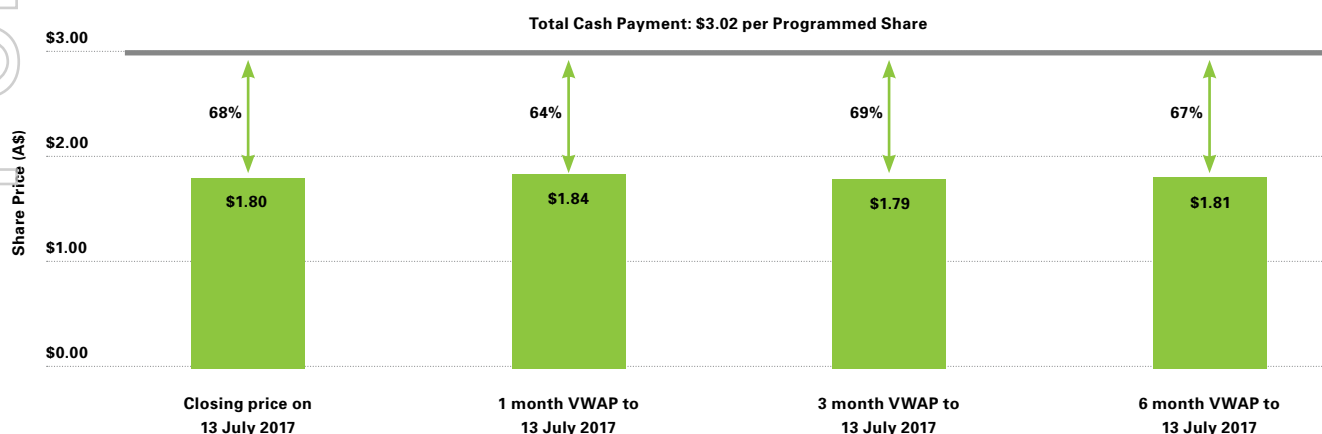
- (d) The Total Cash Payment of \$3.02 for each Programmed Share represents an attractive premium for your Programmed Shares, and certain value that Programmed Shareholders will receive for all of their Programmed Shares.**

Under the terms of the Scheme, subject to the Scheme becoming effective, Programmed Shareholders who are registered as such on both of the Record Dates will receive a Total Cash Payment of \$3.02 for each Programmed Share, comprising the Scheme Consideration of \$2.86 cash for each Programmed Share they hold on the Scheme Record Date (payable by BidCo), plus a Special Dividend of \$0.16 for each of the Programmed Shares they hold on the Special Dividend Record Date (payable by Programmed and without attributing a value to the potential benefit of franking credits associated with the Special Dividend).

The Total Cash Payment of \$3.02 for each Programmed Share represents a premium of:

- ◆ 68% to the closing price of Programmed Shares on 13 July 2017 (the last trading day before the announcement of the Scheme);
- ◆ 64% to the one-month VWAP to 13 July 2017;
- ◆ 69% to the three-month VWAP to 13 July 2017; and
- ◆ 67% to the six-month VWAP to 13 July 2017.

The graph below shows the premium to the Programmed Share price before the announcement of the Scheme.



The Total Cash Payment of \$3.02 for each Programmed Share, excluding the potential benefit of franking credits associated with the Special Dividend, provides you with certainty of value for your Programmed Shares (subject to the Scheme being implemented). The Scheme also provides you with an opportunity to dispose of all your Programmed Shares in a single transaction, without any brokerage costs.

The certainty of the all cash Total Cash Payment should be compared with the risks and the uncertainties of remaining an Programmed Shareholder, which include, but are not limited to, the risks set out in Section 7.

(e) Those Programmed Shareholders who can take advantage of the franking credits attached to the Special Dividend may receive an additional benefit from the value of those franking credits.

If the Scheme becomes Effective, as part of the Total Cash Payment Programmed Shareholders will receive a fully franked Special Dividend of \$0.16 for each Programmed Share, payable by Programmed.

Those Programmed Shareholders who can take advantage of the franking credits attached to the Special Dividend may receive an additional benefit from the value of those franking credits. The value of franking credits will not be the same for all Programmed Shareholders. Further information about the Special Dividend is set out in Section 3.3

Whether a Programmed Shareholder is able to capture the full benefit of the franking credits will depend on their personal tax circumstances, including whether they satisfy relevant 45 day "holding period rules" described in Section 8. Section 8 also sets out a general summary regarding the taxation implications of the Special Dividend. You should consult your own taxation adviser to determine the tax consequences relevant to your circumstances.

(f) The Programmed Share price is likely to fall if the Scheme is not implemented.

The closing Programmed Share price on ASX on 13 July 2017, being the last trading day prior to the announcement of the Scheme, was \$1.80.

As demonstrated in the chart below, the Programmed Share price rose substantially following the announcement of the Scheme.



Source: IRESS (as at 25 August 2017).

If the Scheme is not implemented and no Superior Proposal emerges, your Directors believe that it is likely that the Programmed Share price will fall below the price at which it has traded since 13 July 2017.

This view is also supported by the Independent Expert, which states in the Independent Expert's Report:

If the Scheme is not implemented we expect that, at least in the short-term, Programmed shares will trade at a significant discount to our valuation and the Total Cash Payment due to the difference between the value of Programmed shares on a portfolio basis and their value on a 100% controlling interest basis. In this regard we note that Programmed shares last traded at A\$1.80 per share on 13 July 2017 (being the last trading day prior to the announcement of the Scheme with PERSOL).

1.3 Reasons to vote against the Scheme

Although your Directors unanimously recommend that you vote in favour of the Scheme and the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Programmed Shareholders, in both instances in the absence of a Superior Proposal and, in the case of your Directors' recommendation, provided that the Independent Expert

1. Considerations relevant to your vote continued

continues to conclude that the Scheme is in the best interests of Programmed Shareholders, there may be reasons which lead you to consider voting against the Scheme, including those set out below.

(a) You may disagree with the Directors' recommendation and the Independent Expert's conclusion.

In concluding that the Scheme is in the best interests of Programmed Shareholders, absent a Superior Proposal, your Directors and the Independent Expert are making judgements based on future trading conditions and events which cannot be predicted with certainty and which may prove to be inaccurate (either positively or negatively).

You may hold a different view from, and are not obliged to follow the recommendation of, your Directors, and you may not agree with the Independent Expert's conclusions.

(b) You may prefer to participate in the future financial performance of the Programmed business.

If the Scheme is implemented, you will no longer be a Programmed Shareholder and will forgo any benefits that may result from being a Programmed Shareholder.

This will mean that you will not participate in the future performance of Programmed, retain any exposure to Programmed's business or assets, or have the potential to share in the value that could be generated by Programmed in the future.

(c) You may believe it is in your best interests to maintain your current investment and risk profile.

You may prefer to keep your Programmed Shares to preserve your investment in a listed public company with the specific characteristics of Programmed.

In particular, you may consider that, despite the risk factors relevant to Programmed's potential future operations (including those set out in Section 7 of this Scheme Booklet), Programmed may be able to return greater value from its assets by remaining a stand-alone entity, or by seeking alternative corporate transactions in the future. You may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of Programmed.

(d) You may consider that there is a potential for a Superior Proposal to emerge.

It is possible that a more attractive proposal for Programmed Shareholders could materialise in the future, such as a takeover bid with a higher offer price than the Total Cash Payment.

However, as at the date of this Scheme Booklet, your Directors have not received or become aware of any alternative proposal and have no reason to believe that an alternative proposal will ultimately emerge.

(e) The tax consequences of the Scheme may not be suitable to your financial position.

Implementation of the Scheme may trigger taxation consequences for Programmed Shareholders, some of which may be adverse.

A general guide to the taxation implications is set out in Section 8 of this Scheme Booklet. This guide is expressed in general terms only, and Programmed Shareholders should consult with their own independent taxation advisers regarding the taxation implications of the Scheme.

1.4 Other relevant considerations

(a) The Scheme may proceed even if you vote against it.

The Scheme will be implemented if the Scheme Resolution is passed (by the Requisite Majorities) and is approved by the Court, irrespective of whether you do not vote or you vote against the Scheme Resolution at the Scheme Meeting.

If this occurs, any Programmed Shares you hold on the Scheme Record Date will be transferred to BidCo, if you hold your Programmed Shares on both of the Record Dates, you will receive the Total Cash Payment of \$3.02 for each Programmed Share.

(b) Conditions precedent.

The Scheme is subject to a number of conditions, which are summarised in Section 3.6 and Annexure A of this Scheme Booklet.

If these conditions are not satisfied or (if permitted) waived (as applicable), the Scheme will not proceed (even if it has been approved by Programmed Shareholders) and Programmed Shareholders will not receive the Scheme Consideration or the Special Dividend, as contemplated under the Scheme.

As at the date of this Scheme Booklet, the Programmed Board is not aware of any matter that would result in the non-fulfilment of the conditions.

This Section answers some questions you may have about the Scheme. It is not intended to address all relevant issues for Programmed Shareholders. This Section should be read together with all other parts of this Scheme Booklet.

2. Frequently asked questions

Question	Answer	More information
An overview of the Scheme		
Why have I received this Scheme Booklet?	<p>This Scheme Booklet has been sent to you because you are a Programmed Shareholder and Programmed Shareholders are being asked to vote on a Scheme which, if approved, will result in PERSOL, through BidCo, acquiring all Programmed Shares for the Scheme Consideration of \$2.86 for each Programmed Share held on the Scheme Record Date, and Programmed paying Programmed Shareholders the Special Dividend of \$0.16 for each Programmed Share held on the Special Dividend Record Date.</p> <p>This Scheme Booklet is intended to help you to decide how to vote on the Scheme Resolution that needs to be passed at the Scheme Meeting to allow the Scheme to proceed.</p>	Section 3
What is the Scheme?	<p>The Scheme involves BidCo (a wholly owned Australian subsidiary of PERSOL) acquiring all of the Programmed Shares for the Scheme Consideration, by way of a scheme of arrangement under Part 5.1 of the Corporations Act.</p> <p>On 14 July 2017, Programmed announced the Scheme to ASX. If the Scheme is approved and implemented, Programmed Shareholders will receive a Total Cash Payment of \$3.02 for each Programmed Share they own (provided they are registered in the Register on both of the Record Dates).</p>	Section 3
What is a "scheme of arrangement"?	<p>A scheme of arrangement under Part 5.1 of the Corporations Act is a statutory procedure that is commonly used to enable one company to acquire another company.</p> <p>If the Scheme becomes Effective:</p> <ul style="list-style-type: none"> ◆ Programmed Shareholders will receive the Total Cash Payment of \$3.02 (comprising the Scheme Consideration and the Special Dividend), provided they are registered in the Register on both of the Record Dates; and ◆ PERSOL will acquire all of the Programmed Shares and Programmed will become a wholly-owned subsidiary of PERSOL. <p>To become Effective, a number of conditions must be satisfied or (if permitted) waived (as applicable). A summary of the conditions to the Scheme is set out in Section 3.6 and Annexure A of this Scheme Booklet.</p>	Section 3

2. Frequently asked questions continued

Question	Answer	More information
Who are BidCo and PERSOL?	<p>BidCo is the company that is offering the Scheme Consideration for each Programmed Share. BidCo is a wholly owned subsidiary of PERSOL incorporated in Australia under the Corporations Act.</p> <p>PERSOL is a Japanese Company listed on the Tokyo Stock Exchange (TSE 1: 2181). PERSOL Group is one of the largest staffing companies in Japan with 32,000 employees and operations throughout Asia Pacific. The group provides a range of services including temporary staffing, permanent placements, recruitment, engineering and information technology (IT) outsourcing.</p> <p>PERSOL has guaranteed the performance by BidCo of BidCo's obligations under the Scheme Implementation Deed and otherwise in relation to the Scheme.</p> <p>For further information regarding BidCo and the PERSOL Group, refer to Section 6 of this Scheme Booklet.</p>	Section 6
What has to occur for the Scheme to be implemented?	In order for the Scheme to be implemented, all conditions precedent under the Scheme Implementation Deed must be satisfied or waived (where capable of waiver), including that the Scheme Resolution must be approved by Programmed Shareholders at the Scheme Meeting (refer below) and the Scheme must be approved by the Court.	Sections 3.6 and 9.3, and Annexure D
What approvals are required at the Scheme Meeting?	<p>The Scheme can only proceed if, at the Scheme Meeting, the Scheme Resolution is passed by:</p> <ul style="list-style-type: none"> ◆ unless the Court orders otherwise, a majority in number of Programmed Shareholders who vote on the Scheme Resolution; and ◆ at least 75% of the votes cast by Programmed Shareholders on the Scheme Resolution. 	Section 9.3 and Annexure D
The Scheme Consideration and the Special Dividend		
What payment will I receive if the Scheme is implemented?	<p>Programmed Shareholders will receive the Total Cash Payment of \$3.02 for each Programmed Share, which will comprise:</p> <ul style="list-style-type: none"> ◆ a Special Dividend of \$0.16 for each Programmed Share that they hold on the Special Dividend Record Date, payable by Programmed on the Special Dividend Payment Date; and ◆ the Scheme Consideration of \$2.86 for each Programmed Share that they hold on the Scheme Record Date, payable by BidCo on the Implementation Date. <p>For information about when and how you will be paid, see Sections 3.2, 3.3 and 3.4.</p>	Sections 3.2, 3.3 and 3.4
What is the Special Dividend and will any franking credits attach to the Special Dividend?	<p>Subject to the Scheme becoming Effective, Programmed will pay a fully franked Special Dividend of \$0.16 for each Programmed Share held on the Special Dividend Record Date.</p> <p>Those Programmed Shareholders who are able to take advantage of the franking credits attached to the Special Dividend may receive an additional benefit from the value of those franking credits.</p> <p>Whether a Programmed Shareholder will be able to realise the full benefit of the franking credits will depend on their personal tax circumstances, including whether they satisfy relevant 45 day "holding period rules" described in Section 8. Section 8 also sets out a general summary regarding the taxation implications of the Scheme and the Special Dividend.</p>	Sections 3.3 and 8

Question	Answer	More information
What is the ATO Class Ruling?	<p>Programmed has applied to the ATO requesting a Class Ruling to confirm to Programmed the key taxation implications of the Scheme and that the impact of the Special Dividend on Programmed Shareholders is in accordance with the description in Section 8 of this Scheme Booklet.</p> <p>The Class Ruling has not been finalised as at the date of this Scheme Booklet. The expected taxation implication for Programmed Shareholders are summarised in Section 8 of this Scheme Booklet.</p>	Section 8
What premium is being offered?	<p>The Total Cash Payment of \$3.02 cash for each Programmed Share represents a premium of:</p> <ul style="list-style-type: none"> ◆ 68% to the closing price of Programmed Shares on 13 July 2017 (the last trading day before the announcement of the Scheme); ◆ 64% to the one-month VWAP to 13 July 2017; ◆ 69% to the three-month VWAP to 13 July 2017; and ◆ 67% to the six-month VWAP to 13 July 2017. 	Section 1.2(b)
How is PERSOL and/or BidCo funding the Scheme Consideration?	<p>The maximum amount of cash payable by BidCo in connection with the Scheme is approximately \$750 million (the aggregate Scheme Consideration of \$2.86 for each Programmed Share).</p> <p>PERSOL has undertaken to provide sufficient funding to BidCo to pay the Scheme Consideration.</p> <p>The funds to be provided by PERSOL to BidCo will be met by PERSOL's current cash reserves and bank debt facilities.</p> <p>For more information about PERSOL and BidCo's funding arrangements see Section 6 of this Scheme Booklet.</p>	Section 6.9
What are the tax implications of the Scheme?	<p>A general outline of the Australian tax implications of the Scheme is set out in Section 8 of this Scheme Booklet.</p> <p>As the outline is general in nature, you should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to vote in favour of the Scheme.</p>	Section 8
The Scheme Meeting and voting details		
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held at 11.00 am (Melbourne time) on Friday, 6 October 2017 at the Sheraton Melbourne Hotel, 27 Little Collins Street, Melbourne VIC 3000.	Section 4.1
What am I being asked to vote on?	<p>You are being asked to vote on whether to approve the Scheme by voting in favour of the Scheme Resolution.</p> <p>The text of the Scheme Resolution is set out in the Notice of Scheme Meeting in Annexure D of this Scheme Booklet.</p>	Annexure D
What vote is required to approve the Scheme?	<p>For the Scheme to proceed, the Scheme Resolution must be passed by the Requisite Majorities.</p> <p>Even if the Scheme is approved at the Scheme Meeting, the Scheme is still subject to other outstanding conditions and the approval of the Court.</p>	Section 9.3 and Annexure D
Who is entitled to vote at the Scheme Meeting?	Each Programmed Shareholder who is registered on the Register on the Register Date is entitled to attend and vote at the Scheme Meeting. The Register Date is expected to be 4.00 pm on Wednesday, 4 October 2017.	Section 4.2 and Annexure D

2. Frequently asked questions continued

Question	Answer	More information
How do I vote?	<p>You may vote on the Scheme Resolution:</p> <ul style="list-style-type: none"> ◆ in person, by attending the Scheme Meeting; ◆ by proxy, by completing and lodging the Proxy Form accompanying this Scheme Booklet so that it is received by 8.00 am (Perth time) / 11.00 am (Melbourne time) on Wednesday, 4 October 2017; or ◆ by a corporate representative (in the case of a Programmed Shareholder who is a body corporate). <p>Voting is not compulsory. However, your vote is important and the Scheme may be implemented even if you have not voted for or against the Scheme Resolution required to implement the Scheme.</p>	Section 4.3 and Annexure D
What will happen to my Programmed Shares if I do not vote, or vote against the Scheme, and the Scheme becomes Effective?	<p>If you do not vote, or you vote against the Scheme, and the Scheme becomes Effective then:</p> <ul style="list-style-type: none"> ◆ on the Special Dividend Payment Date you will receive the Special Dividend of \$0.16 for each Programmed Share that you held on the Special Dividend Record Date; and ◆ any Programmed Shares held by you on the Scheme Record Date will be Scheme Shares, and on the Implementation Date you will receive the Scheme Consideration of \$2.86 for each Scheme Share, and your Scheme Shares will be transferred to BidCo, <p>notwithstanding that you may not have not voted or voted against the Scheme.</p>	Section 4.4
Is there a reimbursement or break fee payable?	<p>Under the Scheme Implementation Deed, a Break Fee of \$7,915,000 (exclusive of GST) may become payable either by Programmed to PERSOL, or by PERSOL to Programmed, if certain events occur. Programmed Shareholders failing to pass the Scheme Resolution will not trigger payment of the Break Fee by Programmed.</p> <p>The circumstances in which the Break Fee is payable by Programmed or PERSOL (as applicable) are summarised in Annexure A.</p>	Annexure A
What are the risks associated with an investment in Programmed if the Scheme does not become Effective?	<p>If the Scheme does not proceed, and no Superior Proposal emerges, then the Programmed Share price may fall or trade at a price below \$3.02 (the amount of the Total Cash Payment), at least in the immediate near term.</p> <p>In addition, if the Scheme does not proceed and no Superior Proposal emerges, Programmed Shareholders will continue to be subject to the specific risks associated with Programmed's business and other general risks.</p> <p>Details of these risks are set out in Section 7.</p>	Section 7
When will the result of the Scheme Meeting be available?	<p>The results of the Scheme Meeting will be available shortly after its conclusion and will be announced to ASX once available. Even if the Scheme Resolution is passed at the Scheme Meeting, the Scheme will only proceed if Court approval of the Scheme is obtained and all of the other conditions precedent are satisfied or waived (where capable of waiver).</p>	N/A

Question	Answer	More information
Voting considerations		
What do the Directors recommend?	<p>Your Directors unanimously recommend that all Programmed Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Programmed Shareholders.</p> <p>Section 1.2 provides a summary of some of the reasons why the Directors consider that Programmed Shareholders should vote in favour of the Scheme, again in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Programmed Shareholders.</p> <p>Each Director who holds Programmed Shares intends to vote all Programmed Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Programmed Shareholders. Details of the Directors' interests in Programmed Securities are set out in Section 10.1.</p>	Section 1.2
What is the opinion of the Independent Expert?	<p>The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Programmed Shareholders in the absence of a Superior Proposal.</p> <p>The Independent Expert has estimated the full underlying value of Programmed to be in the range of between \$2.53 and \$2.72 for each Programmed share.</p> <p>The Independent Expert's Report is included as Annexure E to this Scheme Booklet.</p> <p>The Programmed Directors recommend that you read the Independent Expert's Report carefully and in its entirety.</p>	Annexure E
Why you might consider voting in favour of the Scheme?	Reasons why you might consider voting in favour of the Scheme Resolution required to implement the Scheme are set out in Section 1.2 of this Scheme Booklet.	Section 1.2
Why might I consider not voting in favour of the Scheme?	Reasons why you might consider not voting in favour of the Scheme Resolution required to implement the Scheme are set out in Section 1.3 of this Scheme Booklet.	Section 1.3
Is the Programmed Board aware of a Superior Proposal?	Since the announcement of the Scheme on 14 July 2017 and as at the date of this Scheme Booklet, no Superior Proposal has emerged and the Programmed Board is not aware of any Superior Proposal that may emerge.	Section 1.3(d)
Is voting compulsory?	Voting is not compulsory. However, the Scheme will only be successful if the Scheme Resolution is passed by Programmed Shareholders at the Scheme Meeting, so voting is important and the Programmed Directors encourage you to vote. If the Scheme is approved, you will be bound by the Scheme whether or not you voted and whether or not you voted in favour of it.	N/A

2. Frequently asked questions continued

Question	Answer	More information
What happens if a Competing Proposal emerges?	<p>Until the Scheme is approved by the Court, there is nothing preventing other parties from making unsolicited acquisition proposals for Programmed.</p> <p>If Programmed receives a Competing Proposal or potential Competing Proposal from a third party during the Exclusivity Period, pursuant to the Scheme Implementation Deed the following must occur:</p> <ul style="list-style-type: none"> ◆ initial notice: Programmed must give PERSOL an initial notice setting out all material terms of the Competing Proposal and, to the extent it is able, the identity of the person that has made the Competing Proposal; ◆ matching notice: if the Programmed Board determines that the Competing Proposal is a Superior Proposal, then Programmed must give PERSOL a further notice setting out all material terms of the Competing Proposal including the amount and form of consideration to be offered, the conditions to which it is likely to be subject and the proposed timetable and the identity of the person that has made the Competing Proposal; ◆ matching period: PERSOL will be given five Business Days during which it can make counter proposal to provide an equivalent or superior outcome for Programmed Shareholders as the Competing Proposal and during this period, Programmed must not enter into, or agree to enter into, any binding documentation to give effect to or implement the Competing Proposal; and ◆ counter proposal: if PERSOL provides a counter proposal and the Programmed Directors decide, acting in good faith, that the counter proposal will provide an equivalent or superior outcome for Programmed Shareholders as a whole than the Competing Proposal, then Programmed and BidCo must use their best endeavours to agree, as soon as reasonably practicable, any amendments to the Scheme Implementation Deed to reflect and implement the counter proposal. <p>These (and other) provisions of the Scheme Implementation Deed are summarised in greater detail in Annexure A.</p> <p>Since the announcement of the entry into the Scheme on 14 July 2017 and up to the date of this Scheme Booklet, no Superior Proposal has emerged.</p>	Annexure A
Conditions and implementation of the Scheme		
What are the conditions to the Scheme?	<p>The Scheme is subject to a number of conditions, including:</p> <ul style="list-style-type: none"> ◆ FIRB approval being obtained before 8.00 am on the Second Court Date; ◆ the Scheme Resolution being passed at the Scheme Meeting; and ◆ the Scheme being approved by the Court at the Second Court Hearing. <p>A summary of the conditions to the Scheme is set out in Section 3.6 and Annexure A of this Scheme Booklet.</p>	Section 3.6 and Annexure A
When will the Scheme become Effective?	<p>Subject to the satisfaction or, as applicable, waiver of the conditions to the Scheme, the Scheme will become Effective on the date on which the Court order approving the Scheme is lodged with ASIC (this is the Effective Date).</p> <p>This is expected to occur on Wednesday, 11 October 2017.</p>	Section 9.3
What happens on the Implementation Date?	<p>On the Implementation Date:</p> <ul style="list-style-type: none"> ◆ BidCo will become the holder of all the Scheme Shares; and ◆ Scheme Shareholders will be paid the Scheme Consideration. <p>The Implementation Date will occur on the fourth Business Day after the Scheme Record Date, expected to be Friday, 27 October 2017.</p>	Section 9.3

Question	Answer	More information
What happens if I transfer my Programmed Shares after the Special Dividend Record Date?	<p>Trading in Programmed Shares on ASX will be suspended from close of trading on the Effective Date.</p> <p>However, if you choose to effect an off-market transfer of your Programmed Shares in between the Record Dates, such that you are registered in the Register as a holder of Programmed Shares on the Special Dividend Record Date but cease to be registered in the Register on the Scheme Record Date:</p> <ul style="list-style-type: none"> ◆ you will only receive the Special Dividend and will not receive the Scheme Consideration; and ◆ any transferee of your Programmed Shares in these circumstances who becomes registered in the Register on or before the Scheme Record Date (but after the Special Dividend Record Date) will only receive the Scheme Consideration in respect of those Programmed Shares, and not the Special Dividend. 	
What happens if the Scheme is not implemented?	<p>If the Scheme is not approved at the Scheme Meeting, or another condition to the Scheme is not satisfied or waived (where capable of waiver), the Scheme will not be implemented.</p> <p>If the Scheme is not implemented:</p> <ul style="list-style-type: none"> ◆ you will not receive the Scheme Consideration of \$2.86, or the Special Dividend of \$0.16, for each Programmed Share; ◆ you will retain your Programmed Shares and continue to have exposure to the benefits and risks associated with an investment in Programmed, <p>and, in the absence of a Competing Proposal:</p> <ul style="list-style-type: none"> ◆ Programmed will continue to operate as a stand-alone entity and remain listed on ASX; and ◆ the price of Programmed Shares traded on ASX is likely to fall. 	Section 3.5
Can the Scheme Implementation Deed be terminated?	<p>The Scheme Implementation Deed may be terminated in certain circumstances. These are summarised in Annexure A. If the Scheme Implementation Deed is terminated, the Scheme will not proceed.</p>	Annexure A
Additional information		
How will I be paid?	<p>All payments will be made by direct deposits into your nominated bank account, as advised to the Share Registry as at the Special Dividend Record Date (for the Special Dividend) and the Scheme Record Date (for the Scheme Consideration).</p> <p>Subject to the Scheme becoming Effective, the Special Dividend will be paid on the Special Dividend Payment Date and the Scheme Consideration will be paid on the Implementation Date.</p> <p>If you have not nominated a bank account, payment will be made by Australian dollar cheque sent by post to your Registered Address.</p>	<p>Section 3.2 sets out further details on the Scheme Consideration</p> <p>Section 3.3 sets out further details on the Special Dividend</p>

2. Frequently asked questions continued

Question	Answer	More information
What will happen to the Programmed Performance Rights?	<p>As contemplated by the Scheme Implementation Deed, the Programmed Board has determined:</p> <ul style="list-style-type: none"> to exercise its discretion to accelerate the vesting of all outstanding Programmed Performance Rights (in accordance with and as permitted by the terms of Programmed's Long Term Incentive Plan and Managing Director's Long Term Incentive Plan), such that they will vest prior to both the Special Dividend Record Date and the Scheme Record Date; and that on and subject to the Court making orders approving the Scheme at the Second Court Hearing, all Programmed Performance Rights will vest. <p>The Programmed Shares issued to the holders of the Programmed Performance Rights on vesting will therefore participate in the Scheme, such that the holders will receive the Special Dividend and the Scheme Consideration in respect of those Programmed Shares issued to them.</p>	Section 3.10
Can I sell my Programmed Shares now?	<p>You can sell your Programmed Shares on market at any time before close of trading on ASX on the Effective Date at the then prevailing market price (which may vary from the Total Cash Payment). However, if you do so you will receive the prevailing on-market price set at the time of sale which may not be the same price as the Total Cash Payment, you will not be paid the Special Dividend (or receive the benefit of any franking credits attaching to it), and you may be required to pay brokerage.</p> <p>Programmed intends to apply to ASX for Programmed Shares to be suspended from official quotation on ASX from close of trading on the Effective Date (which is currently expected to be Wednesday, 11 October 2017).</p> <p>You will not be able to sell your Programmed Shares on market after this time.</p>	Section 4.4
Will I receive any further dividends from Programmed?	<p>Under the Scheme Implementation Deed, Programmed was permitted to proceed with paying a final dividend for the financial year ended 31 March 2017 of \$0.035 for each Programmed Share, and that final dividend was paid on 31 July 2017. The aggregate amount of the final dividend was approximately \$9 million.</p> <p>No further dividends will be paid by Programmed if the Scheme is implemented (except for the Special Dividend, which will be paid before the Implementation Date on the Special Dividend Payment Date assuming the Scheme becomes Effective).</p>	N/A
Will I need to pay brokerage or stamp duty?	<p>Scheme Shareholders will not incur any brokerage or stamp duty on the transfer of their Scheme Shares under the Scheme.</p>	Section 8
Will I get the benefit of franking credits attached to the Special Dividend?	<p>If you are an Australian resident for tax purposes and satisfy the qualified person rules, you may be able to access franking credits attached to the Special Dividend. If you are not an Australian resident for tax purposes, you will not be able to access franking credit attached to the Special Dividend, but the Special Dividend should ordinarily not be subject to Australian tax.</p> <p>Further information is provided at Section 8 of this Scheme Booklet. The comments in Section 8 are general in nature and should not be relied upon as advice for your affairs. It is recommended that you consult your financial, legal, taxation or other professional advisers with respect to the potential tax consequences of receiving the Special Dividend.</p>	Section 3.3
Is there a number that I can call if I have further queries about the Scheme?	<p>If, after reading this Scheme Booklet, you have any questions about the Scheme, please contact the Programmed Shareholder Information Line on 1300 642 192 (within Australia) or +61 3 9415 4137 (from outside Australia) on Business Days between 8.30 am and 5.30 pm (Sydney time).</p>	N/A

3. Summary of the Scheme

3.1 Introduction

Programmed and PERSOL entered into the Scheme Implementation Deed on 14 July 2017, pursuant to which the Scheme is proposed.

If the Scheme becomes Effective then:

- (a) Programmed will become a wholly-owned subsidiary of BidCo (and therefore PERSOL), and will be delisted from ASX; and
- (b) Programmed Shareholders who are registered in the Register on both of the Record Dates will receive the Total Cash Payment of \$3.02 for each Programmed Share that they hold, comprising:
 - (i) the Special Dividend of \$0.16, payable by Programmed; and
 - (ii) the Scheme Consideration of \$2.86, payable by BidCo.

The Scheme will only proceed if the Scheme Resolution is passed at the Scheme Meeting, if all other conditions to the Scheme (summarised in Section 3.6 below) are satisfied or (where permitted) waived and the Court approves the Scheme. Therefore, if you want the Scheme to proceed it is important that you vote in favour of the Scheme at the Scheme Meeting.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Programmed Shareholders in the absence of a Superior Proposal.

The Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Programmed Shareholders.

3.2 Cash to be received if the Scheme proceeds

If the Scheme becomes Effective, Scheme Shareholders (who are registered in the Register on both of the Record Dates) will receive a Total Cash Payment of \$3.02 for each Programmed Share, which will comprise:

- (a) a fully franked Special Dividend of \$0.16 for each Programmed Share held by Programmed Shareholders on the Special Dividend Record Date, to be paid by Programmed on the Special Dividend Payment Date (which is currently expected to be Friday, 20 October 2017) (see Section 3.3 below for more about the Special Dividend); and

- (b) the Scheme Consideration of \$2.86 for each Programmed Share held by Programmed Shareholders on the Scheme Record Date, to be paid by BidCo on the Implementation Date (which is currently expected to be Friday, 27 October 2017).

3.3 The Special Dividend

Subject to the Scheme becoming Effective, Programmed will pay a fully franked Special Dividend of \$0.16 for each Programmed Share.

Those Programmed Shareholders who can take advantage of the franking credits attached to the Special Dividend may receive an additional benefit from the value of those franking credits. Whether a Programmed Shareholder will be able to realise the full benefit of the franking credits will depend on their personal tax circumstances, including whether they satisfy relevant 45 day "holding period rules" described in Section 8. Section 8 also sets out a general summary regarding the taxation implications of the Scheme and the Special Dividend.

3.4 Payment of the Special Dividend and Scheme Consideration

Programmed will make all payments:

- (a) where a Programmed Shareholder has elected, prior to the relevant Record Date, to receive dividends by electronic funds transfer to the bank account nominated by the Programmed Shareholder – by transfer into that account; and
- (b) otherwise, by cheque for the relevant amount in Australian currency, dispatched by prepaid post to your Registered Address.

For Programmed Shares held in joint names, Programmed will make the payment to the joint holders and will send the relevant amount to the holder whose name appears first in the Register.

You should be aware that if the Scheme Meeting is adjourned or the Effective Date is otherwise delayed, the cash payments described above may also be delayed.

3.5 If the Scheme does not proceed

If the Scheme does not proceed, Programmed Shareholders will continue to hold their Programmed Shares and will not receive the Scheme Consideration or the Special Dividend.

In the absence of any Competing Proposal, Programmed will continue to operate as a stand-alone, ASX-listed entity. Programmed Shareholders will continue to participate in the

3. Summary of the Scheme continued

benefits of, and be exposed to the risks associated with, an investment in Programmed. Some of the risks relating to a continued investment in Programmed are set out in Section 7 of this Scheme Booklet.

3.6 Conditions of the Scheme

Pursuant to the Scheme Implementation Deed, a number of conditions need to be satisfied or (if permitted) waived before the Scheme can be implemented. Some of these conditions include:

- (a) **FIRB approval:** Before 8.00 am on the Second Court Date, PERSOL is notified by the Federal Treasurer that the Commonwealth of Australia has no objections (unconditionally or on conditions acceptable to PERSOL acting reasonably) to BidCo acquiring all of the Programmed Shares (or is precluded from objecting because the time for doing so has passed).
- (b) **Independent Expert's conclusion:** Before 8.00 am on the Second Court Date, the Independent Expert does not change or withdraw its conclusion that, in the absence of a Superior Proposal, the Scheme is in the best interests of Programmed Shareholders.
- (c) **Programmed Shareholder approval:** The Scheme Resolution is duly passed at the Scheme Meeting.
- (d) **No occurrence of certain events:** Between the date of the Scheme Implementation Deed and 8.00 am on the Second Court Date, no Programmed Prescribed Event or Programmed Material Adverse Effect occurs.
- (e) **Representations and warranties:** The representations and warranties given by each of Programmed, BidCo and PERSOL are materially true and correct as at 8.00 am on the Second Court Date.

All of the conditions precedent to the Scheme are summarised in Annexure A of this Scheme Booklet. The Scheme will not proceed unless all of the conditions precedent are satisfied or (if permitted) waived in accordance with the Scheme Implementation Deed.

3.7 Implementation of the Scheme

Following approval of the Scheme by Programmed Shareholders and the Court (and satisfaction or waiver of the other conditions, as applicable) there are five important dates in respect of implementation of the Scheme, being:

- (a) the **Effective Date**, which is the date on which the Court order approving the Scheme is lodged with ASIC and the Scheme becomes Effective (expected to be Wednesday, 11 October 2017);
- (b) the **Special Dividend Record Date**, which is 4.00 pm on the fourth Business Day after the Effective Date (expected to be Tuesday, 17 October 2017), and is the date when the Register is examined to determine the Programmed Shareholders who will be entitled to receive the Special Dividend;
- (c) the **Special Dividend Payment Date**, which is the third Business Day after the Special Dividend Record Date (expected to be Friday, 20 October 2017), and is the

date on which the Special Dividend of \$0.16 for each Programmed Share is paid to Programmed Shareholders;

- (d) the **Scheme Record Date**, which is 4.00 pm on the eighth Business Day after the Effective Date (expected to be 4.00 pm on Monday, 23 October 2017), and is the date when the Register is examined to determine the Programmed Shareholders who will be entitled to participate in the Scheme (ie those who are Scheme Shareholders, and whose Programmed Shares will be Scheme Shares) and receive the Scheme Consideration; and
- (e) the **Implementation Date**, which is the fourth Business Day after the Scheme Record Date (expected to be Friday, 27 October 2017) and is the date on which:
 - (i) all of the Scheme Shares held by Scheme Shareholders will be transferred to BidCo without any need for action by Scheme Shareholders, by Programmed signing and effecting on behalf of Scheme Shareholders a valid transfer or transfers of the Scheme Shares to BidCo and entering BidCo in the Register;
 - (ii) Scheme Shareholders will be paid the Scheme Consideration of \$2.86 for each Scheme Share, payable by BidCo; and
 - (iii) Programmed will become a wholly owned subsidiary of PERSOL.

Further details about implementation of the Scheme are set out in Section 9.3 of this Scheme Booklet.

3.8 Directors' recommendation and voting intentions

Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Programmed Shareholders.

Each Director intends to vote all the Programmed Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Programmed Shareholders.

Your Directors believe that the reasons for you to vote in favour of the Scheme outweigh the reasons to vote against the Scheme. These reasons and other relevant considerations for Programmed Shareholders are set out in Section 1 of this Scheme Booklet.

3.9 Independent Expert's conclusions

The Independent Expert's Report is set out in full in Annexure E. Your Directors encourage you to read this report in full before deciding how to vote on the Scheme.

3.10 Treatment of Programmed Performance Rights

Under the Scheme Implementation Deed, Programmed is required to ensure (insofar as is permissible and practicable) that all Programmed Performance Rights vest prior to the both of the Record Dates.

Accordingly, the Programmed Board has determined that:

- (a) in accordance with and as permitted by the terms of Programmed's Long Term Incentive Plan and Managing Director's Long Term Incentive Plan, it will exercise its discretion to accelerate the vesting of all outstanding Programmed Performance Rights such that they will vest prior to both of the Record Dates; so that
- (b) on and subject to the Court making orders approving the Scheme at the Second Court Hearing, all Programmed Performance Rights will vest.

The Programmed Shares issued to the holders of the Programmed Performance Rights on vesting will therefore participate in the Scheme, such that the holders will receive the Special Dividend and the Scheme Consideration in respect of those Programmed Shares.

Details about the Programmed Performance Rights held by or on behalf of the Directors are set out in Section 10.1 of this Scheme Booklet.

3.11 Australian tax implications

You should seek your own professional advice regarding the individual tax consequences applicable to you. A general summary of the tax implications for Australian residents is set out in Section 8 of this Scheme Booklet.

3.12 No brokerage or stamp duty

No brokerage or stamp duty will be payable by Scheme Shareholders on the transfer of their Scheme Shares under the Scheme.

3.13 Questions

If, after reading this Scheme Booklet, you have any questions about the Scheme, please contact the Programmed Shareholder Information Line at any time between 8.30 am and 5.30 pm (Sydney time) on Business Days on 1300 642 192 (within Australia) or +61 3 9415 4137 (from outside Australia).

4. How to vote at the Scheme Meeting

4.1 The Scheme Meeting

The Scheme Meeting will be held at the Sheraton Melbourne Hotel, 27 Little Collins Street, Melbourne VIC 3000 at 11.00 am (Melbourne time) on Friday, 6 October 2017. Details about the Scheme Meeting are set out in the Notice of Scheme Meeting contained in Annexure D to this Scheme Booklet.

4.2 Voting entitlement

Each Programmed Shareholder who is registered on the Register at the Register Date (4.00 pm (Perth time) / 7.00 pm (Melbourne time) on Wednesday, 4 October 2017) is entitled to attend and vote at the Scheme Meeting.

Voting is not compulsory.

In the case of jointly held Programmed Shares, only one of the joint shareholders is entitled to vote. If more than one Programmed Shareholder votes in respect of jointly held Programmed Shares, only the vote of the Programmed Shareholder whose name appears first in the Register will be counted.

Details about the permitted methods of voting are set out in Section 4.3 below and the Notice of Scheme Meeting in Annexure D.

4.3 How to vote

You may vote on the Scheme by:

- ♦ attending the Scheme Meeting in person; or
- ♦ proxy, attorney, or in the case of a corporation which is a Programmed Shareholder, by corporate representative appointed in accordance with the Corporations Act.

Relevant details in respect of each of these methods are set out below.

(a) Voting in person

To vote in person, you must attend the Scheme Meeting. If you attend, you will be admitted to the meeting and given a voting card at the point of entry to the meeting upon disclosing your name and address. Please bring a form of personal identification with you, such as your driver's licence.

(b) Voting by proxy

To vote by proxy, you must complete and return the personalised Proxy Form enclosed with this Scheme Booklet by no later than 8.00 am (Perth time) / 11.00 am (Melbourne time) on Wednesday, 4 October 2017, in

accordance with the instructions on the form. You may appoint an individual or body corporate as your proxy.

(c) Voting by attorney

To vote by attorney, the attorney must have a duly executed power of attorney, specifying the Programmed Shareholder's name, the attorney, the meetings at which the appointment may be used and that the power of attorney applies in relation to Programmed. The appointment may be a standing one and the attorney need not be a Programmed Shareholder.

(d) Voting by corporate representative

For a body corporate to vote by corporate representative, the representative must have a duly executed appointment which complies with the requirements of the Corporations Act. The representative should bring this appointment to the meeting.

(e) Lodgement of Proxy Forms and powers of attorney

To be effective, completed Proxy Forms, powers of attorney and authorities must be received by the Share Registry in any of the following ways at least 48 hours before the time for holding the Scheme Meeting (that is, by no later than 8.00 am (Perth time) / 11.00 am (Melbourne time) on Wednesday, 4 October 2017), or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting:

- ♦ **By post** to Computershare Investor Services Pty Limited, GPO Box 242 Melbourne VIC 3001.
- ♦ **By facsimile** to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).
- ♦ **Online** at www.investorvote.com.au.

4.4 Your choices

As a Programmed Shareholder, you have three choices available to you. These choices are set out below:

(a) Option 1 – Vote at the Scheme Meeting

You can vote at the Scheme Meeting in person, or by proxy, attorney or corporate representative (in the case of corporations who are Programmed Shareholders), in respect of some or all of your Programmed Shares. Details of how to vote at the Scheme Meeting are set out in Section 4.3 above. You may vote in favour of or against the Scheme Resolution required to implement the Scheme.

If you vote against the Scheme Resolution required to implement the Scheme and the Scheme Resolution is duly

passed at the Scheme Meeting, is approved by the Court and the Scheme becomes Effective, then any Programmed Shares held by you on the Scheme Record Date will be transferred to BidCo, and (provided that you hold those Programmed Shares on both of the Record Dates) you will be paid the Total Cash Payment of \$3.02 (comprising the Special Dividend and the Scheme Consideration) for each Programmed Share, notwithstanding that you did not vote in favour of the Scheme Resolution.

(b) **Option 2** – Sell your Programmed Shares on market

You can sell your Programmed Shares on ASX at any time before the close of trading on the Effective Date. If you sell your Programmed Shares on ASX, you may be liable for CGT upon the disposal of your Programmed Shares (see Section 8), and may incur brokerage costs. If the Scheme becomes Effective, Programmed Shares will cease trading on ASX at close of trading on the Effective Date.

Programmed Shareholders who wish to sell some or all of their Programmed Shares on ASX should contact their broker for information on how to effect the sale.

(c) **Option 3** – Do nothing

If you do not wish to vote for or against the Scheme Resolution required to implement the Scheme, or sell your Programmed Shares on ASX, you may choose to do nothing.

If you do nothing and the Scheme Resolution required to implement the Scheme is duly passed at the Scheme Meeting, is approved by the Court and the Scheme becomes Effective, then any Programmed Shares held by you on the Scheme Record Date will be transferred to BidCo, and (provided that you hold those Programmed Shares on both of the Record Dates) you will be paid the Total Cash Payment of \$3.02 (comprising the Special Dividend and the Scheme Consideration) for each Programmed Share, notwithstanding that you did not vote in favour of the Scheme Resolution.

4.5 What to do next

(a) **Read the remainder of this Scheme Booklet**

You should read and consider the remainder of this Scheme Booklet in full before making any decision on the Scheme. If you require further advice in relation to the Scheme, contact your legal, financial, taxation or other professional adviser.

(b) **Consider your options**

Programmed Shareholders should refer to Sections 1.2 and 1.3 of this Scheme Booklet for further guidance on the expected advantages and possible disadvantages of the Scheme. However, this Scheme Booklet does not take into account the investments objectives, financial situation and particular needs of any Programmed Shareholder.

4.6 Voting Exclusion

As set out in Section 6, as at the date of this Scheme Booklet, neither BidCo nor PERSOL nor any of their respective associates, has a relevant interest in any Programmed Shares or any voting power in Programmed.

To avoid any doubt, however, to the extent that BidCo or PERSOL or any of their respective associates acquired a relevant interest in any Programmed Shares or any voting power in Programmed before the Register Date (Programmed is not aware of any intention by BidCo or PERSOL to do so, and such action is restricted by the terms of the Scheme Implementation Deed), Programmed would disregard any votes cast at the Scheme Meeting by BidCo or PERSOL or any of their respective associates.

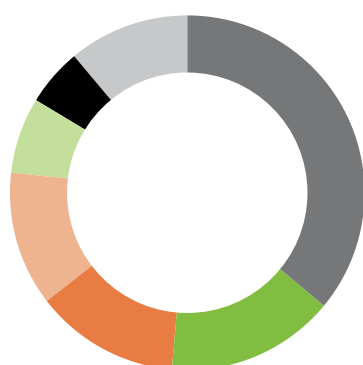
5. Information relating to Programmed

5.1 Background

Programmed is a leading provider of staffing, maintenance and facility management services. Programmed directly employs more than 20,000 people across a broad range of industries to provide services for more than 10,000 customers, often under long-term contracts. Programmed's business model is built around recruiting, deploying, managing and maintaining a large, directly-employed workforce of professional, skilled and semi-skilled staff with a wide range of capabilities.

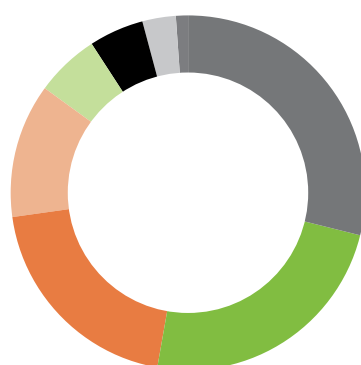
Programmed operates through a network of more than 100 branches, often delivering multiple services from across the business. Our team of 20,000+ comes from a range of cultural backgrounds and all contribute to the diversity of Programmed.

FY17 Revenue by Sector



■ **36%** Government & infrastructure
■ **16%** Manufacturing & industrial
■ **13%** Onshore mining
■ **12%** Retail & commercial
■ **7%** Offshore oil & gas
■ **5%** Transport
■ **11%** Other

FY17 Revenue by State/Country



■ **29%** WA
■ **24%** NSW
■ **20%** VIC
■ **12%** QLD
■ **6%** NZ
■ **5%** SA
■ **3%** TAS
■ **1%** Other

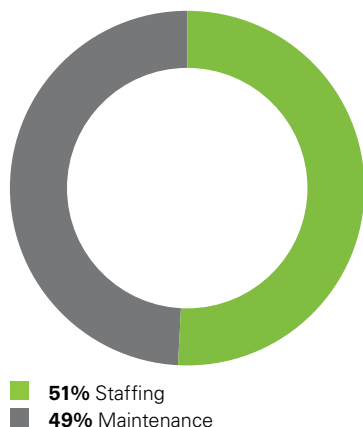
For the financial year ended 31 March 2017, Programmed reported revenue of \$2,691 million, EBITDA before non-trading items of \$96.5 million and net profit after tax before amortisation and non-trading items of \$41.3 million.

Further information about Programmed can be obtained from Programmed's website at www.programmed.com.au.

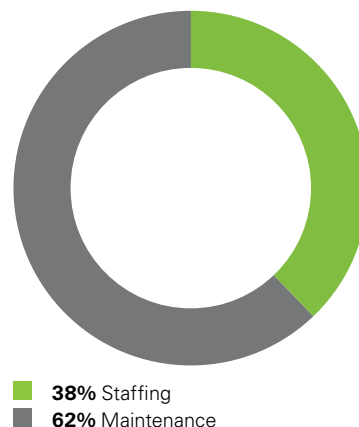
5.2 Overview of operations

Programmed operates through its Staffing and Maintenance divisions. The relative financial contributions of these divisions to Programmed in FY17 are set out below.

FY17 Revenue by Division



FY17 EBIT by Division



The operations of the Staffing and Maintenance divisions are described below.

Staffing

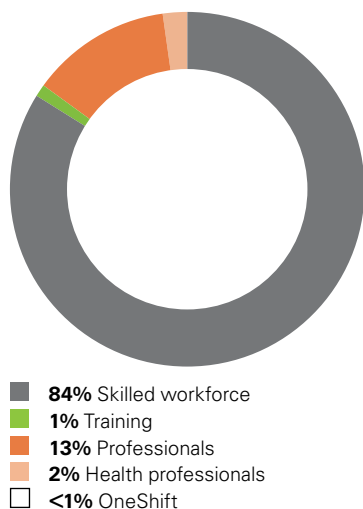
The Staffing division trades as five business units: Skilled Workforce (blue collar); Professionals (white collar); Health Professionals (hospitals and aged care); Training Services (licenced RTO and GTO) and OneShift (online recruitment services).

Staffing services include:

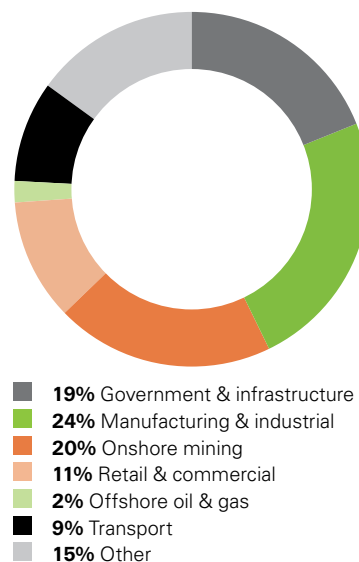
- ◆ Short-term, temporary and casual staffing
- ◆ Permanent recruitment
- ◆ Trainees and apprentices
- ◆ Trades, transport, warehousing, manufacturing, mining staff
- ◆ IT, engineering, healthcare, management, administration, call centre staff
- ◆ General labour
- ◆ Training services
- ◆ OneShift, an online staff recruitment application

Services are provided across Australia and New Zealand to most sectors including mining, energy, construction, manufacturing, industrial, infrastructure, utilities, agriculture, communications, transport and logistics, government, health, aged care and education.

Staffing – FY17 Revenue by Business Unit



Staffing – FY17 Revenue by Sector



5. Information relating to Programmed continued

Maintenance

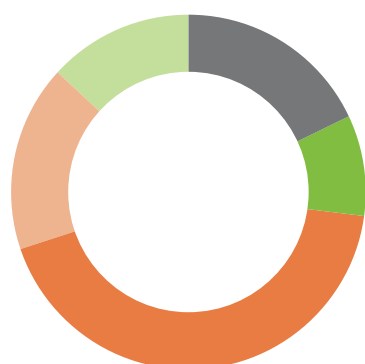
The Maintenance division trades as five main business units: Property Services; Electrical Technologies; Facility Management; Industrial Maintenance and Marine Services.

Maintenance and operational services to maintain and/or operate assets include:

- ◆ Painting
- ◆ Grounds maintenance and landscaping
- ◆ Specialist turf construction and maintenance for golf and horse racing
- ◆ Corporate imaging and signage
- ◆ Building projects and repair
- ◆ Electrical and lighting installation and repair
- ◆ Audio visual, data and communications installation and repair
- ◆ Facility management and maintenance services
- ◆ Industrial maintenance, shutdowns and minor capital works
- ◆ Offshore vessel management, catering and manning services for vessels, rigs, platforms and FPSO's

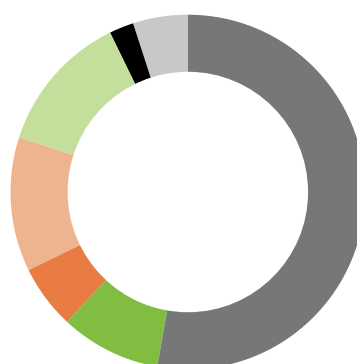
Services are provided across Australia and New Zealand, often under long-term contracts and planned maintenance programs, to most sectors including mining, energy, manufacturing, industrial, infrastructure, utilities, agriculture, communications, government, health, aged care and education.

Maintenance – FY17 Revenue by Business Unit



■	18% Property services
■	9% Electrical technologies
■	43% Facility management
■	17% Industrial maintenance
■	13% Marine

Maintenance – FY17 Revenue by Sector



■	53% Government & infrastructure
■	9% Manufacturing & industrial
■	6% Onshore mining
■	12% Retail & commercial
■	13% Offshore oil & gas
■	2% Transport
■	5% Other

Marine Services JV with Atlas Professionals

On 24 May 2017, Programmed announced that it would be entering into a 50/50 marine services joint venture in Australia and New Zealand with Atlas Professionals, a global provider of staffing services to the offshore oil and gas industry, headquartered in the Netherlands. The agreements for that joint venture were executed on 10 July 2017.

As part of this transaction, Programmed sold 100% of its international marine services business and 50% of its Australian and New Zealand marine services business, to Atlas Professionals for \$29 million (of which \$7.5 million was paid up-front and \$21.5 million is subject to a vendor finance arrangement, with the finance carrying 5% interest).

5.3 Programmed Board and Senior Management

(a) Programmed Board

As at the date of this Scheme Booklet, the Programmed Board comprises:

Name	Position
Bruce Brook	Chairman
Christopher Sutherland	Managing Director

Name	Position
Emma Stein	Non-Executive Director
Robert McKinnon	Non-Executive Director
James Walker	Non-Executive Director
Lisa Paul	Non-Executive Director

(b) Senior Management

As at the date of this Scheme Booklet, Programmed's key management personnel are:

Name	Position
Christopher Sutherland	Managing Director
Stephen Leach	Chief Financial Officer
Jennifer Boulding	CEO, Programmed Health Professionals
Nicholas Fairbank	CEO, Programmed Skilled Workforce
Glenn Thompson	CEO, Maintenance

5.4 Programmed's securities and capital structure

(a) Programmed Shares on issue

As at 25 August 2017 (being the Last Practicable Trading Day), Programmed had 257,525,748 Programmed Shares on issue.

(b) Programmed Performance Rights on issue

As at 25 August 2017 (being the Last Practicable Trading Day), Programmed had 4,567,000 unlisted Programmed Performance Rights on issue, comprising:

Grant date	Expiry date	Number
1 July 2014	1 September 2018	655,000
31 July 2014	1 September 2018	150,000
1 July 2015	1 September 2019	797,000
31 July 2015	1 September 2019	170,000
1 July 2016	1 September 2020	1,340,000
28 July 2016	30 September 2020	300,000
1 July 2017	1 September 2021	855,000
28 July 2017	1 September 2021	300,000
TOTAL		4,567,000

On vesting, each Programmed Performance Right will entitle the holder to be issued one Programmed Share.

5. Information relating to Programmed continued

(c) Substantial shareholders

Based on publicly available information, as at 25 August 2017 (being the Last Practicable Trading Day), Programmed had received notifications from the following substantial shareholders in accordance with section 671B of the Corporations Act:

Name	Number of Programmed Shares	Percentage of total issued Programmed Shares
Allan Gray Australia Pty Ltd	26,136,024	10.15%
BT Investment Management Limited	14,006,427	5.44%
NovaPort Capital Pty Ltd	13,266,099	5.15%

5.5 Financial information

The following section contains financial information about Programmed for the financial years ended 31 March 2016 and 31 March 2017. The financial information in this section is a summary only and is prepared and extracted for the purposes of this Scheme Booklet. The information has been extracted from the audited financial reports of Programmed for the financial years ended 31 March 2016 and 31 March 2017.

Further detail about Programmed's financial performance can be found in the financial statements for the year ended 31 March 2017, as announced to ASX on 24 May 2017 and which can be found in the Investor Relations section of the Programmed website at www.programmed.com.au.

(a) Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2017 \$'000	2016 \$'000
For the financial years ended 31 March 2017 and 31 March 2016		
Continuing operations		
Revenue	2,691,375	2,209,448
Other income	374	2,279
Share of net loss of associate accounted for using the equity method	(2,426)	(483)
Changes in work in progress at cost and other inventories	7,716	7,508
Raw materials and consumables used	(116,088)	(123,002)
Employee benefits expense	(1,928,235)	(1,443,086)
Sub-contractor expenses	(466,804)	(404,313)
Equipment and motor vehicle costs	(23,543)	(46,840)
Information technology and telecommunication costs	(16,482)	(13,282)
Impairment of goodwill	–	(102,397)
Depreciation and amortisation expense	(30,156)	(24,367)
Finance costs	(17,408)	(11,206)
Other expenses	(77,977)	(142,098)
Profit/(loss) before income tax	20,346	(91,839)
Income tax expense	(8,061)	(4,490)
Profit/(loss) for the year from continuing operations	12,285	(96,329)
Discontinued operations		
Loss from discontinued operations	–	(1,695)
Profit/(loss) for the year attributable to members of Programmed Maintenance Services Limited	12,285	(98,024)

Other comprehensive income/(loss), net of income tax

Items that may be classified subsequently to profit or loss

Exchange differences arising on translation of foreign operations	(818)	(7,450)
Other comprehensive loss for the year (net of tax)	(818)	(7,450)
Total comprehensive income/(loss) for the year attributable to owners of the parent entity	11,467	(105,474)

(b) Consolidated Statement of Financial Position

As at 31 March 2017 and as at 31 March 2016	2017 \$'000	2016 \$'000
CURRENT ASSETS		
Cash	58,735	78,859
Trade and other receivables	406,168	443,548
Inventories	94,252	86,280
Current tax assets	14,190	6,567
Other	6,157	6,708
Total current assets	579,502	621,962
NON-CURRENT ASSETS		
Investments in associates	431	5,150
Trade and other receivables	41,861	60,772
Inventories	8,770	7,838
Property, plant and equipment	37,998	43,157
Deferred tax assets	42,677	48,978
Goodwill	508,258	510,029
Other intangible assets	74,082	82,942
Total non-current assets	714,077	758,866
TOTAL ASSETS	1,293,579	1,380,828
CURRENT LIABILITIES		
Trade and other payables	271,995	263,787
Borrowings	76,228	1,260
Current tax payable	1,079	3,485
Provisions	73,327	104,442
Total current liabilities	422,629	372,974
NON-CURRENT LIABILITIES		
Borrowings	182,512	316,787
Deferred tax liabilities	62,222	63,760
Provisions	18,386	21,718
Total non-current liabilities	263,120	402,265
TOTAL LIABILITIES	685,749	775,239
NET ASSETS	607,830	605,589
EQUITY		
Issued capital	570,280	557,813
Reserves	3,139	4,177
Retained earnings	34,411	43,599
TOTAL EQUITY	607,830	605,589

5. Information relating to Programmed continued

(c) Consolidated Statement of Cash Flows

For the financial years ended 31 March 2017 and 31 March 2016	2017 \$'000	2016 \$'000
Cash flows from operating activities		
Receipts from customers	3,021,986	2,582,047
Payments to suppliers and employees	(2,936,177)	(2,491,142)
Interest and other cost of finance paid	(14,959)	(15,808)
Income tax paid	(9,344)	(16,410)
Net cash provided by operating activities	61,506	58,687
Cash flows from investing activities		
Interest received	658	592
Net cash inflow from business acquisitions	–	26,654
Payments for property, plant and equipment	(11,847)	(8,272)
Proceeds from sale of property, plant and equipment	3,666	12,631
Proceeds from sale of subsidiary	2,600	3,900
Payments for development software	(2,747)	(4,896)
Payments for mobilisation of contracts	(1,923)	(1,209)
Receipts from other receivables	7,853	–
Payments for deferred consideration and investments	(9,657)	(1,322)
Net cash (used in)/provided by investing activities	(11,397)	28,078
Cash flows from financing activities		
Proceeds from borrowings	185,000	167,059
Repayments of borrowings	(246,322)	(187,140)
Dividends paid	(9,006)	(29,851)
Net cash used in financing activities	(70,328)	(49,932)
Net (decrease)/increase in cash	(20,219)	36,833
Cash at the beginning of the year	78,859	42,768
Effects of exchange rate changes on the balance of cash held in foreign currencies	95	(742)
Cash at the end of the year	58,735	78,859

5.6 Material changes in Programmed's financial position

Since 31 March 2017:

- ◆ Programmed paid a final dividend for the financial year ended 31 March 2017 of \$0.035 for each Programmed Share. That final dividend was paid on 31 July 2017, and the aggregate amount of the final dividend was approximately \$9 million; and
- ◆ Programmed formally executed and completed the Atlas Transaction (which is discussed in further detail in Section 5.2 above).

Neither of these events has had a material impact on the financial position of Programmed and, to the knowledge of Programmed Directors, other than:

- ◆ the accumulation of profits in the ordinary course of trading; or
- ◆ as disclosed in this Scheme Booklet or as otherwise disclosed to ASX by Programmed.

the financial position of Programmed has not materially changed since 31 March 2017, (being the date of the last balance sheet laid before Programmed in general meeting and sent to Programmed Shareholders in accordance with the Corporations Act).

Copies of Programmed's annual reports (including for the financial year ended 31 March 2017) can be obtained from Programmed's website (www.programmed.com.au), ASX's website (www.asx.com.au) or from Programmed free of charge, following a request in writing received before the Scheme is approved by the Court.

5.7 Outlook

At Programmed's 2017 Annual General Meeting on 28 July 2017, Programmed's Managing Director provided the following commentary on Programmed's outlook:

"While some leading economic indicators point to business confidence improving and the economy strengthening in the next 12 months, our current internal staffing indicators suggest a lack of growth in some of the sectors we serve.

Our business model, providing staffing, maintenance and facility management services across all industry sectors, gives Programmed considerable strength. While demand for staff in the materials, transport, logistics and manufacturing sectors has weakened in the past year there are growing opportunities in the public infrastructure, tourism, education, health and aged care sectors. We believe the resources sector has completed a period of downsizing and staff reductions, and expect demand in this sector to grow in the next 12 months, particularly in oil and gas."

As at the date of this Scheme Booklet, to the knowledge of the Programmed Directors, Programmed's outlook has not materially changed.

5.8 Intentions regarding the continuation of Programmed's business

The Corporations Regulations require a statement by the Directors of their intentions regarding Programmed's business. If the Scheme is implemented, the Programmed Board will be reconstituted in accordance with the instructions of PERSOL (refer Section 6.7(b) about this) and in accordance with the Scheme Implementation Deed, each member of the Programmed Board, other than Mr Sutherland and those persons so appointed by PERSOL, will resign with effect from the Implementation Date.

It is for the reconstituted Programmed Board to determine its intentions as to:

- (a) the continuation of the business of Programmed or how the existing business will be conducted;
- (b) any major changes to be made to the business of Programmed; or
- (c) the future employment of the present employees of Programmed.

The PERSOL Group's intentions if the Scheme is implemented are set out in Section 6.7.

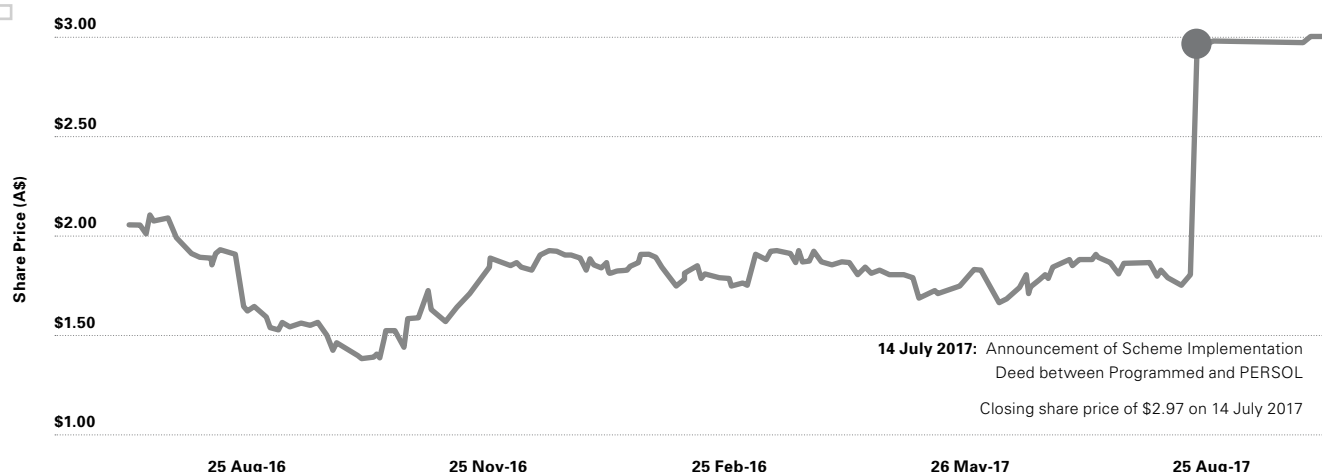
5.9 Recent Programmed share price performance

Entry into the Scheme Implementation Deed was announced to the market on Friday, 14 July 2017. The last recorded closing price for Programmed Shares on ASX before that announcement was \$1.80 (on 13 July 2017).

During the period leading up to the announcement of entry into the Scheme Implementation Deed on 14 July 2017, the VWAP for a Programmed Share was:

- ◆ \$1.84 for the 1 month ended 13 July 2017;
- ◆ \$1.79 for the 3 months ended 13 July 2017; and
- ◆ \$1.81 for the 6 months ended 13 July 2017.

The closing price of Programmed Shares on ASX on 25 August 2017, being the Last Practicable Trading Date, was \$2.97, being a discount of 1.66% to the Total Cash Payment of \$3.02 for each Programmed Share. The following chart highlights the movements in the Programmed Share price for the period from 14 July 2016 (12 months prior to announcement of the Scheme) until 25 August 2017, being the Last Practicable Trading Date.



Source: IRESS (as at 25 August 2017).

5. Information relating to Programmed continued

5.10 Public information available for inspection

Programmed is a “disclosing entity” as defined in the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Broadly, these require Programmed to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. Programmed is also required to prepare and lodge with ASIC and ASX both annual and half year financial statements.

Further announcements concerning Programmed will continue to be made available on the ASX website after the date of this Scheme Booklet.

Copies of the documents filed with ASX may be obtained from the ASX website at www.asx.com.au and Programmed’s website at www.programmed.com.au. Copies of the documents lodged with ASIC in relation to Programmed may be obtained from, or inspected at, an ASIC office. Copies of these documents will also be made available free of charge following a request in writing to Programmed at any time before the Scheme Meeting.

6. Information relating to Bidco and PERSOL

The information in this Section 6 has been prepared by the PERSOL Group. None of Programmed and its related bodies corporate, nor their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information in this Section 6.

6.1 BidCo

BidCo is an Australian proprietary company limited by shares incorporated in Western Australia under the Corporations Act which has been established for the purpose of acquiring the Programmed Shares. BidCo has available to it sufficient funding facilities to allow it to pay for the aggregate Scheme Consideration in respect of the Programmed Shares it would acquire under the Scheme (see Section 6.9 for further details).

BidCo is a wholly owned subsidiary of PERSOL. BidCo is a wholly-owned subsidiary of an intermediate holding company HoldCo. HoldCo in turn is wholly-owned by PERSOL.

The directors of BidCo are:

- ◆ Toshihiro Ozawa, Director;
- ◆ Motonari Migidera, Director; and
- ◆ Paul Adamiak, Director.

6.2 Overview of PERSOL

PERSOL, formerly known as Temp Holdings Co., Ltd., provides a wide range of human resource services such as general worker dispatching, permanent placement and outsourcing. PERSOL is listed on the Tokyo Stock Exchange, First Section, with securities code 2181. PERSOL's market capitalisation as at 25 August 2017 (being the last practicable trading day prior to the date of this Scheme Booklet) was JPY 532,523 million (approximately AUD 6,161 million).

PERSOL Group employs over 32,000 employees and is headquartered in Tokyo.

In the financial year ended 31 March 2017, the PERSOL's group EBITDA was JPY 43,433 million (approximately AUD 502.56 million) and net profit after tax was JPY 19,080 million (approximately AUD 220.74 million). As at 31 March 2017, the PERSOL's group consolidated total assets were approximately JPY 268,364 million (approximately AUD 3,104.79 million) and net assets were approximately JPY 153,816 million (approximately AUD 1,779.55 million). The AUD equivalent of JPY used in this section is based on the JPY:AUD exchange rate as at 23 August 2017, being 0.0115693.

The PERSOL Group began in 1973 as Tempstaff Co., Ltd. (now known as PERSOL TEMPSTAFF CO., LTD.) in Tokyo and began

major growth in 2008 when Tempstaff Co., Ltd. and People Staff Co., Ltd. merged to establish Temp Holdings Co. Ltd. Since then the PERSOL Group has expanded through a number of acquisitions including Japan Tecseed Co., Ltd., Intelligence Holdings, Ltd., Panasonic Excel Staff Co., Ltd., Capita Pte Ltd., First Alliances Co. Ltd and an Asia-Pacific joint venture with Kelly Services, Inc..

The PERSOL Group provides staffing, recruiting, human resources, engineering and IT outsourcing services to customers in the Asia-Pacific region and the USA and currently has six business divisions being Temporary Staffing/ Business Process Outsourcing, Recruiting, Overseas Business, IT Outsourcing, Engineering and Consulting/Research/ Training/Other.

The PERSOL Group's strategy is to develop its business throughout the Asia-Pacific region and strengthen its business platform, including through investing in IT systems and enhancing productivity, creating synergies within PERSOL, and improving awareness of PERSOL.

PERSOL's current presence in Australia is through a joint venture (**KSG JV**) with Kelly Services, Inc. which operates under the Kelly brand. PERSOL holds 51% of KSG JV and Kelly Services, Inc. holds the remaining 49%. KSG JV has operating entities across the APAC region, with operations in Australia, China, Hong Kong, India, Indonesia, Malaysia, New Zealand, Singapore, South Korea, Taiwan, Thailand and Vietnam. The service offerings include temporary/contract staffing, permanent placement, executive search, payroll services, business process outsourcing and HR consulting. KSG JV's Australian operations are operated via its subsidiary, Kelly Services Australia Pty Ltd.

As at 31 March 2017, the shareholders of PERSOL with 5% or more of the shares were:

- ◆ Yoshiko Shinohara – 12.60%;
- ◆ Japan Trustee Services Bank, Ltd. (Trust Account) – 6.89%;
- ◆ The Master Trust Bank of Japan, Ltd. (Trust Account) – 5.37%; and
- ◆ The Yoshiko Shinohara Memorial Foundation – 5.20%.

6.3 Directors of PERSOL

The directors of PERSOL are:

- ◆ Masamichi Mizuta, Representative Director, President and CEO;
- ◆ Hirotohashi Takahashi, Director, Deputy President and Corporate Strategy Officer;

6. Information relating to Bidco and PERSOL continued

- ◆ Takao Wada, Director, Executive Officer (Sales Strategy officer, Temporary Staffing/BPO Segment Lead);
- ◆ Toshihiro Ozawa, Director, Executive Officer (Group Function Control Officer, Chief Information Officer);
- ◆ Kiyoshi Seki, Director, Executive Officer (Chief Financial Officer);
- ◆ Peter Wing Quigley, External Director;
- ◆ Hiroshi Shimazaki, Director (Member of Audit and Supervisory Committee);
- ◆ Ryosuke Tamakoshi, External Director (Member of Audit and Supervisory Committee);
- ◆ Naoshige Shindo, External Director (Member of Audit and Supervisory Committee); and
- ◆ Naohiro Nishiguchi, External Director (Member of Audit and Supervisory Committee).

6.4 Corporate governance

PERSOL is committed to ensuring that its obligations and responsibilities to its various stakeholders are fulfilled through appropriate corporate governance practices. These practices are based on the PERSOL Group's corporate philosophy, vision, five principles of action and Japan's Corporate Governance Code and designed to ensure that PERSOL's directors and executive officers perform their duties with transparency, integrity, care and diligence and in a manner which reflects the appropriate standards of the PERSOL Group's business.

Further details are available on PERSOL's website at https://www.persol-group.co.jp/en/corporate/governance/corporate_governance/index.html.

6.5 Additional information regarding PERSOL

PERSOL is subject to the information requirements of the Japanese Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) and the rules of the Tokyo Stock Exchange and, in accordance with these requirements, is required to file reports and other information through the EDINET (Electronic Disclosure for Investors' NETWORK) and with the Tokyo Stock Exchange relating to its business, financial condition and other matters.

The EDINET maintains a website at <http://disclosure.edinet-fsa.go.jp/EKW0EZ1001.html?lgKbn=1&dflg=0&iflg=0> that contains information regarding registrants (including PERSOL).

The Tokyo Stock Exchange maintains a website at <http://www.jpx.co.jp/english/> that contains information regarding registrants (including PERSOL).

Further information about PERSOL can be found at <https://www.persol-group.co.jp/en/index.html>.

Information contained in or otherwise accessible from the above websites are not part of this Scheme Booklet.

6.6 Rationale for PERSOL's proposed acquisition of Programmed

The acquisition of Programmed is consistent with PERSOL's strategy of creating a leading personnel and human resource

services business across the Asia Pacific region. The acquisition would give the PERSOL Group an enhanced position in the Australian and New Zealand markets for staffing services. The acquisition would also give the PERSOL Group a leading position in maintenance services in Australia and New Zealand, as well as establishing a new capability in maintenance services which can be leveraged across the Asia-Pacific region.

6.7 BidCo's intentions if the Scheme is implemented

This Section 6.7 sets out the intentions of BidCo relating to:

- ◆ the continuation of the business of Programmed;
- ◆ any major changes to the business of Programmed and redeployment of the fixed assets of Programmed; and
- ◆ the future employment of the present employees of Programmed.

The intentions set out in this Section 6.7 represent the current intentions of BidCo as at the date of this Scheme Booklet and have been formed on the basis of facts and information concerning Programmed and its business which are known to BidCo at the date of this Scheme Booklet and are based on publicly available information and certain limited non-public information made available to BidCo as part of its due diligence review. Therefore the formulation of this Section 6.7 is necessarily limited by the extent of information about Programmed available to BidCo.

BidCo's intentions may change after implementation of the Scheme as new information becomes available or circumstances change. Any changes in intentions will be disclosed to the extent and in the manner required by law.

BidCo's intentions set out in this Section 6.7 have been approved by and reflect the intentions of PERSOL.

BidCo's current intentions for Programmed if the Scheme is implemented are as follows.

(a) Programmed to be delisted

If the Scheme is implemented, BidCo will procure that Programmed applies to ASX for Programmed to be removed from the official list of the ASX after implementation of the Scheme.

(b) Programmed Board

If the Scheme is implemented, BidCo will become the holder of all Programmed Shares and accordingly, Programmed will become a wholly-owned subsidiary of BidCo.

BidCo intends to retain Christopher Sutherland as Managing Director of Programmed, appoint Toshihiro Ozawa as Chairman and a director of the Programmed Board and otherwise intends to reconstitute the Programmed Board with nominees of the PERSOL Group. BidCo has not yet formed any intentions as to whether it will make similar changes to the boards of Programmed's subsidiaries. The other nominees of the PERSOL Group have not yet been identified and their identities will depend on the circumstances at the relevant time.

(c) Management and employees

The PERSOL Group considers Programmed's employees to be an integral part of the past and future success of the business. It is BidCo's current intention to leave Programmed's management structure substantially intact post implementation of the Scheme, including retaining Programmed's Managing Director, Christopher Sutherland and other senior management. The PERSOL Group would provide oversight of Programmed's strategic direction and have its representatives assist Programmed's senior management as and when appropriate.

Other than changes to roles which result from Programmed ceasing to be a public listed company, BidCo currently does not have any definitive plans in relation to Programmed employees more generally or any present intention to make any redundancies. The PERSOL Group will however evaluate the future employment requirements of the Programmed Group business as part of the general operational review described in Section 6.7(e) below. Its preferred approach would generally be to identify alternative roles for employees rather than make them redundant.

The PERSOL Group believes that the proposed acquisition of Programmed should offer benefits for the Programmed Group employees by bringing together the businesses of the Programmed Group and the PERSOL Group with the potential to create growth opportunities across the combined group.

(d) Employee incentive arrangements

The PERSOL Group understands that Programmed's Long Term Incentive Plan and Managing Director's Long Term Incentive Plan will no longer be applicable following implementation of the Scheme. After implementation of the Scheme, the PERSOL Group intends to review and implement appropriate incentive arrangements for key employees so as to align the interests of Programmed Group employees with those of the PERSOL Group.

The terms of any new incentive plans and the employees who will be entitled to participate in those plans will be determined by PERSOL after implementation of the Scheme.

(e) General operational review

If the Scheme is implemented, it is currently intended that Programmed's head office will remain in Perth, Australia.

The PERSOL Group has no current intention to make any major changes to Programmed's business operations or any material divestments of assets. It intends to support the Programmed Group in continuing to operate its business in substantially the same manner in which it currently operates, as a standalone division of the larger combined group.

The PERSOL Group considers Programmed's reputation and branding to be an integral part of the success of Programmed's business and intends to maintain separate brands for the Programmed Group and the PERSOL Group.

If the Scheme is implemented, the PERSOL Group intends to conduct a broad based, general review of the Programmed Group's operations covering strategic,

financial and operating matters. The review will seek to measure performance and identify areas which may be improved. If it becomes apparent that the financial and operating performance of Programmed can be improved, the PERSOL Group will seek to implement changes to achieve this improvement.

(f) Basis of intentions

Other than as set out in this Section 6.7, it is BidCo's present intention to procure that Programmed will:

- ◆ generally continue its business in substantially the same manner as at the date of this Scheme Booklet;
- ◆ not make any major changes to its business or redeploy any of its fixed assets; and
- ◆ continue the employment of its present employees.

6.8 Regulatory considerations – FIRB

BidCo is a foreign person for the purposes of the FATA. The Scheme is subject to a condition precedent that before 8:00 am on the Second Court Date BidCo is notified by the Federal Treasurer that the Commonwealth of Australia has no objections (unconditionally or on conditions acceptable to PERSOL acting reasonably) to BidCo acquiring all of the Programmed Shares (or is precluded from objecting because the time for doing so has passed).

BidCo has given the Treasurer of the Commonwealth of Australia notice in accordance with the FATA in respect of the Scheme and has paid the applicable fee. BidCo believes that the Scheme is consistent with the Government's foreign investment policy and anticipates it will receive a no objection notice (within the meaning of the FATA) in respect of the Scheme in due course.

6.9 Funding arrangements

BidCo and PERSOL have executed the Deed Poll in favour of the Scheme Shareholders under which BidCo covenants to provide the Scheme Consideration in accordance with the Scheme, and PERSOL guarantees the due and punctual performance by BidCo of that obligation.

The Scheme Consideration will be satisfied wholly in cash. This Section 6.9 sets out the means by which BidCo will fund the Scheme Consideration. Pursuant to the Scheme Implementation Deed, if no Special Dividend were paid by Programmed, the Scheme Consideration would equal the Total Cash Payment of \$3.02 for each Programmed Share.

(a) Maximum cash required to fund the Scheme Consideration

Based on the number of Programmed Shares and Programmed Performance Rights on issue as at the date of this Scheme Booklet, the maximum amount of cash payable by BidCo in connection with the Scheme is approximately \$750 million. This amount represents the aggregate Scheme Consideration of \$2.86 for each Programmed Share.

6. Information relating to Bidco and PERSOL continued

(b) PERSOL's intra-group funding arrangements

Pursuant to a funding agreement between BidCo, HoldCo and PERSOL (the **Funding Agreement**), PERSOL has agreed that it will, or will procure that subsidiary entities of PERSOL will, subscribe for shares in BidCo or provide loans to BidCo to be applied by BidCo towards the cash consideration payable under the Scheme and any transaction costs associated with the Scheme.

BidCo's rights to require funding to be provided under the Funding Agreement are not subject to any conditions, other than satisfaction or waiver of the conditions to the Scheme (refer to Section 3.6 for further information) and the Scheme becoming Effective.

BidCo is required under the Scheme and Deed Poll to deposit, no later than the day that is two Business Days prior to the Implementation Date, an amount equal to the aggregate Scheme Consideration payable to all Scheme Shareholders (provided to it under the Funding Agreement) in cleared funds into an Australian dollar denominated trust account, operated by Programmed as trustee for the Scheme Shareholders for the purpose of paying the Scheme Consideration to each Scheme Shareholder.

(c) Overview of funding arrangements

PERSOL will obtain (or procure that its subsidiaries obtain) the funds required to be provided to BidCo under the Funding Agreement from a combination of existing cash resources of the PERSOL Group and external debt to be provided to PERSOL under two new facility agreements (the **Acquisition Facility Agreements**) with Sumitomo Mitsui Banking Corporation (which currently has an A long term credit rating assigned by Standard & Poor's) and The Bank of Tokyo-Mitsubishi UFJ, Ltd. (which currently has an A+ long term credit rating assigned by Standard & Poor's) (the **Acquisition Facilities**). The proceeds of the Acquisition Facilities are available to PERSOL for, among other purposes, financing the cash consideration payable under the Scheme and financing any transaction costs associated with the Scheme (including putting BidCo in funds to make such payments).

As at 31 July 2017, the PERSOL Group had cash reserves in excess of JPY 9,075 million (approximately AUD 105 million) which will be available for partially funding the payment of the Scheme Consideration and are not required for other operations or commitments of the PERSOL Group. The amounts which will be available for drawdown under the Acquisition Facilities will be JPY 60 billion (approximately AUD 695 million) (JPY 30 billion under the Acquisition Facility Agreement with Sumitomo Mitsui Banking Corporation and JPY 30 billion under the Acquisition Facility Agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd.). The AUD equivalent of JPY used in this paragraph is based on the JPY:AUD exchange rate as at 23 August 2017, being 0.0115693.

The funds available from the PERSOL Group's cash reserves and under the Acquisition Facility Agreements are in excess of the amount that could be required to fund the aggregate Scheme Consideration payable under the Scheme and any transaction costs associated with

the Scheme and are sufficient to cover any adverse movements in exchange rates that reduce the Australian dollar value of these funds that BidCo and PERSOL believe is likely prior to payment of the Scheme Consideration. However, where considered appropriate by BidCo and PERSOL, alternative sources of funds may be used to fund the aggregate Scheme Consideration or any transaction costs associated with the Scheme in place of the funds available under the Acquisition Facility Agreements.

(d) Conditions to drawdown of the Acquisition Facilities

PERSOL's ability to drawdown under the Acquisition Facilities Agreement is subject to certain conditions (which BidCo believes are customary for facilities of this nature in Australia) being satisfied or waived including:

- ◆ receipt by the lenders of a certificate from PERSOL certifying certain factual matters in relation to the Scheme including Court approval on the Second Court Date and satisfaction or waiver of the conditions precedent to the Scheme becoming Effective;
- ◆ that the Scheme Implementation Deed or any condition under it or the Scheme has not been amended or waived in any material respect where such amendment or waiver would have a material adverse effect on the rights of the lender; and
- ◆ the satisfaction of other conditions precedent primarily of a documentary nature which are customary for facilities of this kind (for example, the delivery of a drawdown notice, the delivery of PERSOL corporate information such as copies of corporate registers and board resolutions, and the satisfaction of lender "know your customer" requirements).

It is expected that these conditions will be satisfied on or before the Second Court Date (other than those conditions relating to the Scheme becoming Effective and certain other conditions which are intended to be satisfied concurrently with, or prior to, the Implementation Date).

Drawdown is subject to the further condition that certain material events of default (customary for facilities of this kind and being a subset of the broader set of events of default under the Acquisition Facility Agreements) are not subsisting and will not result from the loan being made (a **Material Event of Default**). As at the date of this Scheme Booklet, neither BidCo nor PERSOL is aware of the existence of any event or circumstance that would or would likely give rise to any Material Event of Default. PERSOL and BidCo believe that the ability to ensure that no Material Event of Default occurs is primarily within the control of PERSOL and its group entities and do not believe that there is any reasonable prospect of a Material Event of Default occurring.

Drawdown is subject to the further condition that no "Exemption Event" has occurred is continuing at the time the loan is requested and at the time the loan is to be made. An **Exemption Event** is: (i) an outbreak of natural disaster, war or terrorist attack; (ii) an interruption in or damage to the electrical, communications or various settlement systems; (iii) any event that occurs within the Tokyo interbank market that makes it impossible to provide loans in Yen; or (iv) any other event not attributable

to the lender that affects banking business generally or the financial markets in Japan and results in the lender's reasonable determination that it is impossible for the lender to make the loan under the relevant Acquisition Facility Agreement.

6.10 Interest in Programmed Shares

(a) Relevant interests

As at the date of this Scheme Booklet, neither BidCo nor PERSOL nor any of their respective associates has a relevant interest in any Programmed Shares.

(b) Voting power

As at the date of this Scheme Booklet, neither BidCo nor PERSOL nor any of their respective associates has any voting power in Programmed.

(c) Dealing in Programmed Shares in the previous four months

Except for the consideration to be provided under the Scheme, neither BidCo nor PERSOL nor any of their respective associates have provided, or agreed to provide, consideration for any Programmed Shares under any transaction during the period of four months before the date of this Scheme Booklet.

(d) Benefits to holders of Programmed Shares in previous four months

Neither BidCo nor PERSOL nor any of their respective associates have, during the four month period before the date of this Scheme Booklet, given, offered, or agreed to give or offer a benefit to another person where the benefit was likely to induce the other person, or any associate of that person to:

- ◆ vote in favour of the Scheme; or
- ◆ dispose of Programmed Shares,

which benefit was not offered to all Scheme Shareholders.

PERSOL and Programmed have agreed to retention payments that have been offered to certain members of Programmed's senior management (49 persons in total, including the Managing Director), having regard to (among other things) the best interests of Programmed, the value in ensuring the continued services of such employees of Programmed and the need to minimise any disruption to the Programmed business following implementation of the Scheme. The aggregate amount of these payments is approximately \$4,582,014. These payments will be made subject to the relevant persons remaining employed by Programmed on 1 July 2019 (or a shorter period if the person ceases to be employed by Programmed in specified circumstances). PERSOL and Programmed consider that the nature and quantum of these payments are reasonable in the circumstances.

See also Section 10.4(b) of this Scheme Booklet about the retention payment that may be paid to the Programmed Managing Director.

(e) Benefits to directors

Neither BidCo nor PERSOL nor any of their respective associates will make any payment or give any benefit to any member of the Programmed Board as compensation or consideration for, or otherwise in connection with, his or her resignation from office in Programmed or a Related Body Corporate of Programmed if the Scheme is implemented and the Programmed Board is reconstituted.

7. Risks

In the ordinary course of business the Programmed Board and Programmed's senior management assess material risks associated with Programmed's business and take appropriate steps to manage and mitigate them. The Programmed Board considers, however, that it is appropriate for Programmed Shareholders, in considering the Scheme, to be aware that there are a number of risk factors, general and specific, which could materially adversely affect the future operating and financial performance of Programmed, the value of Programmed Shares and any future dividends paid by Programmed.

The risk factors in this Section 7 are existing risks that relate to Programmed's business and the industry in which it operates. These risks will only continue to be relevant to Programmed Shareholders if the Scheme does not proceed and Programmed Shareholders retain their current investment in Programmed.

If the Scheme proceeds, Programmed Shareholders who are registered in the Register on both of the Record Dates will receive the Total Cash Payment of \$3.02 for each Programmed Share (comprising the Special Dividend and the Scheme Consideration), and from implementation of the Scheme they will cease to be Programmed Shareholders and will no longer be exposed to the risks set out in this Section 7.

You should carefully consider the risks discussed in this Section 7, as well as the other information contained in this Scheme Booklet generally, before voting on the Scheme Resolution. If you are unclear in relation to any matter or uncertain if Programmed Shares are a suitable investment for you, you should consult your legal, investment, taxation or other professional adviser.

7.1 General risk factors

As with any entity with listed securities on ASX, the future prospects, operating and financial performance of Programmed and the value of Programmed Shares are affected by a variety of factors, including:

- (a) changes in investor sentiment and overall performance of the Australian and international stock markets;
- (b) changes in general business, industry cycles (eg mining, manufacturing, retail) and economic conditions including inflation, interest rates, exchange rates, commodity rates, employment levels and consumer demand;
- (c) economic and political factors in Australia and overseas including economic growth;
- (d) changes in legislation and government, fiscal, monetary and regulatory policies including foreign investment and those relating to industrial services industries;

- (e) uncertainty around the likelihood, timing, franking or quantum of future dividends;
- (f) failure to make or integrate any future acquisitions or business combinations (including the realisation of synergies), significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities;
- (g) changes in accounting or financial reporting standards; and
- (h) changes in taxation laws (or their interpretation).

Deterioration of the general economic conditions, adverse foreign exchange rate movements, the Australian and overseas stock markets, natural disasters and catastrophic events may also affect Programmed's operating and financial position.

7.2 Specific risk factors for the Programmed business

There are a range of business-specific risks associated with your current investment in Programmed Shares, as set out below. You will only continue to be exposed to these risks if the Scheme does not proceed, in which case (in the absence of a Competing Proposal that is ultimately consummated) Programmed will continue to operate as a stand-alone entity.

(a) Conditions in the industries and geographies in which Programmed operates

Programmed's revenue and growth is susceptible to any downturn in the industries and geographies it services. In addition, the labour-related services Programmed supplies are susceptible to any economic, technological or political changes or disruptions that lead to a decreased demand for workers.

Programmed's financial performance could be affected by adverse movements in economic or labour market conditions.

(b) Key contracts and business relations

Services which Programmed provides are generally subject to contracts that are terminable for convenience or otherwise on short notice. Programmed has fixed term contracts with the majority of its significant customers. However, these contracts can be terminated on notice prior to the expiry of the fixed term, and often involve panel arrangements that do not have minimum volume obligations in respect of any supplier.

The financial performance of Programmed is therefore susceptible to the loss of one or more major contracts or customers.

(c) Payments from customers

While many of Programmed's current contracts are with large reputable companies, there remains a risk that clients may be unable to meet payment obligations for work performed by Programmed.

Unrecoverable receivables and write-offs for bad debts have the potential to impact Programmed's financial performance negatively.

(d) Safety

Programmed is exposed to workplace health and safety risks. In the ordinary course of its business, Programmed necessarily places its employees in the workplaces of its customers.

Safety is a fundamental priority for Programmed. While Programmed has developed high safety performance standards across its businesses, the risk of serious injuries or fatalities to its employees cannot be eliminated.

(e) Competition

Programmed has a large, diversified customer base, but it remains susceptible to competition for the provision of services in the markets in which it operates. Additionally, competitive pricing strategies and large customers seeking preferred supplier agreements, may impact Programmed's profit margins and market share.

(f) Reliance on key personnel

There can be no assurance that Programmed will be able to retain key personnel and the departure of such personnel may affect the business adversely until suitable replacements are recruited. Programmed endeavours to ensure that it remains competitive in terms of remuneration and other incentives, and reviews employee incentive arrangements from time to time with a view to aligning management's and employees' interests with those of Programmed and its shareholders.

(g) Employees and industrial relations

Some of Programmed's employees are members of unions. Programmed and the unions representing its employees periodically engage with each other during disputes or periods of enterprise bargaining. Programmed's management and its internal human resources team works and maintains relationships with all the relevant unions. However, if the parties are unable to reach agreement, it may potentially lead to periods of industrial action.

Sustained periods of industrial action may have an adverse impact on the operations and financial performance of Programmed. Further, disputes with employees, whether they are members of a union or not, have the potential to have an adverse impact on the operations and financial performance of Programmed.

Government regulation of employers and employees has a substantial impact on the operation of Programmed's businesses. Future changes to labour regulations have the potential to have an adverse impact on the operational and financial performance of Programmed.

Programmed competes in labour markets to attract and retain its employees and management team. The competitive nature of these labour markets and

Programmed's ageing workforce demographic may result in the loss of key employees from time to time or make it difficult and costly to attract or retain employees.

(h) Sustainability and growth of margins

The sustainability of growth in Programmed's revenue and profit and the level of profit margins from operations are dependent on a number of factors, some of which are outside Programmed's control. Industry margins in each industry in which Programmed operates may be subject to varying margin pressures and influences. There is no assurance that the historical financial performance of Programmed is indicative of its future financial performance.

(i) Finance and financing costs

No assurance can be given that debt or other borrowing facilities will always be available to Programmed as required, or available on commercially acceptable terms. If adequate funds are not available on acceptable terms in the future then Programmed may not be able to take advantage of opportunities, develop new ideas or otherwise respond to competitive pressures.

Programmed has borrowed money to assist in financing its current operations. Accordingly, changes in interest rates have the potential to impact the financial performance of Programmed.

(j) Litigation

Given the nature and scope of the activities of Programmed and the wide range of parties it deals with, Programmed may be exposed to potential claims of, or litigation from, third parties such as customers, suppliers, joint venture partners, employees and regulators. To the extent that these risks are not covered by Programmed's insurance policies, litigation and the costs of responding to any threats of legal action or investigation may have an adverse impact on the financial performance of Programmed or the value of Programmed Shares.

(k) Other specific risks

Other areas of risk faced by Programmed include:

- (i) operational risk, which arises from inadequate or failed internal processes, people and systems, or from external events;
- (ii) risks associated with the integration of acquired businesses;
- (iii) cyber risk;
- (iv) contractual risk, being the nature of the performance, payment terms and indemnity requirements in contracts with customers and sub-contractors; and
- (v) financial risks arising from fraud, regulatory breaches and bad debts.

Programmed has in place what it considers are appropriate policies and procedure to help manage these risks, and Programmed continually updates and develops those policies.

In addition, as a result of considering the proposed Scheme, Programmed is exposed to risks associated with potential business distraction.

7. Risks continued

7.3 Unknown risks

Additional risks and uncertainties not currently known to Programmed may also have a material adverse effect on Programmed's financial and operational performance and the information set out in this Section 7 does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting Programmed.

7.4 Risks specific to the Scheme

(a) Implications for Programmed and Programmed Shareholders if the Scheme is not implemented

If the Scheme is not passed at the Scheme Meeting, or by the Court, or other conditions to the Scheme (these are summarised in Section 3.6 and Annexure A of this Scheme Booklet) are not satisfied (or waived, where permitted):

- (i) Programmed Shareholders will not receive the Scheme Consideration or the Special Dividend;
- (ii) Programmed Shares will not be transferred to BidCo (and will be retained by Programmed Shareholders);
- (iii) Programmed will continue to operate as a stand-alone entity, and remain listed on ASX;
- (iv) Programmed Shareholders will continue to be exposed to the benefits and risks associated with an investment in Programmed on a stand-alone basis (refer to Sections 7.1 and 7.2 above for further details about these risks); and
- (v) in the absence of a Superior Proposal, or speculation regarding an alternative proposal, in the Independent Expert's opinion, Programmed Shares are likely to trade at lower levels in the absence of the Scheme.

In addition, some circumstances which cause the Scheme not to proceed may result in the payment of a Break Fee by Programmed to PERSOL, or a Break Fee by PERSOL to Programmed. Programmed Shareholders failing to pass the Scheme Resolution will not trigger payment of the Break Fee by Programmed. For more information about the Break Fee (including the circumstances in which it may be payable by either Programmed or PERSOL), refer to the summary of the Scheme Implementation Deed set out in Annexure A.

(b) Transaction and other costs

The Independent Expert's fees to be paid by Programmed in connection with the Scheme are approximately \$130,000 (excluding GST). This amount is payable by Programmed irrespective of whether or not the Scheme becomes Effective.

If the Scheme is implemented, costs of approximately \$11.95 million (excluding GST) are expected to be paid by Programmed.

This includes advisory fees for Programmed's financial, legal, accounting and tax advisors, the Independent Expert's fees, general administrative fees, Scheme Booklet design, printing and distribution costs, expenses associated with convening and holding the Scheme Meeting, and Share Registry and other expenses.

If the Scheme is not implemented, costs of approximately \$2.0 million (excluding GST) are expected to be paid by Programmed. Further details of the estimated costs are set out in Section 10.11.

(c) Tax consequences for Programmed Shareholders

If the Scheme proceeds, there will be tax consequences for Programmed Shareholders that may include tax being payable on any gain on the disposal of Programmed Shares.

The tax treatment may vary depending on the nature and characteristics of each Programmed Shareholder and their specific circumstances. Accordingly, Programmed Shareholders should seek professional tax advice in relation to their particular circumstances.

For further information about the general Australian tax consequences of the Scheme and the Special Dividend, refer to Section 8.

8. Taxation implications



Tax
Tower Two
Collins Square
727 Collins Street
Melbourne Vic 3008

GPO Box 2291U
Melbourne Vic 3001
Australia

ABN: 51 194 660 183
Telephone: +61 3 9288 5555
Facsimile: +61 3 9288 6666
DX: 30824 Melbourne
www.kpmg.com.au

Private and confidential

The Directors
Programmed Maintenance Services Limited
47 Burswood Road
Burswood WA 6100

30 August 2017

Dear Directors

Scheme of Arrangement - Australian taxation consequences for shareholders

This letter has been prepared at the request of Programmed Maintenance Services Limited (**Programmed**) for inclusion in the Scheme Booklet.

All capitalised terms contained in this letter that are not otherwise defined take on the meaning given to them in the Scheme Booklet.

Introduction

Purpose of this letter

The purpose of this letter is to provide a summary of the Australian tax consequences of the Scheme for Programmed Shareholders.

This letter considers the following tax implications of the Scheme:

- the Australian income tax implications of the Special Dividend;
- the Australian income tax consequences of the disposal of Programmed Shares under the Scheme; and
- certain stamp duty and GST implications.

This summary applies to Australian tax resident and non-resident Programmed Shareholders who hold their shares on capital account. However, this summary will not apply to Programmed Shareholders who:

- hold their Programmed Shares on revenue account, as trading stock or to which the Taxation of Financial Arrangements provisions (Division 230 of the Tax Act) apply; or
- are financial institutions, insurance companies, partnerships, tax exempt organisations, dealers in securities or shareholders who change their tax residency while holding shares and are subject to special tax rules; or acquired their Programmed Shares because of an

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employee share plan and the shares are taxable under the employee share scheme rules (Division 83A of the Tax Act or former Division 13A of Part III of the Tax Act).

The general advice provided in this letter should apply to Programmed Shareholders who acquired their Programmed Shares by exercising options or the vesting of performance rights, where their Programmed Shares are now held as a CGT asset and are not now subject to any relevant employee share scheme rules.

This letter has been prepared for inclusion in this Scheme Booklet and should be read in conjunction with the remainder of this Scheme Booklet. In providing our views, we have relied upon facts as set out in the Scheme Booklet that have not been independently verified by KPMG.

The following summary is based upon the legislation and established interpretation of legislation as at the date of this Scheme Booklet, but is not intended to be an authoritative or complete statement of the law relevant to the circumstances of each Programmed Shareholder. Programmed Shareholders should seek independent professional advice in relation to their own particular circumstances.

The information contained in this summary is of a general nature and is not intended to address the circumstances of any particular individual or entity. No one should act on such information without appropriate professional advice after a thorough examination of their particular situation. As KPMG does not undertake to update this advice for any changes in the Australian tax law after the date of this letter, it is the responsibility of the Programmed Shareholders to take further advice, if they are to rely on our advice at a later date.

KPMG's Tax practice is not licensed to provide financial product advice under the Corporations Act and taxation is only one of the matters that must be considered when making a decision on a financial product. You should consider taking advice from an Australian Financial Services Licence holder before making any decision on a financial product.

Class Ruling Application

Programmed has lodged a class ruling application with the ATO seeking the Commissioner of Taxation's views on specific income tax issues for Programmed Shareholders relating to the Scheme and the Special Dividend.

When published, the class ruling will be available on the ATO's website www.ato.gov.au and Programmed will publish it on its website at www.programmed.com.au.

Programmed Special Dividend

Overview

Subject to the Scheme becoming Effective, Programmed will pay a fully franked Special Dividend of \$0.16 in respect of each Programmed Share.

The Australian income tax implications for Australian resident and non-resident Programmed Shareholders to which this summary applies (and that will receive the Special Dividend) are outlined below.

Assessability of Programmed Special Dividend

Programmed Shareholders who are Australian tax residents and receive the Special Dividend should include the amount of the dividend received as assessable income in their income tax return for the income year in which the Special Dividend payments are received.

Australian resident individuals and complying superannuation entities

The Special Dividend will constitute assessable income of an Australian tax resident Programmed Shareholder. Australian tax resident Programmed Shareholders who are individuals or that are complying superannuation entities should include (as applicable) the Special Dividend in their assessable income (part of this income may then be exempt to complying superannuation entities to the extent that it relates to their current pension liabilities) in the income year in which the dividend payment is received, together with any franking credit attached to that dividend.

These Programmed Shareholders should be entitled to a tax offset equal to the franking credit attached to the Special Dividend. The tax offset can be applied to reduce the tax payable on Programmed Shareholders' taxable income. Where the tax offset exceeds the tax payable on Programmed Shareholders' taxable income, these Programmed Shareholders should be entitled to a tax refund.

Australian resident trusts and partnerships

Programmed Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships must include the amount of the dividend together with any franking credit in determining the net income of the trust or partnership for the income year in which the dividend is paid. The applicable laws relating to the treatment of dividends, and in particular franked dividends, for trusts and partnerships are complex but, providing that certain conditions are satisfied, both the liability to pay tax on the dividend (and any franking credits) and the tax offset provided by any franking credits can flow through to the beneficiaries or partners.

Non-Australian resident individuals and corporate Programmed Shareholders

On the basis and to the extent that the Special Dividend is fully franked, Programmed Shareholders who are non-residents of Australia for tax purposes should not be subject to Australian dividend withholding tax.

Programmed Shareholders that are corporate taxpaying entities should include (as applicable) the Special Dividend in their assessable in the income year in which the dividend payment is received, together with any franking credit attached to that dividend. These Programmed Shareholders should be entitled to a tax offset equal to the franking credit attached to the Special Dividend.

Qualified person rules

The benefit of franking credits can be denied where a Programmed Shareholder is not a 'qualified person'. In this case the Programmed Shareholder will not need to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

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Broadly, to be a ‘qualified person’, two tests must be satisfied:

- the holding period rule; and
- the related payment rule.

Under the holding period rule, a Programmed Shareholder will be required to hold shares “at risk” for more than 45 days continuously (measured as the period commencing the day after the Programmed Shares were acquired and ending on the 45th day after the Programmed Shares become ex-dividend) in order to qualify for franking benefits, including franking credits. This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed \$5,000. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different and more restrictive testing period applies where the Programmed Shareholder has made, or is under an obligation to make, a related payment in relation to the Special Dividend. Current ATO precedent means it is likely the ATO will regard the related payment rule as applying to the current scheme of arrangement.

The related payment rule requires the Programmed Shareholder to have held the Programmed Shares at risk for a continuous 45 day period within the limited period commencing on the 45th day before, and ending on the 45th day after, the day the Programmed Shares become ex-dividend. In our view, the ATO will likely to consider that the related payments and the holding period rule should apply.

Accordingly, a Programmed Shareholder will be required to hold their shares at risk for a continuous period of at least 45 days between 3 September 2017 (45 days prior to the ex-dividend date) and 22 October 2017 (the last day on which shareholders will hold their shares ‘at risk’), being the day before the Scheme Record Date.

Programmed Shareholders should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

Disposal of Programmed Shares

If the Scheme is implemented, Programmed Shareholders who are registered in the Register as the holder of Programmed Shares on the Scheme Record Date will be Scheme Shareholders, and their Programmed Shares will be Scheme Shares, for the purposes of the Scheme. Programmed Shareholders will receive the Scheme Consideration of \$2.86 per Scheme Share (being the Total Cash Payment of \$3.02 per share less the Special Dividend of \$0.16 per share).

Australian tax residents

Australian capital gains tax (CGT)

The disposal of Scheme Shares by a Scheme Shareholder who is an Australian tax resident will constitute a CGT event for Australian income tax purposes. The CGT event should occur when the change of ownership of the Scheme Shares occurs, ie. on the Implementation Date.

Scheme Shareholders will:

- make a capital gain if the capital proceeds from the disposal of their Scheme Shares are greater than the cost base of the Scheme Shares; or
- make a capital loss if the capital proceeds from the disposal of their Scheme Shares are less than the cost base of their Scheme Shares.

Refer below about how the cost base of the Scheme Shares is calculated.

Scheme Shareholders who make a capital gain on disposal of their Scheme Shares will be required to include the net capital gain (if any) for the income year in their assessable income.

Capital proceeds

The capital proceeds for the CGT event arising from the disposal of Scheme Shares under the Scheme should be the Scheme Consideration of \$2.86 for each Scheme Share.

An issue arises as to whether the payment of the Special Dividend of \$0.16 per share also forms part of the capital proceeds for the CGT event arising from the disposal of Scheme Shares by Scheme Shareholders pursuant to the Scheme.

Whether the Special Dividend is considered to form part of the capital proceeds from the disposal of the Scheme Shares forms part of the class ruling application.

Based on the facts and circumstances of the Scheme, and the precedent class rulings issued by the ATO, it is expected that the Special Dividend will not constitute capital proceeds from the disposal of the Scheme Shares. Consequently, the capital proceeds should be equal to the Scheme Consideration of \$2.86 only (ie. excluding the \$0.16 Special Dividend).

In the event that the Special Dividend is considered to form part of the capital proceeds for disposal of the Scheme Shares:

- There should be no impact on the tax consequences for Scheme Shareholders who recognise a capital gain upon disposal of their Scheme Shares, on the basis that the 'anti-overlap' rules in the CGT provisions should reduce the capital gain otherwise arising by the amount of the Special Dividend or to zero, whichever is greater.
- For Scheme Shareholders who would otherwise recognise a capital loss upon disposal of their Scheme Shares, the capital loss will be reduced by the amount of the Special Dividend or to nil.

Cost base

The cost base and reduced cost base of Scheme Shares will generally include the amount paid to acquire the Scheme Shares and the market value of any property given to acquire the Scheme Shares, plus any incidental costs of acquisition (e.g. brokerage fees and stamp duty). The cost base of each Scheme Share will depend on the individual circumstances of each Scheme Shareholder.

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Scheme Shares acquired in different transactions may have different cost bases and therefore capital gains may arise in respect of some Scheme Shares while capital losses may arise in respect of other Scheme Shares.

CGT discount

Generally, Scheme Shareholders who are individuals, trusts, and complying superannuation funds that have held Scheme Shares for at least 12 months at the time of disposal should be entitled to the CGT discount concession in calculating the amount of capital gain on disposal of their Scheme Shares.

The CGT discount concession is applied after available capital losses have been offset to reduce the capital gain.

The applicable CGT discount which would reduce a capital gain arising from the disposal of Scheme Shares is as follows:

- 50% for individuals and trusts; and
- 33 ¹/₃% for a complying superannuation fund.

As the rules relating to discount capital gains for trusts are complex, Scheme Shareholders who are trustees should seek their own independent advice on how the CGT discount provisions will apply to them and the trust's beneficiaries.

The CGT discount is not available for Scheme Shareholders that are companies.

Non-Australian tax resident Scheme Shareholders

Scheme Shareholders that are non-Australian tax residents that derive a capital gain on disposal of their Scheme Shares under the Scheme would be subject to the Australian CGT rules to the extent that the Scheme Shares are characterised as "taxable Australian property". Generally, these Scheme Shareholders will only be subject to Australian income tax on any capital gain derived if:

- they (together with any of their associates) hold 10% or more of Programmed (at the time of disposal or throughout a 12 month period during the two years before disposal); and
- the majority of Programmed's assets consist of real property situated in Australia.

On the basis that real property of Programmed situated in Australia does not comprise the majority of Programmed's assets, Scheme Shareholders that are non-Australian tax residents should disregard any Australian capital gain or loss otherwise arising as a result of the disposal of their Scheme Shares.

Scheme Shareholders that are non-Australian tax residents should seek their own independent tax advice as to the tax implications of the Scheme, including the tax implications in their country of residence.



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GST

No GST liability should arise to Scheme Shareholders on the disposal of their Scheme Shares under the Scheme.

Stamp Duty

There is no stamp duty payable by Scheme Shareholders on the disposal of their Scheme Shares under the Scheme.

* * * * *

Yours faithfully

A handwritten signature in black ink, appearing to read 'S. T. Carpenter'.

Stephen Carpenter
Partner

9. Implementation of the Scheme and other aspects of the transaction

9.1 Scheme Implementation Deed

The Scheme Implementation Deed sets out the obligations of Programmed, BidCo and PERSOL in connection with the implementation of the Scheme.

A summary of the key terms of the Scheme Implementation Deed is set out in Annexure A, providing details in relation to (among other things):

- (a) the conditions precedent to the Scheme;
- (b) the exclusivity regime;
- (c) the circumstances in which the Break Fee will be payable (by either Programmed or PERSOL, as applicable); and
- (d) each party's termination rights.

A full copy of the Scheme Implementation Deed is available on Programmed's website at www.programmed.com.au and from ASX at www.asx.com.au.

9.2 Deed Poll

BidCo and PERSOL have executed the Deed Poll in favour of the Scheme Shareholders under which BidCo covenants to provide the Scheme Consideration in accordance with the Scheme, and PERSOL guarantees the due and punctual performance by BidCo of that obligation.

Pursuant to the Deed Poll, BidCo must pay into an Australian dollar denominated trust account, operated by Programmed as trustee for the Scheme Shareholders for the purpose of paying the Scheme Consideration to the Scheme Shareholders, an amount equal to the aggregate Scheme Consideration payable to the Scheme Shareholders no later than two Business Days before the Implementation Date.

Under the Scheme, each Scheme Shareholder irrevocably appoints Programmed as its attorney and agent to enforce the Deed Poll against BidCo and PERSOL.

A copy of the Deed Poll is set out in Annexure B to this Scheme Booklet.

9.3 Key steps to implement the Scheme

Each key step to implement the Scheme and relevant information concerning these steps is set out below. All dates following the Scheme Meeting are indicative only and are subject to change. Programmed will announce any change to the dates set out in the Important Dates section to ASX.

Step 1: Scheme Meeting – Programmed Shareholders to vote on the Scheme at the Scheme Meeting

In accordance with an order of the Court dated 30 August 2017, Programmed has convened the Scheme Meeting to be held at 11.00 am (Melbourne time) on Friday, 6 October 2017 at the Sheraton Melbourne Hotel, 27 Little Collins Street, Melbourne VIC 3000. The Notice of Scheme Meeting is set out in Annexure D.

At the Scheme Meeting, the Requisite Majorities of Programmed Shareholders must approve the Scheme Resolution. For this to occur, the resolution must be approved by:

- (a) **(headcount test)** a majority in number (ie more than 50%) of Programmed Shareholders present and voting at the Scheme Meeting (either in person, or by proxy or representative); and
- (b) **(voting test)** holders of at least 75% of the total number of votes cast on the Scheme Resolution by Programmed Shareholders present and voting at the Scheme Meeting (either in person, or by proxy or representative).

If the Scheme Resolution is not passed by Programmed Shareholders by reason only of non-satisfaction of the headcount test, the Scheme Implementation Deed provides that if there are reasonable grounds on which an application could be made to the Court under section 411(4)(a)(iii)(A) of the Corporations Act to disregard the headcount test, then Programmed must make that application.

Instructions on how to vote at the Scheme Meeting are set out in Section 4 of this Scheme Booklet and the Notice of Scheme Meeting in Annexure D.

Steps 2 to 7 described below will only occur if the Scheme Resolution is duly passed at the Scheme Meeting.

Step 2: Second Court Hearing – Programmed to apply to the Court for approval of the Scheme

In the event that:

- (a) the Scheme Resolution is passed at the Scheme Meeting; and
- (b) all of the conditions precedent to the Scheme (other than Court approval) have been satisfied or (if permitted) waived,

Programmed will apply to the Court for an order approving the Scheme.

The Second Court Hearing is expected to take place on Tuesday, 10 October 2017. Any Programmed Shareholder and, with the

Court's permission, any other interested person has a right to appear at the Second Court Hearing.

Step 3: Effective Date – Programmed to make the Scheme Effective

If the Court makes an order approving the Scheme at the Second Court Hearing (referred to in this Scheme Booklet as the **Scheme Order**), Programmed will lodge an office copy of the Scheme Order with ASIC. Once lodged, the Scheme will become Effective and binding on BidCo, PERSOL, Programmed and each Scheme Shareholder (referred to in this Scheme Booklet as the **Effective Date**).

On the Effective Date, Programmed will notify ASX that the Scheme has become Effective and lodge a copy of the Scheme Order with ASX. Trading in Programmed Shares will be suspended from close of trading on the Effective Date. If the Scheme Order is made at the Second Court Hearing, the Effective Date is expected to be Wednesday, 11 October 2017.

Once the Scheme becomes Effective, each Programmed Shareholder, without the need for any further act, irrevocably appoints Programmed and each of its directors and officers (jointly and severally) as its attorney and agent for the purposes of executing any document or doing any other act necessary or desirable to give effect to the Scheme. This includes executing a proper instrument of transfer in respect of a Programmed Shareholder's Scheme Shares.

Step 4: Special Dividend Record Date – Programmed to determine entitlements to Special Dividend

Those Programmed Shareholders in the Register on the Special Dividend Record Date, being the fourth Business Day after the Effective Date (expected to be 4.00 pm on Tuesday, 17 October 2017), will be entitled to receive the Special Dividend for each Programmed Share they hold on this date.

Step 5: Special Dividend Payment Date – Programmed to pay the Special Dividend

On the Special Dividend Payment Date, being the third Business Day after the Special Dividend Record Date (expected to be Friday, 20 October 2017), Programmed will pay each Programmed Shareholder the Special Dividend of \$0.16 for each Programmed Share that they held on the Special Dividend Record Date.

Important note: Transfers of Programmed Shares between the Record Dates

Trading of Programmed Shares on ASX will be suspended from close of trading on the Effective Date. However, if you choose to effect an off-market transfer of your Programmed Shares in between the Record Dates, such that you are registered in the Register as a holder of Programmed Shares on the Special Dividend Record Date but cease to be registered in the Register as a Programmed Shareholder on the Scheme Record Date:

- (a) you will only receive the Special Dividend and will not receive the Scheme Consideration; and
- (b) any transferee of your Programmed Shares in these circumstances who becomes registered in the Register as a Programmed Shareholder on or before the Scheme Record Date (but after the Special Dividend Record Date)

will only receive the Scheme Consideration and not the Special Dividend.

Step 6: Scheme Record Date – Programmed to determine entitlements to Scheme Consideration

Those Programmed Shareholders registered in the Register on the Scheme Record Date, being the eighth Business Day after the Effective Date (expected to be 4.00 pm on Monday, 23 October 2017), will be Scheme Shareholders (and their Programmed Shares will be Scheme Shares) for the purposes of the Scheme, and will be entitled to receive the Scheme Consideration for each Scheme Share they hold on this date.

(a) Dealings on or prior to the Scheme Record Date

For the purposes of determining who is a Scheme Shareholder (ie a Programmed Shareholder on the Scheme Record Date), dealings in Programmed Shares will only be recognised if:

- (i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Programmed Shares on or before 4.00 pm on the Scheme Record Date; and
- (ii) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before 4.00 pm on the Scheme Record Date at the place where the Register is kept.

Programmed will not accept for registration or recognise for any purpose, any transfer or transmission application in respect of Programmed Shares received after the Scheme Record Date.

(b) Dealings after the Scheme Record Date

For the purposes of determining entitlements to the Scheme Consideration, Programmed will maintain the Register in its form as at the Scheme Record Date until the Scheme Consideration has been paid to the Scheme Shareholders. The Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- (i) all statements of holding for Scheme Shares will cease to have any effect as documents relating to title in respect of those shares; and
- (ii) each entry on the Register will cease to have effect, other than as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

Step 7: Implementation Date – Scheme Shareholders receive the Scheme Consideration, and the Scheme Shares are transferred to BidCo

The Implementation Date will occur on the fourth Business Day after the Scheme Record Date (expected to be Friday, 27 October 2017).

Under the Deed Poll, BidCo must pay into an Australian dollar denominated trust account, operated by Programmed as trustee for the Scheme Shareholders for the purpose of paying the Scheme Consideration to the Scheme Shareholders, an amount equal to the aggregate Scheme Consideration payable to the

9. Implication of the Scheme and other aspects of the transaction continued

Scheme Shareholders, no later than two Business Days before the Implementation Date.

On the Implementation Date:

- (a) each Scheme Shareholder will be paid the Scheme Consideration of \$2.86 for each Scheme Share (being the Total Cash Payment of \$3.02 less the \$0.16 Special Dividend, which will have already been paid to Programmed Shareholders on the Special Dividend Payment Date) from the trust account operated by Programmed; and
- (b) once the Scheme Consideration has been paid, the Scheme Shares will be transferred to BidCo, without the Scheme Shareholders needing to take any further action, and the Register will be updated so that BidCo is listed as the holder of all the Scheme Shares.

Details about the funding of the Scheme Consideration are set out in Section 6.9 of this Scheme Booklet.

9.4 Deemed warranties by Scheme Shareholders

The Scheme provides that each Scheme Shareholder is taken to have warranted to BidCo on the Implementation Date, and appointed and authorised Programmed as its attorney and agent to warrant to BidCo on the Implementation Date, that:

- (a) all of their Scheme Shares (including all rights and entitlements attaching to those Scheme Shares, other than any right to receive the Special Dividend to the extent that any Special Dividend is determined by Programmed) that are transferred to BidCo under the Scheme will, at the date of transfer, be free from all mortgages, pledges, charges, liens, "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth), any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property, any other interests of third parties of any kind, whether legal or otherwise, and from any restrictions on transfer of any kind; and
- (b) they have full power and capacity to sell and transfer their Scheme Shares (including all rights and entitlements attaching to those Scheme Shares, other than any right to receive the Special Dividend) to BidCo under the Scheme.

9.5 Delisting from ASX

On or after the Implementation Date, Programmed will apply for termination of the official quotation of Programmed Shares on ASX, and for Programmed to be removed from the official list of ASX.

10. Additional information concerning the Scheme

This Section 10 sets out the statutory information required under section 412(1) of the Corporations Act and Part 3 of Schedule 8 of the Corporations Regulations, but only to the extent that this information is not otherwise disclosed in other Sections of this Scheme Booklet. This Section 10 also includes additional information that the Directors consider may be material to a decision on how to vote on the Scheme Resolution.

10.1 Interests of Directors in Programmed Securities

(a) Directors' interests in Programmed Shares

As at the date immediately before the date of this Scheme Booklet, the number of Programmed Shares held by or on behalf of each Programmed Director are as follows:

Director	Number of Programmed Shares	% interest in Programmed issued capital
Bruce Brook	110,613	0.043
Christopher Sutherland	816,012	0.317
Emma Stein	43,383	0.017
Robert McKinnon	75,000	0.029
James Walker	28,850	0.011
Lisa Paul	20,000	0.008
Total	1,093,858	0.425%

Each Director intends to vote any Programmed Shares held or controlled by him or her in favour of the Scheme Resolution, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Programmed Shareholders.

10. Additional information concerning the Scheme continued

(b) Directors' interests in Programmed Performance Rights

As at the date immediately before the date of this Scheme Booklet, the number of Programmed Performance Rights held by or on behalf of each Director are as follows:

Director	Number of Programmed Performance Rights
Bruce Brook	Nil
Christopher Sutherland	920,000
Emma Stein	Nil
Robert McKinnon	Nil
James Walker	Nil
Lisa Paul	Nil
Total	920,000

Details about the treatment of Programmed Performance Rights if the Scheme proceeds are set out in Section 3.10 of this Scheme Booklet.

10.2 Directors' dealings in Programmed Securities

No Director acquired or disposed of a Relevant Interest in any Programmed Security in the four month period ending on the date immediately before the date of this Scheme Booklet, other than as set out below:

Director	Number of Programmed Securities	Date of Change	Consideration
Christopher Sutherland	300,000 new Programmed Performance Rights (granted following Programmed Shareholder approval at the 2017 Annual General Meeting)	28 July 2017	Nil

10.3 Interests and dealings of Directors in securities in PERSOL entities

(a) Directors' interests in securities in PERSOL entities

No Director has a Relevant Interest in any securities of PERSOL or BidCo, or any other member of the PERSOL Group.

(b) Directors' dealings in securities in PERSOL entities

No Director has acquired or disposed of a Relevant Interest in any securities of PERSOL or BidCo, or any other member of the PERSOL Group, in the four month period ending on the date immediately before the date of this Scheme Booklet.

10.4 Benefits and agreements

(a) Benefits in connection with retirement from office

There is no payment or other benefit that is proposed to be made or given to any Director, secretary or executive officer of Programmed (or any of its related bodies corporate) as compensation for the loss of, or consideration for or in connection with his or her retirement from, office in Programmed (or any of its related bodies corporate) in connection with the Scheme.

(b) Other agreements or arrangements connected with or conditional on the Scheme

There is no additional agreement or arrangement made between any Programmed Director and another person in connection with or conditional on the outcome of the Scheme, other than that, as previously mentioned in Section 6.10(d), PERSOL and Programmed have agreed that retention payments will be offered to 49 members of Programmed's senior management, including Programmed's Managing Director. PERSOL and Programmed agreed that these payments will be offered having regard to (among other things) the best interests of Programmed, the value in ensuring the continued services of such

employees of Programmed and the need to minimise any disruption to the Programmed business following implementation of the Scheme.

Programmed's Managing Director will receive a payment of \$1,430,000 provided that he remains employed by Programmed on 1 July 2019 (or a shorter period if he ceases to be employed by Programmed in specified circumstances).

Programmed and PERSOL consider that the nature and quantum of this payment are reasonable in the circumstances

(c) Interests of Directors in contracts with PERSOL or BidCo

None of the Programmed directors has any interest in any contract entered into by PERSOL or BidCo, or any other member of the PERSOL Group.

(d) Benefits from PERSOL or BidCo

None of the Programmed Directors has agreed to receive, or is entitled to receive, any benefit from PERSOL or BidCo, or any other member of the PERSOL Group, which is conditional on, or is related to, the Scheme, other than as set out in Section 10.4(b).

10.5 Programmed share plans

Programmed operates (or has operated in the past) employee incentive plans involving the provision or purchase of Programmed Shares by or on behalf of employees of the Programmed Group, including the PMS Employee Share Acquisition Scheme (**ESAS**) and the Programmed Employee Share Acquisition Plan (**PESAP**).

Under the ESAS, Programmed Shares acquired for participating employees are held on their behalf by the plan trustee. Certain restrictions apply to the ability of participating employees to withdraw the applicable Programmed Shares from the trust.

The terms of the ESAS and the applicable trust deed determine when participating employees can withdraw or otherwise deal with their Programmed Shares, and what happens in the context of a transaction such as the Scheme. The plan trustee will contact each plan participant about their participation in the Scheme and next steps.

In summary:

- (a) All plan participants who hold or are allocated Programmed Shares under the ESAS as at the Register Date, are entitled to and will be given the opportunity to vote on the Scheme Resolution by directing the plan trustee to do so on their behalf.
- (b) If the Scheme becomes Effective, on implementation of the Scheme, Programmed Shares held by the plan trustee on the Scheme Record Date (on behalf of plan participants or otherwise, if unallocated) will be transferred to BidCo and, where applicable, the Total Cash Payment will be paid by the plan trustee to plan participants in respect of each Programmed Share held or allocated to them as at both of the Record Dates (less any authorised deduction).

In circumstances where plan participants have already had the legal interest in their Programmed Shares transferred to them as at the Register Date or the relevant Record Date, as the case may be, and in accordance with the ESAS and the applicable trust deed, those plan participants will participate in the Scheme in the same manner as, and have the same rights and entitlements as, other Programmed Shareholders.

Under the PESAP, plan participants have the same voting rights, and the same rights and entitlements to participate in the Scheme, as other Programmed Shareholders.

Accordingly:

- (a) plan participants who are Programmed Shareholders at the Register Date, are entitled to and will be given the same opportunity to vote on the Scheme Resolution as other Programmed Shareholders who do not participate in the PESAP; and
- (b) if the Scheme becomes effective, on implementation of the Scheme, Programmed Shares held by plan participants on the Scheme Record Date will be transferred to BidCo and the Total Cash Payment will be paid to plan participants in respect of each Programmed Share held by them on both of the Record Dates.

Any holding locks or other disposal restrictions applied in respect of the ESAS or the PESAP will be removed so as to enable plan participants to participate in the Scheme in the manner contemplated above.

Furthermore, Programmed intends to terminate the ESAS and the PESAP (and any other employee share-based incentive plan) with effect from the Effective Date.

10.6 ASIC and ASX relief

(a) ASIC relief

No ASIC relief was required for the purposes of the Scheme or the issue of this Scheme Booklet.

(b) ASX waivers

For the purposes of the Scheme, ASX has confirmed to Programmed that ASX Listing Rule 6.23 does not apply to the accelerated vesting of Programmed Performance Rights (including by waiver of applicable performance criteria, and as

10. Additional information concerning the Scheme continued

contemplated and permitted by the rules of the applicable Long Term Incentive Plan and Managing Director's Long Term Incentive Plan).

10.7 Formal disclosures and consents

The following parties have given and have not, before the date of this Scheme Booklet, withdrawn their written consent:

- (a) to be named in this Scheme Booklet in the form and context in which they are named; and
- (b) if applicable, to the inclusion of each statement it has made (if any) in the form and context in which the statement appear in this Scheme Booklet.

Name	Role
Ashurst	Legal advisers to Programmed
Macquarie Capital (Australia) Limited	Financial advisers to Programmed
Deloitte Touche Tohmatsu	Auditors to Programmed
Lonergan Edwards & Associates Limited	Independent Expert
KPMG	Australian tax adviser to Programmed
Computershare Investor Services Pty Limited	Share Registry

BidCo and PERSOL:

- (a) have assumed and accepted responsibility for the preparation and inclusion of the PERSOL Information; and
- (b) have given and have not, before the date of this Scheme Booklet, withdrawn their written consent to the inclusion of the PERSOL Information in the form and context in which it appears in this Scheme Booklet.

Lonergan Edwards & Associates Limited has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it appears in Annexure E and references to the Independent Expert's Report in the form and context in which they appear.

KPMG has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of the Section entitled "Taxation Implications" in this Scheme Booklet in the form and context in which it appears in Section 8, and references to that Section in the form and context in which they appear.

Each person named above:

- (a) has not authorised or caused the issue of the Scheme Booklet;
- (b) does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than BidCo and PERSOL in respect of the PERSOL Information and Lonergan Edwards & Associates Limited in respect of the Independent Expert's Report; and
- (c) to the maximum extent permitted by law, disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any part of this Scheme Booklet, other than a reference to its name and any statement included in this Scheme Booklet with the consent of that persons as specified in this Section 10.7.

10.8 Material litigation

To the best knowledge of the Directors and senior management, Programmed is not involved in any litigation or dispute which is material in the context of Programmed and its Subsidiaries taken as a whole.

10.9 No unacceptable circumstances

The Directors believe that the Scheme does not involve any circumstances in relation to the affairs of Programmed that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

10.10 Foreign jurisdictions

The distribution of this Scheme Booklet outside of Australia may be restricted by law and persons who come into possession of it should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. Programmed disclaims all liabilities to such persons.

Programmed Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside Australia.

10.11 Fees and expenses

The Independent Expert's fees to be paid by Programmed in connection with the Scheme are approximately \$130,000 (exclusive of GST). This amount is payable by Programmed irrespective of whether or not the Scheme becomes Effective.

The aggregate amount of the fees and expenses expected to be incurred by Programmed in connection with the Scheme is approximately \$11.95 million (exclusive of GST). This includes:

- (a) fees payable to financial, legal, accounting and tax advisers, the Independent Expert and Share Registry; and
- (b) costs relating to printing and dispatch of this Scheme Booklet.

Of the aggregate amount of fees and expenses set out above, \$2.0 million (exclusive of GST) is expected to be payable by Programmed irrespective of whether or not the Scheme becomes Effective.

These amounts do not include the transaction costs that may be incurred by BidCo and PERSOL in relation to the Scheme.

10.12 Other information material to the making of a decision in relation to the Scheme

Except as set out in this Scheme Booklet, so far as the Directors are aware, there is no information material to the making of a decision by a Programmed Shareholder in relation to the Scheme, being information that is within the knowledge of any Director or director of any Related Bodies Corporate of Programmed, as at the date of this Scheme Booklet, which has not been previously disclosed to Programmed Shareholders.

10.13 Supplementary information

Programmed will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Effective Date:

- (a) a material statement in the Scheme Booklet is or becomes false or misleading in a material respect;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included in this Scheme Booklet; or
- (d) a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Programmed may circulate and publish any supplementary document by:

- (a) making an announcement to ASX;
 - (b) placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
 - (c) posting the supplementary document to Programmed Shareholders at their registered address as shown in the Register; or
 - (d) posting a statement on Programmed's website at www.programmed.com.au,
- as Programmed, in its absolute discretion, considers appropriate.

11. Glossary

11.1 Definitions

The meaning of the terms used in this Scheme Booklet are set out below.

Term	Meaning
Acquisition Facilities	has the meaning given in Section 6.9(c).
Acquisition Facility Agreements	has the meaning given in Section 6.9(c).
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.
ASX Listing Rules	the official listing rules of the ASX.
Atlas Professionals	Atlas Professionals Australia Pty Ltd ACN 617 748 544.
Atlas Transaction	<p>the transactions between applicable entities in the Programmed Group and Atlas Professionals, announced to ASX by Programmed on 24 May 2017, and comprising:</p> <ul style="list-style-type: none"> (a) the formation of a 50:50 marine services joint venture in Australia and New Zealand with Atlas Professionals; and (b) the sale of 100% of Programmed's international marine activities and 50% of its Australian and New Zealand marine services business to Atlas Professionals for \$29 million (of which \$7.5 million was paid up-front and \$21.5 million is subject to a vendor finance arrangement, with the finance carrying 5% interest).
ATO	Australian Taxation Office and includes the Commissioner of Taxation.
BidCo	Autalent Solutions Pty Ltd ACN 620 805 647.
Break Fee	\$7,915,000. The circumstances in which the Break Fee will be payable by either Programmed or Persol (as applicable) are summarised in Annexure A. Programmed Shareholders failing to pass the Scheme Resolution will not trigger payment of the Break Fee by Programmed.
Business Day	<p>a day that is each of the following:</p> <ul style="list-style-type: none"> (a) a business day for the purposes of the ASX Listing Rules; and (b) a day (other than a Saturday, Sunday or public holiday) on which trading banks are open for general banking business in Perth, Western Australia. <p>Where the term "Business Day" is used in reference to a right or obligation under the Scheme Implementation Deed, it must also be a day (other than a Saturday, Sunday or public holiday) on which trading banks are open for general banking business in Tokyo, Japan.</p>
CGT	Australian capital gains tax.

Term	Meaning
CHES	the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited ABN 49 008 504 532.
Competing Proposal	<p>any proposal (including a scheme of arrangement) or offer that would, if completed substantially in accordance with its terms, result in any person or persons other than PERSOL or a member of the PERSOL Group acquiring (directly or indirectly):</p> <p>(a) an interest in assets or businesses of Programmed or the Programmed Group that represent 20% or more of consolidated EBITDA or consolidated net assets;</p> <p>(b) a relevant interest in 20% or more of the voting shares of Programmed, or of the voting shares of any other member of the Programmed Group that represents 20% or more of consolidated EBITDA or consolidated net assets;</p> <p>(c) control of Programmed within the meaning of section 50AA of the Corporations Act, or of other member of the Programmed Group that represents 20% or more of consolidated EBITDA or consolidated net assets; or</p> <p>(d) otherwise acquiring or merging with Programmed (including by way of reverse takeover, reverse scheme of arrangement or dual listed company structure), or with any other member of the Programmed Group that represents 20% or more of consolidated EBITDA or consolidated net assets,</p> <p>or which would otherwise require Programmed to abandon or not proceed with the Scheme (excluding the Atlas Transaction).</p>
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Federal Court of Australia, Western Australia registry, or such other court of competent jurisdiction as Programmed and PERSOL agree.
Director	any current director of Programmed comprising part of the Programmed Board.
EBITDA	earnings before income tax, depreciation and amortisation.
Effective	when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.
End Date	15 December 2017, or such other date as Programmed and PERSOL agree.
ESAS	has the meaning given in Section 10.5.
Exclusivity Period	<p>the period commencing on 14 July 2017 and ending on the earlier of:</p> <p>(a) termination of the Scheme Implementation Deed in accordance with its terms;</p> <p>(b) the Implementation Date; and</p> <p>(c) the End Date.</p>
FATA	the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth).
FIRB	the Foreign Investment Review Board.
Funding Agreement	has the meaning given in Section 6.9(b).
FY17	Programmed's 2017 financial year ended 31 March 2017.

11. Glossary continued

Term	Meaning
Government Agency	any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition, authority or entity and includes any minister, ASIC, ATO, ASX, FIRB, and any regulatory organisation established under statute or stock exchange.
GST	has the meaning given to that term in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
HoldCo	Persol Australia Holdings Pty Ltd ACN 620 794 130.
Implementation Date	the fourth Business Day after the Scheme Record Date (expected to be Friday, 27 October 2017, or such other date as Programmed and PERSOL agree.
Independent Expert	Loneragan Edwards & Associates Limited ABN 53 095 445 560.
Independent Expert's Report	the report by the Independent Expert set out in Annexure E.
Last Practicable Trading Day	25 August 2017, the trading day that is four business days prior to the date of this Scheme Booklet.
Long Term Incentive Plan	the Programmed Long Term Incentive Plan, approved by the Programmed Board on 1 July 2012.
Managing Director's Long Term Incentive Plan	the Programmed Managing Director Long Term Incentive Plan, approved by the Programmed Board on 1 July 2012, and last approved by Programmed Shareholders on 27 July 2016.
Material Adverse Effect	has the meaning set out in Annexure A.
Material Event of Default	has the meaning given in Section 6.9(d).
Notice of Scheme Meeting	the notice in relation to the Scheme Meeting set out in Annexure D to this Scheme Booklet.
PERSOL	PERSOL HOLDINGS CO., LTD, a company incorporated in Japan under Corporate Number 801100105817.
PERSOL Group	PERSOL and its Related Bodies Corporate, including BidCo.
PERSOL Information	the information about BidCo, PERSOL and the PERSOL Group contained in: <ul style="list-style-type: none"> (a) Section 2 – FAQ “Who are BidCo and PERSOL?”; (b) Section 2 – FAQ “How is PERSOL and/or BidCo funding the aggregate Total Cash Payments”; (c) Section 6 – Information relating to BidCo and PERSOL; and (d) Section 11 (Glossary) – definitions of “BidCo”, “PERSOL”, “PERSOL Group” and “PERSOL Information”.
PESAP	has the meaning given in Section 10.5.
Programmed	Programmed Maintenance Services Limited ABN 61 054 742 264.
Programmed Board	the board of directors of Programmed.
Programmed Director	a director of Programmed.
Programmed Group	Programmed and its Related Bodies Corporate.

Term	Meaning
Programmed Information	the information contained in this Scheme Booklet, other than the PERSOL Information and the information in Annexure E.
Programmed Performance Right	a performance right to acquire a Programmed Share.
Programmed Security	Programmed Shares and Programmed Performance Rights.
Programmed Share	an issued fully paid share in the capital of Programmed and, as the context requires, means a Scheme Share .
Programmed Shareholder	each person who is registered in the Register as a holder of Programmed Shares and, as the context requires, means a Scheme Shareholder .
Programmed Shareholder Information Line	the information line set up for the purpose of responding to enquiries from Programmed Shareholders in relation to the Scheme, being 1300 642 192 (within Australia) or +61 3 9415 4137 (from outside Australia) on Business Days between 8.30 am and 5.30 pm (Sydney time).
Proxy Form	the proxy form which accompanies the Notice of Scheme Meeting.
Record Date	means the Special Dividend Record Date and the Scheme Record Dates.
Register	the share register of Programmed.
Register Date	the date and time for determining entitlement of Programmed Shareholders to attend and vote at the Scheme Meeting, being 4.00 pm (Perth time) / 7.00 pm (Melbourne time) on Wednesday, 4 October 2017.
Registered Address	in relation to a Programmed Shareholder, the address of the shareholder shown in the Register as at the relevant Record Date.
Related Body Corporate	has the meaning given in section 50 of the Corporations Act.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Requisite Majorities	approval of the Scheme Resolution by: <ul style="list-style-type: none"> (a) unless the court orders otherwise, a majority in number (ie more than 50%) of Programmed Shareholders present and voting on the Scheme Resolution at the Scheme Meeting (either in person or by proxy or representative); and (b) at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Programmed Shareholders (either in person or by proxy or representative).
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act pursuant to which all Scheme Shares will be transferred to BidCo, in the form set out in Annexure C together with any amendment or modification made pursuant to section 411(6) of the Corporations Act.
Scheme Booklet	this document, including any annexure to it.
Scheme Consideration	\$2.86 per Scheme Share, payable by BidCo.
Scheme Implementation Deed	the Scheme Implementation Deed between Programmed and PERSOL dated 14 July 2017. A summary is set out in Annexure A and a fully copy can be obtained from Programmed's website, www.programmed.com.au .
Scheme Meeting	the meeting of Programmed Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act.

11. Glossary continued

Term	Meaning
Scheme Order	the order of the Court under section 411(4)(b) of the Corporations Act approving the Scheme, with or without modifications.
Scheme Record Date	the record date for determining entitlements to the Scheme Consideration, being 4.00pm on the eighth Business Day after the Effective Date (expected to be 4.00pm on Monday, 23 October 2017).
Scheme Resolution	the resolution to approve the Scheme to be voted on at the Scheme Meeting and required to be passed by the Requisite Majorities, as set out in the Notice of Scheme Meeting.
Scheme Share	a Programmed Share held by a Scheme Shareholder on the Scheme Record Date.
Scheme Shareholder	each person who is registered in the Register as a Programmed Shareholder on the Scheme Record Date.
Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard, or if the application is adjourned for any reason, the first day on which the adjourned application is heard.
Second Court Hearing	The hearing of the application made to the Court for the order under section 411(4)(b) of the Corporations Act approving the Scheme (which will occur on the Second Court Date).
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277.
SKILLED Acquisition	the acquisition of SKILLED Group Limited by Programmed by way of a scheme of arrangement under Part 5.1 of the Corporations Act that became effective in October 2015.
Special Dividend	a fully franked cash dividend of \$0.16 for each Programmed Share held by a Programmed Shareholder on the Special Dividend Record Date, payable by Programmed.
Special Dividend Payment Date	the date on which Programmed will pay the Special Dividend, being the third Business Day after the Special Dividend Record Date (expected to be Friday, 20 October 2017).
Special Dividend Record Date	the record date for determining entitlements to the Special Dividend, being 4.00 pm on the fourth Business Day after the Effective Date (expected to be 4.00 pm on Tuesday, 17 October 2017).
Subsidiary	has the meaning given in the Corporations Act.
Superior Proposal	<p>a bona fide Competing Proposal which the Programmed Board, acting in good faith, and after taking written advice from its legal and financial advisers, determines is:</p> <ul style="list-style-type: none"> (a) is capable of being valued and implemented within a reasonable timeframe and in accordance with its terms, including its conditions precedent, and taking into account the financial, regulatory and other aspects of the proposal, including the ability of the proposing party to consummate the transactions contemplated by the Competing Proposal; and (b) would be more favourable to Programmed Shareholders than the Scheme, taking into account all the terms and conditions of the Competing Proposal and the Scheme.
Tax Act	<i>Income Tax Assessment Act 1997</i> (Cth).

Term	Meaning
Total Cash Payment	\$3.02 for each Programmed Share, comprising: (a) the Special Dividend, payable by Programmed; and (b) the Scheme Consideration, payable by BidCo, which Programmed Shareholders who are registered in the Register on both of the Record Dates will receive.
VWAP	volume weighted average price.

11.2 Interpretation

In this Scheme Booklet, unless the context requires otherwise:

- (a) headings are inserted for convenience and do not affect the interpretation of this Scheme Booklet;
- (b) words and phrases in this Scheme Booklet have the same meaning given to them (if any) in the Corporations Act;
- (c) the singular includes the plural and vice versa;
- (d) a gender includes all genders;
- (e) a reference to a person includes a corporation, partnership, joint venture, association, unincorporated body or other body corporate and vice versa;
- (f) if a word is defined, another part of speech has a corresponding meaning;
- (g) a reference to a Section or Annexure is a reference to a Section or Annexure of this Scheme Booklet;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) unless expressly stated otherwise, a reference to time is a reference to time in Perth, Western Australia; and
- (j) unless expressly stated otherwise, a reference to dollars, \$, A\$ or AUD is a reference to the lawful currency of Australia.

Annexure A. Summary of terms of Scheme Implementation Deed

This Annexure sets out a summary of the key terms of the Scheme Implementation Deed entered into between Programmed and PERSOL on 14 July 2017 to implement the Scheme (**SID**). A full copy of the SID is attached to Programmed's ASX announcement on 14 July 2017 and is available on ASX's website at www.asx.com.au.

A number of the capitalised terms used in this Annexure are defined in the body of this Annexure (in brackets and bold font). The terms "Material Adverse Effect", "Programmed Excluded Transaction" and "Programmed Prescribed Event" are defined in the "Additional Defined Terms" at the end of this Annexure. All other capitalised terms used in this Annexure have the meaning given to them in the Glossary in Section 11 of the Scheme Booklet, unless otherwise indicated.

Conditions

For the Scheme to become Effective, the following conditions (**Conditions**) must be satisfied or (where permitted) waived.

- (a) **Independent Expert conclusion:** The Independent Expert issues the Independent Expert's Report, which concludes that the Scheme is in the best interests of the Scheme Shareholders, and does not change that conclusion or withdraw the Independent Expert's Report prior to 8.00 am on the Second Court Date.
- (b) **Orders convening Scheme Meeting:** The Court makes orders convening the Scheme Meeting under section 411(a) of the Corporations Act.
- (c) **Programmed Shareholder approval:** Programmed Shareholders approve the Scheme Resolution at the Scheme Meeting.
- (d) **Court approval of the Scheme:** The Court approves the Scheme under section 411(4)(b) of the Corporations Act.
- (e) **Regulatory approvals:** Before 8.00 am on the Second Court Date:
 - (i) **FIRB approval** and all **other Authorisations** that the parties agree in writing are necessary for implementation of the Scheme, are obtained.
 - (ii) **No regulatory actions / restraints:** There is no decision, order, action or investigation by a Government Agency, and no restraint or prohibition issued by any court of competent jurisdiction, preventing the Scheme as at 8.00 am on the Second Court Date.
- (f) **No Material Adverse Effect:** Between 14 July 2017 and 8.00 am on the Second Court Date, no Material Adverse Effect occurs or becomes known to BidCo in relation to Programmed.

- (g) **No Programmed Prescribed Event:** Between 14 July 2017 and 8.00 am on the Second Court Date, no Programmed Prescribed Event occurs.
- (h) **No PERSOL insolvency event:** Between 14 July 2017 and 8.00 am on the Second Court Date, no Insolvency Event (as that term is defined in the SID) occurs in respect of PERSOL.
- (i) **Representations and warranties:** The representations and warranties given by Programmed and PERSOL are true and correct at the times they are given under the SID.

If the conditions precedent are not met

If all the Conditions are not satisfied or (where permitted) waived by the relevant time specified in the SID, or the Effective Date does not occur on or prior to the End Date, the parties must consult in good faith to determine whether the Scheme may proceed by alternative means or whether the time for satisfaction of a particular Condition, the End Date, or both, should be extended.

Scheme Consideration

Subject to the Scheme becoming Effective:

- (a) Scheme Shareholders will receive the Scheme Consideration of \$2.86 for each Scheme Share held by them at the Scheme Record Date (being \$3.02 less \$0.16, which is the amount of the Special Dividend); and
- (b) the Scheme Consideration will be paid on the Implementation Date, in accordance with the Scheme and the Deed Poll.

Dividends

- (a) **Dividend Reinvestment Plan:** As required by the SID, Programmed suspended the Dividend Reinvestment Plan on 14 July 2017.
- (b) **Special Dividend:** Programmed is permitted to pay a fully franked Special Dividend of an amount to be determined by Programmed in its discretion, provided that the Special Dividend does not exceed a level which can be fully franked based on Programmed's franking account balance at the Implementation Date.

The Special Dividend of \$0.16 has now been determined by Programmed. All Programmed Shareholders registered in the Register on the Special Dividend Record Date (expected to be 4.00 pm on Tuesday, 17 October 2017) will be entitled to receive the Special Dividend, which will be paid on the Special Dividend Payment Date (expected to be Friday, 20 October 2017).

Conduct of Business

Programmed and each of its subsidiaries must, until the Implementation Date:

- (a) conduct its business in the ordinary course, in substantially the same manner and at the same locations as conducted as at 14 July 2017, and substantially in accordance with applicable laws and regulations;
- (b) promptly notify PERSOL of any material occurrences outside of the ordinary or usual course of business;
- (c) use reasonable efforts to preserve its business organisation, keep available the services of its officers and employees and preserve its relationship with relevant Government Agencies, customers, suppliers, licensors, licensees, Government Agencies and others having business dealings with it; and
- (d) maintain its business and assets, including at least its current level of insurance.

Programmed and each of its subsidiaries must not, until the Implementation Date:

- (a) acquire or agree to acquire assets with a market value or for consideration of \$20 million or more, or dispose or agree to dispose of assets with a market value or for consideration of \$10 million or more;
- (b) enter into, materially amend or terminate any shareholders' agreement, joint venture agreement or similar arrangements in respect of any asset with a market value or involving a commitment or liability of \$10 million or more;
- (c) incur additional material financial indebtedness or guarantee or indemnify the obligations of a third party, other than in the usual and ordinary course of business;
- (d) materially change the terms of employment of any director or member of key management personnel (named in Programmed's FY17 Annual Report), or any other employee whose employment costs are \$500,000 or more per annum;
- (e) incur capital expenditure of more than \$2 million;
- (f) enter or amend financing arrangements in excess of \$7.5 million other than with a Programmed subsidiary or for receivables owing by a customer to Programmed;
- (g) enter into derivative arrangements or similar instruments, except foreign currency hedges or interest rate hedges in the ordinary course of business consistent with past practice and in accordance with existing policy as at 14 July 2017 and disclosed in the Programmed Due Diligence Information;
- (h) do anything (including acquiring land in New Zealand) which Programmed knows, or ought to know, will result in PERSOL or Programmed being required to obtain an Authorisation to effect implementation of the Scheme (other than the Regulatory Approvals); or
- (i) change its accounting policies, other than as required by a change in applicable accounting standards or law.

The above restrictions generally do not apply to anything that is a Programmed Excluded Transaction or if PERSOL

gives its prior written consent (such consent not to be unreasonably withheld or delayed).

Performance Rights

Programmed must ensure that (insofar as is permissible and practicable) all Programmed Performance Rights which have not already vested prior to both the Special Dividend Record Date and the Scheme Record Date.

To achieve this, the Programmed Board may accelerate the vesting of, or waive any performance criteria applying to, any or all Programmed Performance Rights (subject to the proper exercise of the Programmed Board's discretion and the terms of the Long Term Incentive Plan and Managing Director's Long Term Incentive Plan).

See Section 3.10 of the Scheme Booklet for further details about the Programmed Board's treatment of the Programmed Performance Rights and the timing of any accelerated vesting.

Exclusivity

(a) Competing Proposal

Programmed is subject to certain restrictions and obligations in respect of Competing Proposals.

(b) No-shop restriction

During the period commencing on 14 July 2017 and ending at the later of the date that the SID is terminated, the Implementation Date, or the End Date (**Exclusivity Period**), Programmed must not solicit, encourage, institute or invite any discussions that would reasonably be expected to encourage or to lead to a Competing Proposal (**No-shop Restriction**).

(c) No-talk restriction

During the Exclusivity Period, Programmed must not participate in discussions or negotiations regarding a Competing Proposal, or provide any non-public information about the Programmed Group to a third party (other than a Government Agency) that would reasonably be expected to encourage a Competing Proposal, including providing information for the purpose of due diligence investigations (**No-talk Restriction**).

However, the No-talk Restriction does not apply in respect of a bona fide Competing Proposal where there has been no breach of the No-shop Restriction and the Programmed Board, acting in good faith and after taking written advice from financial and legal advisers, determines that the Competing Proposal is, or may lead to, a Superior Proposal, and that failing to respond to it would likely constitute a breach by the Programmed Board of its fiduciary duties or statutory obligations (**Fiduciary Out**).

To provide due diligence information to third parties, in addition to the Fiduciary Out criteria needing to be satisfied, Programmed must also enter into a confidentiality agreement with the third party, and to the extent it provides the third party with any information it has not provided to PERSOL, it must also provide that information to PERSOL.

Annexure A. Summary of terms of Scheme Implementation Deed continued

(d) Notification

During the Exclusivity Period, Programmed must promptly (and in any event within 24 hours), inform PERSOL in writing if Programmed becomes aware of any Competing Proposal or potential Competing Proposal, or proposes to rely on the Fiduciary Out in respect of the No-talk Restriction.

The notification must include all material terms of the Competing Proposal, and Programmed must use reasonable endeavours to obtain the consent of the person (who has made the Competing Proposal or potential Competing Proposal) to disclose to PERSOL on a confidential basis that person's identity.

(e) Matching Right

If the Programmed Board, acting in good faith and after taking written advice from its financial and legal advisers, considers that a bona fide Competing Proposal:

- (i) is capable of being valued and implemented within a reasonable timeframe in accordance with its terms (including its conditions precedent and other aspects of the proposal including financial, regulatory and funding considerations); and
- (ii) would be more favourable for Programmed Shareholders than the Scheme, taking into account all the terms and conditions of the Competing Proposal and the Scheme,

then Programmed must give PERSOL notice of that Competing Proposal, setting out all material terms of the Competing Proposal, after which Programmed must allow PERSOL five Business Days within which to offer (in its discretion) to amend the terms of the Scheme to provide an equivalent or superior outcome for Programmed Shareholders (**Counter Proposal**).

If PERSOL makes a Counter Proposal, the Programmed Board must consider it in good faith and, if it determines that the Counter Proposal is no less favourable to Programmed Shareholders than the Competing Proposal, Programmed and PERSOL must use reasonable endeavours to give effect to the Counter Proposal as soon as reasonably practicable.

(f) Ancillary provisions

Programmed must also:

- (i) (**standstills**) not amend or waive standstill arrangements with other parties during the Exclusivity Period; and
- (ii) (**return of confidential information**) request the return of any confidential information it has provided to other parties in the last 12 months and pursue its legal rights to ensure compliance.

Break Fee

The Break Fee may be payable by either of Programmed or PERSOL, in the circumstances summarised below. In either instance, the amount payable is \$7,915,000.

- (a) **Programmed Break Fee:** Programmed must pay PERSOL the Break Fee if:

- (i) (**no recommendation**) prior to the End Date, any director of Programmed does not recommend the Scheme or undertake to vote in favour of the Scheme themselves, or adversely changes or withdraws that recommendation or undertaking, for any reason other than:

- (A) for failure of a Condition that is outside of Programmed's control;
- (B) as a result of the Independent Expert concluding that the Scheme is not in the best interests of Programmed Shareholders (unless such conclusion is reached on reasons that include reference to a Competing Proposal); or
- (C) in circumstances where Programmed is permitted to terminate the SID (see further below);

- (ii) (**Competing Proposal**) a Competing Proposal is announced or made prior to the End Date and is consummated within 12 months; or

- (iii) (**material breach**) PERSOL terminates the SID due to material breach by Programmed (see further below).

- (b) **PERSOL Break Fee:** PERSOL must pay Programmed the Break Fee if Programmed terminates the SID due to material breach by PERSOL.

Termination

Programmed and PERSOL are entitled to terminate the SID in certain circumstances, as set out below.

- (a) **Non-fulfilment of Condition:** where a Condition is for the benefit of a party and is not satisfied or waived (after the parties, having consulted, cannot reach an agreement to enable the Scheme to proceed by an alternative means or to extend the date for satisfaction of the Condition or the End Date);
- (b) **By PERSOL:** PERSOL may terminate the SID (by giving written notice to Programmed at any time before 8.00 am on the Second Court Date) if:

- (i) (**material breach**) Programmed is in material breach of the SID, including by:

- (A) material breach of a warranty given by it; or
- (B) the occurrence of a Material Adverse Effect or a Programmed Prescribed Event,

and has not remedied that breach within five Business Days after being notified of the breach (and PERSOL's intention to terminate) by PERSOL;

- (ii) (**breach of exclusivity obligations**) Programmed breaches the No-shop or No-talk Restrictions (in circumstances where the Fiduciary Out does not apply), or the obligation to give initial notice to PERSOL of a Competing Proposal; or

- (iii) (**no recommendation**) any of the Programmed Directors fails to recommend that Programmed Shareholders vote in favour of the Scheme at the Scheme Meeting or fails to undertake to vote in favour of the Scheme themselves, or adversely changes or withdraws that recommendation or undertaking; and

- (c) **Termination by Programmed:** Programmed may terminate the SID (by giving written notice to PERSOL before 8.00 am on the Second Court Date) if:
- (i) **(material breach)** PERSOL is in material breach of the SID and has not remedied that breach within five Business Days after being notified of the breach (and Programmed's intention to terminate) by Programmed; or
 - (ii) **(Superior Proposal)** the Programmed Board publicly recommends a Superior Proposal and Programmed has paid the Break Fee to PERSOL.

Obligations on Termination

On termination of the SID, the parties will have no further obligations (except for those specified to continue beyond termination) under the SID but each party will retain any accrued rights and remedies.

Other Clauses

The SID contains other clauses. These include some clauses which are customary for an agreement of this nature and particular representations, warranties and indemnities given by the parties. A full copy of the SID is attached to Programmed's ASX announcement on 14 July 2017, which is available on ASX's website at www.asx.com.au.

Additional Defined Terms

The terms defined below are in addition to the terms defined in the body of this Annexure (in brackets) and in Section 11 (Glossary) of this Scheme Booklet.

Material Adverse Effect means any event, occurrence, matter, condition, thing or change in circumstances which occurs or becomes known to PERSOL (**Specified Event**) and which individually, or when aggregated with all other Specified Events, diminishes or could reasonably be expected to diminish:

- (a) the consolidated net assets of the Programmed Group by \$45 million or more; or
 - (b) the consolidated EBITDA of the Programmed Group in any financial year by \$12 million or more,
- other than a Specified Event:
- (c) contemplated or required to be done or procured by Programmed pursuant to this document, the Scheme or the Deed Poll;
 - (d) to the extent that it was fairly disclosed in the Programmed Due Diligence Information;
 - (e) to the extent that it was fairly disclosed in documents that were publicly available prior to 14 July 2017 from public filings of Programmed with ASX;
 - (f) resulting from any actions taken or not taken at the written request of PERSOL, or with PERSOL's prior written consent, provided that Programmed has notified PERSOL that such actions taken or not taken will have a Material Adverse Effect;
 - (g) comprising a change to legislation or regulation, any judicial or administrative interpretation of the law or any practice or policy of a Government Agency (whether or not retrospective in effect), including in relation to tax; or

- (h) relating to any material adverse change or disruption to the existing financial markets or economic conditions of Australia, the United Kingdom, the United States of America, Hong Kong or China.

Programmed Excluded Transaction means:

- (a) the Atlas Transaction;
- (b) a transaction fairly disclosed in the due diligence information provided by Programmed to PERSOL before 14 July 2017;
- (c) any expenditure or commitment referred to in or otherwise contemplated by the Programmed budget for FY18 (as disclosed to PERSOL before the 14 July 2017);
- (d) a transaction required to be done or procured by Programmed under the SID or the Scheme;
- (e) a transaction in relation to which PERSOL has expressly consented in writing;
- (f) the payment in cash of the Final Dividend and the Special Dividend and applicable franking distributions; and
- (g) the grant of Programmed Performance Rights in the ordinary course.

Programmed Prescribed Event means the occurrence of any of the following:

- (a) Programmed converting all or any of its shares into a larger or smaller number of shares;
- (b) any member of the Programmed Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) any member of the Programmed Group:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) any member of the Programmed Group announcing, declaring, paying or distributing any dividend, bonus or other share of its profits or assets or other distribution (whether in cash or in specie), or returning or agreeing to return any capital to its members (other than dividends within the wholly owned group consistent with past practices);
- (e) any member of the Programmed Group:
 - (i) issuing shares or securities convertible into shares, or granting an option, performance right, or similar right over its shares, or agreeing to make such an issue or grant such an option, performance right, or similar right (other than an issue of shares in Programmed pursuant to the conversion of the convertible securities or the exercise of options, existing as at, and the issue of which has been notified to ASX before 14 July 2017);
 - (ii) issues, or agrees to issue, convertible notes or any other securities convertible into shares;
 - (iii) making any change to its constitution;
 - (iv) being deregistered as a company or otherwise dissolved except in the case of a Programmed Group

Annexure A. Summary of terms of Scheme Implementation Deed continued

member with less than \$1 million in assets as at 14 July 2017; or

- (v) granting, or agreeing to grant, any security interest over the whole, or a substantial part, of its business, property or assets;
 - (f) an Insolvency Event (as that term is defined in the SID) occurring in relation to a member of the Programmed Group; or
 - (g) Programmed Shares cease to be quoted on the official list of the ASX,
- excluding any Programmed Excluded Transaction.

Annexure B. Deed Poll

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Deed Poll

Autalent Solutions Pty Ltd

ACN 620 805 647

Persol Holdings Co., Ltd.

A company incorporated in Japan under Corporate Number 8011001058176

Deed Poll relating to proposed Scheme of Arrangement between
Programmed Maintenance Services Limited and its members

2017

Annexure B. Deed Poll continued

DEED POLL

THIS DEED POLL is made on

25 August 2017

BY

Autalent Solutions Pty. Ltd. ACN 620 805 647 of c/- TMF Corporate Services (Aust) Pty Limited, Level 11, 50 Queen Street, Melbourne, Victoria (**BidCo**); and

Persol Holdings Co., Ltd. a company incorporated in Japan under Corporate Number 8011001058176 whose registered office is at 2-1-1 Yoyogi, Shibuya-ku, Tokyo 151-0053 Japan (**Persol**)

IN FAVOUR AND FOR THE BENEFIT OF

Each holder of fully paid, ordinary shares in Programmed Maintenance Services Limited ABN 61 054 742 264 whose registered office is at 47 Burswood Road, Burswood, Western Australia, 6100, Australia (**Programmed**) as at the Scheme Record Date, other than any holder of Excluded Shares (each a **Scheme Shareholder** and together the **Scheme Shareholders**).

RECITALS

- (A) Programmed and Persol have entered into a Scheme Implementation Deed dated on or about 14 July 2017 (**Scheme Implementation Deed**).
- (B) Under the Scheme Implementation Deed, Programmed has agreed to propose the Scheme, pursuant to which (among other things) Persol:
- (1) will procure that BidCo provides the Scheme Consideration to each Scheme Shareholder and the Scheme Shareholders will transfer to BidCo, and BidCo will acquire, all the Scheme Shares;
 - (2) unconditionally and irrevocably guarantees the due and punctual performance of BidCo's obligations described in Recital (B)(1).
- (C) Each of Persol and BidCo is executing this document to covenant in favour of each Scheme Shareholder to perform its obligations under the Scheme.

PERSOL AND BIDCO DECLARE AS FOLLOWS

1. INTERPRETATION

1.1 Definitions

Words and expressions that are defined in the Scheme Implementation Deed (other than words and expressions defined in this document) have the same meaning in this document as given to them in the Scheme Implementation Deed, unless the context makes it clear that a definition is not intended to apply.

1.2 Rules for interpreting this document

The rules in clauses 1.2 and 1.3 of the Scheme Implementation Deed apply in interpreting this document, unless the context makes it clear that a rule is not intended to apply.

2. NATURE OF THIS DOCUMENT

Each of Persol and BidCo acknowledges and agrees that:

- (a) this document is a deed poll and may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholder is not a party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Programmed and each of its directors and officers, jointly and severally, as its attorney and agent to enforce this document against it.

3. CONDITIONS PRECEDENT AND TERMINATION

3.1 Conditions

Persol's and BidCo's obligations under this document are subject to the Scheme becoming Effective.

3.2 Termination

Persol's and BidCo's obligations under this document will automatically terminate if:

- (a) the Scheme Implementation Deed is terminated in accordance with its terms; or
- (b) the Effective Date has not occurred on or before the End Date,

unless Persol and Programmed otherwise agree in writing (and, if required, as approved by the Court) in accordance with the Scheme Implementation Deed.

3.3 Consequences of termination

If this document is terminated pursuant to clause 3.2, in addition and without prejudice to any other rights, powers or remedies available to the Scheme Shareholders:

- (a) each Scheme Shareholder retains any rights, powers or remedies it has against either or both of Persol and BidCo in respect of any breach of this document which occurred before this document was terminated; and
- (b) each of Persol and BidCo is released from its further obligations under this document, except for those obligations in clause 8.1 and any other obligations which by their nature survive termination.

4. SCHEME CONSIDERATION

4.1 Performance of obligations generally

Subject to clause 3, each of Persol and BidCo:

- (a) must comply with its obligations under the Scheme Implementation Deed and the Scheme (as if, in the case of BidCo where BidCo is not Persol, BidCo were a party to the Scheme Implementation Deed and the Scheme and were bound by the terms of these documents); and
- (b) will, on its own behalf and to the extent authorised by the Scheme, on behalf of each Scheme Shareholder, do all things and execute all deeds, instruments transfers or other documents as may be necessary or desirable to give full effect to the provisions of this document and the transactions contemplated by it (including, without limitation, to Implement the Scheme).

Annexure B. Deed Poll continued

4.2 Provision of Scheme Consideration

Subject to clause 3, in consideration of the transfer of all of the Scheme Shares to BidCo in accordance with the terms of the Scheme:

- (a) BidCo undertakes in favour of each Scheme Shareholder to provide or procure the provision of the Scheme Consideration in accordance with the Scheme and clause 4.3; and
- (b) Persol:
 - (i) undertakes in favour of each Scheme Shareholder to procure that BidCo complies with its obligations under this clause 4.2; and
 - (ii) unconditionally and irrevocably guarantees the due and punctual performance of BidCo's obligations under this clause 4.2.

4.3 Payment of Scheme Consideration

The obligation of BidCo to pay the Scheme Consideration to Scheme Shareholders under clause 4.2 will be satisfied by:

- (a) no later than the day that is two Business Days prior to the Implementation Date, BidCo depositing (or Persol or procuring the deposit of) an amount equal to the aggregate Scheme Consideration payable to all Scheme Shareholders in cleared funds into an Australian dollar denominated trust account, operated by Programmed as trustee for the Scheme Shareholders for the purpose of paying the Scheme Consideration to each Scheme Shareholder (except that any interest on the amounts deposited, less bank fees and other charges, will be to BidCo's account); and
- (b) on the Implementation Date, BidCo executing the Scheme Transfer as contemplated by clause 3.3 of the Scheme effecting the transfer of the Programmed Shares from the Scheme Shareholders to BidCo and delivering the executed Scheme Transfer to Programmed for registration.

5. REPRESENTATIONS AND WARRANTIES

Each of Persol and BidCo represents and warrants in favour of each Scheme Shareholder that:

- (a) **(status)** it is a validly existing corporation under the laws of the place of its incorporation;
- (b) **(power)** it has full legal capacity and power to enter into this document and carry out the transactions that this document contemplates in accordance with its terms;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise it entering into this document and its carrying out of the transactions that this document contemplates in accordance with its terms;
- (d) **(Authorisations)** it holds each Authorisation that is necessary or desirable to:
 - (i) enable it to properly execute this document and to carry out the transactions that this document contemplates in accordance with its terms; and
 - (ii) ensure that this document is legal, valid, binding and admissible in evidence,

and it is complying with any conditions to which any such Authorisation is subject;

- (e) **(documents effective)** this document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms;
- (f) **(funding)** before 5.00 pm on the day before the Second Court Date, BidCo will have available to it sufficient cash amounts (whether from internal cash resources or external funding arrangements or a combination of both) to satisfy its obligation to pay the full amount of the Scheme Consideration in accordance with the obligations under the Scheme and this document;
- (g) **(no breach or default)** this document does not conflict with, or result in the breach of or default under, any provision of its constituent documents, or any writ, order or injunction, judgement, law, rule or regulation to which it is a party or subject to or by which it is bound;
- (h) **(no Insolvency Event)** neither it nor any of its subsidiaries is affected by an Insolvency Event; and
- (i) **(not representative capacity)** it is not entering into this document as trustee of any trust or settlement or otherwise in a representative capacity.

6. CONTINUING OBLIGATIONS

This document is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) Persol and BidCo having fully performed its obligations under this document; or
- (b) termination of this document in accordance with clause 3.

7. NOTICES

7.1 How to give a notice

A notice or other communication to a person in respect of this document is only effective if it is:

- (a) in writing in English, and signed by or on behalf of the person giving it;
- (b) addressed to the person to whom it is to be given; and
- (c) either:
 - (i) delivered or sent by pre-paid mail (by airmail, if the addressee is overseas) to that person's address; or
 - (ii) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full without error; or
 - (iii) sent in electronic form (such as email).

7.2 When a notice is given

A notice, consent or other communication that complies with this clause is regarded as given and received:

- (a) if it is delivered or sent by fax:

Annexure B. Deed Poll continued

- (i) by 5.00 pm (local time in the place of receipt) on a Business Day – on that day; or
- (ii) after 5.00 pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day – on the next Business Day (in the place of receipt of the fax);
- (b) if it is sent by mail:
- (i) within Australia – three Business Days after posting; or
- (ii) to or from a place outside Australia – seven Business Days after posting; and
- (c) if it is sent in electronic form:
- (i) by 5.00 pm (local time in the place of receipt) on a Business Day – when sent; or
- (ii) after 5.00 pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day – on the next Business Day,
- provided that no notice of failure of transmission or other error message is received by the sender.

7.3

Address for notices

Persol's and BidCo's address and fax number are those set out below, or as Persol or BidCo otherwise notifies:

Persol and BidCo

Address: 2-1-1 Yoyogi, Shibuya-ku, Tokyo 151-0053 Japan
Fax number: +81 3 6386 9172
Attention: Chief Legal Officer
Email: daisuke.hayashi@persol.co.jp

8.

GENERAL

8.1

Costs and stamp duty

BidCo must (and Persol must procure that BidCo does):

- (a) bear and be responsible for its own costs arising out of the negotiation, preparation and execution of this document; and
- (b) pay or procure the payment of any and all stamp duty (including any related fines or penalties) payable on or in respect of this document, or any transaction contemplated by it (including any transfer of Scheme Shares pursuant to the Scheme); and
- (c) indemnify each Scheme Shareholder on demand against any liability arising from its failure to comply with clause 8.1(b).

8.2

Amendment

A provision of this document may not be amended or varied unless:

- (a) before the Second Court Date, the amendment or variation is agreed to in writing by Programmed (on behalf of each Scheme Shareholder but without the need for

such agreement to be given or withheld with reference to or approval by any Scheme Shareholder) and Persol and, if required, is approved by the Court; or

- (b) on or after the Second Court Date, the amendment or variation is agreed to in writing by Programmed (on behalf of each Scheme Shareholder but without the need for such agreement to be given or withheld with reference to or approval by any Scheme Shareholder) and Persol, and is approved by the Court,

and, in either case, Persol and BidCo must execute a further deed poll in favour of each Scheme Shareholder giving effect to that amendment or variation.

8.3 **Assignment**

The rights and obligations of Persol, BidCo and of each Scheme Shareholder under this document are personal and, cannot be assigned, encumbered, charged or otherwise dealt with. Any purported dealing in contravention of this clause 8.3 is invalid.

8.4 **Waiver of rights**

A right may only be waived in writing, signed by the party giving the waiver, and:

- (a) no other conduct of a party (including a failure to exercise, or delay in exercising, the right) operates as a waiver of the right or otherwise prevents the exercise of the right;
- (b) a waiver of a right on one or more occasions does not operate as a waiver of that right if it arises again;
- (c) the exercise of a right does not prevent any further exercise of that right or of any other right; and
- (d) the exercise, or partial exercise, of a right does not prevent any further exercise of that right or of any other right.

8.5 **Operation of this document**

- (a) Any right that a person may have under this document is in addition to, and does not replace or limit, any other right that the person may have.
- (b) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

8.6 **Governing law**

- (a) This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of the State of Western Australia within the Commonwealth of Australia.
- (b) Each of Persol and BidCo submits to the non-exclusive jurisdiction of the courts of the State of Western Australia, Commonwealth courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to any proceedings in connection with the Scheme. Each of Persol and BidCo irrevocably waives any right it has to object to any legal process being brought in those courts including any claim that the process has been brought in an inconvenient forum or that those courts do not have jurisdiction.

Annexure B. Deed Poll continued

EXECUTED as a deed poll.

EXECUTED by AUTALENT SOLUTIONS
PTY LTD:

Signature of director

Name

Signature of director

Name

EXECUTED by PERSOL HOLDINGS CO.,
LTD.:

Signature of director

Name

Signature of director

Name

Annexure C. Scheme of Arrangement

Execution Version

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Scheme of Arrangement

Programmed Maintenance Services Limited

ABN 61 054 742 264

The holders of fully paid, ordinary shares in
Programmed

Annexure C. Scheme of Arrangement continued

SCHEME OF ARRANGEMENT

Under section 411 of the Corporations Act

BETWEEN:

- (1) Programmed Maintenance Services Limited ABN 61 054 742 264 whose registered office is at 47 Burswood Road, Burswood, Western Australia, 6100, Australia (**Programmed**); and
- (2) Each registered holder of fully paid, ordinary shares in Programmed as at the Scheme Record Date, other than any holder of Excluded Shares.

BACKGROUND

- (A) Programmed is a public company incorporated in Australia. It is registered in Western Australia and is a company limited by shares. It has its registered office at 47 Burswood Road, Burswood, Western Australia, 6100, Australia. Programmed is admitted to the official list of ASX and Programmed Shares are quoted on the financial market conducted by ASX. As at the date of the Scheme Implementation Deed, 257,525,748 Programmed Shares were on issue.
- (B) PERSOL HOLDINGS CO., LTD. (**Persol**) is a company incorporated in Japan under Corporate Number 8011001058176. It has its registered office at 2-1-1 Yoyogi, Shibuya-ku, Tokyo 151-0053 Japan and is listed on the Tokyo Stock Exchange. Autalent Solutions Pty Ltd ACN 620 805 647 (**BidCo**) is a company registered in Western Australia under the Corporations Act and is a wholly-owned subsidiary of Persol.
- (C) Programmed and Persol entered into the Scheme Implementation Deed on or about 14 July 2017 to facilitate the implementation of the Scheme.
- (D) Under the Scheme Implementation Deed, Programmed and Persol have agreed that each of them will perform their respective obligations under the Scheme.
- (E) Persol and BidCo have executed the Deed Poll under which each of Persol and BidCo covenants in favour of Scheme Shareholders to carry out its obligations under the Scheme.

OPERATIVE PROVISIONS

1. INTERPRETATION

1.1 Definitions

The following definitions apply in this document:

CHESS means the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited, which provides for the electronic transfer, settlement and registration of securities.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia (Western Australia Registry), or such other court of competent jurisdiction under the Corporations Act agreed to in writing between Programmed and Persol.

Programmed Share Registry means Computershare Investor Services Pty Limited ABN 48 078 279 277.

Registered Address means, in relation to a Scheme Shareholder, the address of the shareholder shown in the Register.

Scheme Implementation Deed means the Scheme Implementation Deed dated on or about 14 July 2017 between Persol and Programmed.

Scheme Shareholder means each person who is registered in the Register as the holder of one or more Scheme Shares as at the Scheme Record Date.

Scheme Transfer, in relation to Scheme Shares, means a proper instrument of transfer of the Scheme Shares.

Scheme means the scheme of arrangement under Part 5.1 between Programmed and the Scheme Shareholders, set out in this document, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act.

A term that is not defined in this document and is defined in the Scheme Implementation Deed has the same meaning in this document (as given to the term in the Scheme Implementation Deed), unless the context makes it clear that a definition is not intended to apply.

1.2 Rules for interpreting this document

Headings and catchwords are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
 - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (iii) a party to this document or to any other document or agreement includes a permitted substitute or a permitted assign of that party;
 - (iv) a clause, schedule or annexure is a reference to a clause, schedule or annexure of or to this document (and the schedules and annexes form part of this document);
 - (v) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
 - (vi) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
- (c) A word which suggests one gender includes the other genders.
- (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.

Annexure C. Scheme of Arrangement continued

- (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (f) The term **officer** has the same meaning given in the Corporations Act.
- (g) All references to time in this document are references to time in Perth, Australia.
- (h) A reference to **\$** or **dollar** is to Australian currency.
- (i) Nothing in this document is to be construed adversely to a party just because that party prepared this document or prepared or proposed the relevant part of this document.

1.3 Non-Business Days

If the day on or by which a person must do something under this document is not a Business Day, the person must do it on or by the next Business Day.

2. CONDITIONS PRECEDENT

2.1 Conditions precedent to the Scheme

This Scheme is conditional upon, and will not come into effect unless and until each of the following is satisfied, and clauses 2.3, 2.4 and 3 will not come into effect unless and until each of the following is satisfied:

- (a) as at 8.00 am on the Second Court Date, all the Conditions set out in clause 3.2 of the Scheme Implementation Deed other than the Condition in item 4 of clause 3.2, having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed;
- (b) as at 8.00 am on the Second Court Date, neither the Scheme Implementation Deed nor the Deed Poll having been terminated;
- (c) the Court having made orders under section 411(4)(b) of the Corporations Act approving the Scheme;
- (d) such other Conditions made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Persol and Programmed (each acting reasonably) being satisfied; and
- (e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to the Scheme.

2.2 Certificate

- (a) Programmed and Persol must provide to the Court before or at 8.00 am on the Second Court Date, a certificate or such other evidence as the Court requests, confirming (in respect of the matters within their knowledge) whether or not:
 - (i) all the Conditions (other than the Condition in item 4 of clause 3.2 of the Scheme Implementation Deed) have been satisfied or waived in accordance with the terms of the Scheme Implementation Deed; and
 - (ii) the Scheme Implementation Deed and the Deed Poll have not been terminated in accordance with their terms,

as at 8.00 am on the Second Court Date.

- (b) The certificates referred to in clause 2.2(a) constitute conclusive evidence that those Conditions are satisfied, waived or taken to be waived, in each case, in accordance with the terms of the Scheme Implementation Deed (to the extent that they are so satisfied, waived or taken to be waived).

2.3 **Effective Date**

Subject to clause 2.4, this Scheme takes effect on the Effective Date.

2.4 **End Date**

Unless Programmed and Persol otherwise agree in writing, this Scheme will lapse and be of no effect if the Effective Date has not occurred on or before the End Date.

3. **THE SCHEME**

3.1 **Effect of the Scheme**

If the Scheme becomes Effective, then:

- (a) all of the Scheme Shares (together with all rights and entitlements attaching to them as at the Implementation Date) will be transferred to BidCo without the need for any further act by any Scheme Shareholder (other than acts performed by Programmed as attorney and agent for Scheme Shareholders under clause 5.3);
- (b) Persol or BidCo will provide, or procure the provision of, the Scheme Consideration to Scheme Shareholders in accordance with the terms of the Scheme and the Deed Poll;
- (c) subject to Persol's or BidCo's compliance with clause 3 of this document and the Deed Poll, all the Scheme Shares will be transferred to BidCo and Programmed will become a wholly owned subsidiary of BidCo; and
- (d) Programmed will enter BidCo's name in the Register as the holder of all of the Scheme Shares in accordance with the terms of this Scheme and the transfer of all of the Scheme Shares will be taken to be effective on the Implementation Date.

3.2 **Programmed to lodge Court orders with ASIC**

Following approval of the Scheme by the Court in accordance with section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act), Programmed must, as soon as reasonably practicable, lodge with ASIC an office copy of the orders in accordance with section 411(11) of the Corporations Act, and in any event, by no later than 5:00pm on the Business Day following the date on which the Court approves the Scheme or such other Business Day as Persol and Programmed agree in writing.

3.3 **Implementation steps**

On the Implementation Date:

- (a) BidCo will pay (and Persol must procure that BidCo will pay) to each Scheme Shareholder the Scheme Consideration for each Scheme Share held by the Scheme Shareholder, in accordance with and subject to the terms of this Scheme and the Deed Poll; and

Annexure C. Scheme of Arrangement continued

- (b) subject to the provision of the Scheme Consideration in accordance with this Scheme and the Deed Poll, and Persol or BidCo having provided Programmed with written confirmation of that having occurred (in a form reasonably acceptable to Programmed), all the Scheme Shares, together with all rights and entitlements attaching to those shares as at the Implementation Date, will be transferred to BidCo without the need for any further act by any Scheme Shareholder (other than acts performed by Programmed or its directors and officers as attorney and agent for the Scheme Shareholders under this Scheme) by Programmed effecting a valid transfer or transfers of all of the Scheme Shares to BidCo under section 1074D of the Corporations Act or, if that procedure is not available for any reason in respect of any Scheme Shares, by:
- (i) Programmed delivering to BidCo for execution duly completed Scheme Transfers to transfer all of the Scheme Shares to BidCo, duly executed by Programmed or any of its directors and officers as the attorney and agent of each Scheme Shareholder as transferor under clauses 5.2 and 5.3;
 - (ii) BidCo executing the Scheme Transfers as transferee and delivering the executed and, if necessary, stamped Scheme Transfers to Programmed; and
 - (iii) Programmed, upon receipt of the Scheme Transfers under clause 3.3(b)(ii), entering or procuring entry of the name and address of BidCo in the Programmed Register as the holder of all the Scheme Shares.

3.4

Provision of Scheme Consideration

BidCo's and Persol's obligations under clause 3.3(a) will be satisfied as follows:

- (a) by no later than the day that is two Business Days prior to the Implementation Date, BidCo must deposit in, or Persol must procure the deposit of, cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to each Scheme Shareholder, in an Australian dollar denominated trust account operated by Programmed as trustee for the Scheme Shareholders (except that any interest on the amounts deposited, less bank fees and other charges, will be to BidCo's account); and
- (b) on the Implementation Date, Programmed must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the trust account referred to in clause 3.4(a) (based on the number of Scheme Shares held by the Scheme Shareholder as set out in the Register on the Scheme Record Date), in Programmed's absolute discretion:
 - (i) where a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Programmed Share Registry to receive dividend payments from Programmed by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
 - (ii) otherwise, whether or not the Scheme Shareholder has made an election referred to in clause 3.4(b)(i), dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address, such cheque being drawn in the name of the Scheme Shareholder (or, in the case of joint holders, in accordance with the procedures set out in clause 3.5),

to the extent that there is a surplus in the amount held by Programmed as trustee for the Scheme Shareholders in the trust account referred to in clause 3.4(a), that

surplus may be paid by Programmed to BidCo (again, less any applicable bank fees and other charges).

3.5 **Joint holders**

In the case of Scheme Shares held in joint names:

- (a) the Scheme Consideration is payable to the joint holders and any cheque required to be sent under the Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Programmed, the holder whose name appears first in the Register as at the Scheme Record Date or to the joint holders; and
- (b) any other document required to be sent under the Scheme will be forwarded to either, at the sole discretion of Programmed, the holder whose name appears first in the Register as at the Scheme Record Date or to the joint holders.

3.6 **Unclaimed monies**

- (a) Programmed may cancel a cheque issued under this Scheme if the cheque:
 - (i) is returned to Programmed; or
 - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the one year period commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Programmed (or to the Programmed Share Registry), Programmed must reissue a cheque that was previously cancelled under this clause 3.6.
- (c) The applicable legislation relating to unclaimed monies will apply in relation to any Scheme Consideration which becomes unclaimed money within the meaning of that legislation.

3.7 **Scheme Shares transferred free from encumbrance and warranties by Scheme Shareholders**

- (a) To the extent permitted by law, all of the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares, other than any right to receive the Special Dividend to the extent that any Special Dividend is determined by Programmed) transferred to BidCo under the Scheme will be transferred (subject to Programmed's constitution) free from all Security Interests and interests of third parties of any kind, whether legal or otherwise.
- (b) Each Scheme Shareholder is deemed to have warranted to BidCo and, to the extent enforceable, appointed and authorised Programmed as its agent to warrant to BidCo that all its Scheme Shares (including any rights and entitlements attaching to those Scheme Shares, other than any right to receive the Special Dividend to the extent that any Special Dividend is determined by Programmed) will, as at the time of the transfer of them to BidCo, be fully paid and (subject to Programmed's constitution) free from all Security Interests and interests of third parties of any kind, whether legal or otherwise, and from any restrictions on transfer of any kind, and that it has full power and capacity to sell and to transfer its Scheme Shares (including any rights and entitlements attaching to those shares, other than any right to receive the Special Dividend to the extent that any Special Dividend is determined by Programmed) to BidCo under the Scheme. Programmed undertakes in favour of each Scheme Shareholder that it will be taken to have provided such warranty to BidCo on behalf of the Scheme Shareholder (as its agent) as at the time of transfer of all of the Scheme Shares.

Annexure C. Scheme of Arrangement continued

3.8 **Persol beneficially entitled to Scheme Shares**

On and from the Implementation Date, BidCo will be beneficially entitled to all of the Scheme Shares transferred to it under this Scheme pending registration by Programmed of the name and address of BidCo in the Register as the holder of all of the Scheme Shares.

4. **DEALINGS IN PROGRAMMED SHARES**

4.1 **Programmed Share dealings that are recognised**

To establish the persons who are Scheme Shareholders, dealings in Programmed Shares will be recognised only if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the Programmed Shares at the Scheme Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the Programmed Share Registry by 5:00pm on the Scheme Record Date (in which case Programmed must register such transfers or transmission applications before 7:00pm on that day),

and Programmed will not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of Programmed Shares received after the Scheme Record Date, any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate (except a transfer of Programmed Shares to BidCo pursuant to this Scheme or any subsequent transfer by BidCo to its successors in title).

4.2 **Programmed to register transfer and transmission applications**

Programmed will register registrable transfers and transmission applications of the kind referred to in clause 4.1 by the Scheme Record Date.

4.3 **Transfers received after Scheme Record Date not recognised**

If the Scheme becomes Effective, each Scheme Shareholder (and any person claiming through that Scheme Shareholder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Scheme Record Date otherwise than pursuant to the Scheme, and any such disposal will be void and of no legal effect whatsoever, and Programmed will not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of any Scheme Shares received after the Scheme Record Date.

4.4 **Programmed to maintain Register to determine entitlements**

In order to determine entitlements to the Scheme Consideration, Programmed will maintain, or procure the maintenance of, the Register in accordance with this clause 4 until the Scheme Consideration has been paid to Scheme Shareholders and the Register in this form will solely determine entitlements to the Scheme Consideration.

4.5 **Holding statements no effect from Scheme Record Date**

From the Scheme Record Date, all holding statements for Scheme Shares will cease to have effect as documents of title (or evidence thereof), and each entry on the Register at the Scheme Record Date will cease to have any effect other than as evidence of the entitlements of Scheme Shareholders to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

4.6 **Programmed to provide contact information for Scheme Shareholders**

As soon as practicable on or after Scheme Record Date and in any event at least three Business Days before the Implementation Date, Programmed will give to BidCo or procure that BidCo be given details of the name, Registered Address and the number of Programmed Shares held by each Scheme Shareholder, as shown in the Register at the Scheme Record Date, in whatever form BidCo reasonably requires.

4.7 **Quotation of Programmed Shares**

- (a) Programmed must apply to ASX to suspend trading in Programmed Shares on the financial market conducted by ASX from the close of trading on the Effective Date.
- (b) On the Business Day immediately after the Implementation Date, Programmed will apply for termination of the official quotation of Programmed Shares on the financial market conducted by ASX and to have itself removed from the official list of ASX.

5. **GENERAL PROVISIONS**

5.1 **Programmed giving effect to the Scheme**

Programmed must, at its own expense, do anything (including execute any document), and must, to the extent that it is able to do so, procure that its employees and agents do anything (including execute any document), that is reasonably necessary, expedient or incidental to give full effect to the Scheme and the transactions contemplated by it. Without limiting Programmed's power under the Scheme, Programmed has power to do all things that it considers necessary or desirable to give effect to the Scheme and the Scheme Implementation Deed.

5.2 **Scheme Shareholders' agreements and consents**

Each Scheme Shareholder irrevocably:

- (a) agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Shares (other than any right to receive the Special Dividend to the extent that any Special Dividend is determined by Programmed), to BidCo, in accordance with the Scheme;
- (b) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from the Scheme;
- (c) acknowledges that the Scheme binds Programmed and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against the Scheme, at the Scheme Meeting); and
- (d) consents to Programmed doing all things and executing all deeds, instruments, transfers or other documents as may be reasonably necessary, expedient or incidental to Implementation and to give full effect to the Scheme and the transactions contemplated by it and Programmed, as attorney and agent for each Scheme Shareholder, may sub-delegate its functions under this document to any of its directors and officers, jointly and severally,

without the need for any further act by the Scheme Shareholder.

5.3 **Appointment of Programmed as attorney and agent of Scheme Shareholders**

Each Scheme Shareholder without the need for any further act, irrevocably appoints Programmed and each of its directors and officers, jointly and severally, on and from the Effective Date, as the Scheme Shareholder's attorney and agent:

- (a) to execute any document or do any other act necessary, expedient or incidental to give full effect to the Scheme and the transactions contemplated by it, including the effecting of a valid transfer or transfers (or execution and delivery of any Scheme Transfer) under clause 3; and
- (b) to enforce the Deed Poll against either or both of Persol and BidCo,

and Programmed accepts such appointment. Programmed may as attorney and agent of each Scheme Shareholder sub-delegate any of its functions, authorities or powers under this clause to all or any of its directors and officers (jointly, severally, or jointly and severally).

5.4 **Appointment of BidCo as agent, attorney and sole proxy in respect of Scheme Shares**

Upon the Scheme becoming Effective and until BidCo's name is entered in the Register as the holder of all Scheme Shares, each Scheme Shareholder:

- (a) appoints and is deemed to irrevocably appoint BidCo as its attorney and agent, and directs Persol in each such capacity, to appoint any of the directors and officers of BidCo as sole proxy and, where applicable, corporate representative, of that Scheme Shareholder to:
 - (i) attend shareholders' meetings of Programmed;
 - (ii) exercise the votes attaching to the Programmed Shares registered in the name of the Scheme Shareholder; and
 - (iii) sign any Programmed Shareholders' resolution;
- (b) must take all other action in the capacity of a registered holder of Scheme Shares as BidCo reasonably directs;
- (c) undertakes not to attend any shareholders' meetings of Programmed or exercise the votes attaching to the Scheme Shares registered in the name of that Scheme Shareholder or sign any Programmed Shareholders resolutions (whether in person, by proxy or by corporate representative) other than in accordance with clause 5.4; and
- (d) acknowledges and agrees that in exercising the powers conferred under this clause 5.4(a), BidCo and any director or officer of BidCo appointed under clause 5.4(a) may act in the best interests of BidCo as the intended registered holder of all of the Scheme Shares.

5.5 **Binding effect of Scheme**

The Scheme binds Programmed and all Scheme Shareholders, including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme.

5.6 **Alteration or condition to Scheme**

If the Court proposes to approve the Scheme subject to any alteration or condition:

- (a) Programmed may, by its counsel or solicitors, but subject to the prior approval of Persol, consent on behalf of all persons concerned, including each Scheme Shareholder, to those alterations or conditions; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which counsel for Programmed has consented to.

5.7 **Deed Poll**

Programmed undertakes in favour of each Scheme Shareholder to enforce the Deed Poll against either or both of Persol and BidCo for and on behalf of each Scheme Shareholder as agent and attorney for the Scheme Shareholders.

5.8 **Notices**

Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to Programmed, it will be deemed to be received on the date (if any) on which it is actually received at Programmed's registered office or at the Programmed Share Registry and on no other date.

5.9 **Costs and stamp duty**

- (a) Subject to clause 5.9(b), Programmed will pay all the costs of the Scheme.
- (b) BidCo will (and Persol must procure that BidCo will):
 - (i) pay all stamp duty and any related fines, penalties and other costs payable under Australian law in connection with the transfer of all of the Scheme Shares to BidCo in accordance with the terms of the Scheme Implementation Deed; and
 - (ii) indemnify each Scheme Shareholder against any liability arising from BidCo's or Persol's (as the case may be) failure to comply with clause 5.9(b)(i).

5.10 **Governing law**

- (a) This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of the State of Western Australia within the Commonwealth of Australia.
- (b) Each party submits to the non-exclusive jurisdiction of the courts of the State of Western Australia, Commonwealth courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to any proceedings in connection with the Scheme. Each party irrevocably waives any right it has to object to any legal process being brought in those courts including any claim that the process has been brought in an inconvenient forum or that those courts do not have jurisdiction.

Annexure D. Notice of Scheme Meeting

Programmed Maintenance Services Limited

ABN 61 054 742 264

Notice of Scheme Meeting

Notice is hereby given that, by an order of the Court made on Wednesday, 30 August 2017 pursuant to Section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a meeting of the holders of ordinary shares in Programmed Maintenance Services Limited ABN 61 054 742 264 (**Programmed**), (**Programmed Shareholders**) will be held at 11.00 am (Melbourne time) on Friday, 6 October 2017 at the Sheraton Melbourne Hotel, 27 Little Collins Street, Melbourne VIC 3000 (**Scheme Meeting**).

Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without modification) to be made between Programmed and the Programmed Shareholders (**Scheme**) and to consider and, if thought fit, pass the Scheme Resolution.

To enable you to make an informed voting decision, further information about the Scheme is set out in the explanatory statement (for the purposes of section 412(1) of the *Corporations Act*) that accompanies this Notice of Scheme Meeting (together, this Notice of Scheme Meeting and the explanatory statement are the **Scheme Booklet**).

Capitalised terms used in this Notice of Scheme Meeting but not defined in it have the same meaning as set out in the Glossary in Section 11 of the Scheme Booklet.

Business of the Meeting – Scheme Resolution

To consider and, if thought fit, to pass the following Scheme Resolution in accordance with Section 411(4)(a)(ii) of the *Corporations Act*:

"That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth):

- (a) the Scheme, the terms of which are contained in and more particularly described in the Scheme Booklet (of which this Notice of Scheme Meeting forms part) is agreed to (with or without modification as approved by the Court); and*
- (b) the directors of Programmed are authorised, subject to the terms of the Scheme Implementation Deed:*
 - (i) to agree to such alterations or conditions as are thought fit by the Court; and*
 - (ii) subject to approval of the Scheme by the Court, to implement the Scheme with any such alterations or conditions."*

Chairman

The Court has directed that Bruce Brook is to act as Chairman of the Scheme Meeting (and that, if Bruce Brook is unable or unwilling to attend, Emma Stein is to act as Chairman of the Scheme Meeting) and has directed the Chairman to report the result of the Scheme Resolution to the Court.

Dated 31 August 2017

By Order of the Programmed Board



Katina Nadebaum
Company Secretary

Explanatory Notes for the Scheme Meeting

General

The Notice of Scheme Meeting relates to the Scheme and should be read in conjunction with the balance of the Scheme Booklet. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution, including the information prescribed by the Corporations Act and the Corporations Regulations.

A copy of the Scheme is set out in Annexure C to the Scheme Booklet.

Requisite Majorities

In accordance with Section 411(4)(a)(iii) of the Corporations Act, the Scheme Resolution must be approved by:

- ◆ unless the Court orders otherwise, a majority in number (ie more than 50%) of Programmed Shareholders present and voting on the Scheme Resolution at the Scheme Meeting (either in person, by proxy or attorney or representative); and
- ◆ at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Programmed Shareholders (either in person, by proxy or attorney or representative),

(these are the **Requisite Majorities** described in Section 11 of the Scheme Booklet).

Court Approval

If the Scheme Resolution is approved at the Scheme Meeting by the Requisite Majorities, the implementation of the Scheme will be subject, among other things, to the subsequent approval of the Court. If the Scheme Resolution set out in this Notice of Scheme Meeting is passed by the Requisite Majorities, and the other conditions precedent to the Scheme are satisfied or waived (where capable of waiver), Programmed will apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

Entitlement to Vote

The Court has ordered that, for the purposes of the Scheme Meeting, each Programmed Shareholder who is registered on the Register at 4.00 pm on Wednesday, 4 October 2017 is entitled to attend and vote at the Scheme Meeting.

Voting at the Scheme Meeting

You may vote on the Scheme Resolution by:

- ◆ attending the Scheme Meeting in person; or
- ◆ proxy, attorney or, in the case of a corporation which is a Programmed Shareholder, by corporate representative appointed in accordance with the Corporations Act.

Details in respect of each of these methods is set out below.

Voting in person

To vote in person, you must attend the Scheme Meeting. If you attend, you will be admitted to the meeting and given a voting card at the point of entry to the meeting upon disclosing your name and address. Please bring a form of personal identification with you, such as your driver's licence.

Voting by proxy

A Programmed Shareholder entitled to attend and vote at the Scheme Meeting may appoint a proxy. A proxy need not be a Programmed 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 Scheme Meeting (see below).

A Programmed 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.

To vote by proxy, you must complete and return the personalised Proxy Form enclosed with this Scheme Booklet in accordance with the instructions on the form so that it is received by the Share Registry by no later than 8.00 am (Perth time) / 11.00 am (Melbourne time) on Wednesday, 4 October 2017.

You may appoint an individual or body corporate as your proxy.

Voting by attorney

To vote by attorney, the attorney must have a duly executed power of attorney, specifying the name of the Programmed Shareholder, the attorney, the meetings at which the appointment may be used and that the power of attorney applies in relation to Programmed. The appointment may be a standing one and the attorney need not be a Programmed Shareholder.

Annexure D. Notice of Scheme Meeting continued

Voting by corporate representative

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 in accordance with section 250D of the Corporations Act. 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 Scheme Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to Programmed.

Lodgement of Proxies, Powers of Attorney and Queries

The following addresses are specified for the purposes of receipt of Proxy Forms, powers of attorney and any authorities under which Proxy Forms are signed (or certified copies of these authorities):

By Facsimile: 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

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

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

To be effective, completed Proxy Forms, powers of attorney and authorities must be received by the Share Registry in accordance with the method set out above at least 48 hours before the time for holding the Scheme Meeting (that is, by no later than 8.00 am (Perth time) / 11.00 am (Melbourne time) on Wednesday, 4 October 2017) or, if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting.

The enclosed Proxy Form provides further details on appointing proxies and lodging the Proxy Form.

Jointly Held Securities

If Programmed Shares are jointly held and more than one member votes in respect of those jointly held Programmed Shares, only the vote of the Programmed Shareholder whose name appears first in the Register will be counted.

Advertisement

Where this Notice of Scheme Meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the Scheme Meeting from Programmed's website (www.programmed.com.au) or by contacting the Share Registry.

Voting Exclusion

As set out in Section 6 of the Scheme Booklet, as at the date of this Notice of Meeting, neither BidCo nor PERSOL nor any of their respective associates, has a relevant interest in any Programmed Shares or any voting power in Programmed.

To avoid any doubt, however, to the extent that BidCo or PERSOL or any of their respective associates acquired a relevant interest in any Programmed Shares or any voting power in Programmed before the Register Date (Programmed is not aware of any intention by BidCo or PERSOL to do so, and such action is restricted by the terms of the Scheme Implementation Deed), Programmed would disregard any votes cast at the Scheme Meeting by BidCo or PERSOL or any of their respective associates.

Annexure E. Independent Expert's Report

LONERGAN EDWARDS & ASSOCIATES LIMITED

ABN 53 095 445 560
AFS Licence No 246532
Level 7, 64 Castlereagh Street
Sydney NSW 2000 Australia
GPO Box 1640, Sydney NSW 2001

Telephone: [61 2] 8235 7500
www.lonerganedwards.com.au

The Directors
Programmed Maintenance Services Limited
47 Burswood Road
Burswood WA 6100

30 August 2017

Subject: Proposed acquisition by way of Scheme

Dear Directors

Introduction

- 1 On 14 July 2017, Programmed Maintenance Services Limited (Programmed or the Company) announced that it and PERSOL HOLDINGS CO., LTD (PERSOL) had entered into a Scheme Implementation Deed (the Agreement) under which PERSOL, through its wholly owned subsidiary Autalent Solutions Pty Ltd (BidCo), would acquire 100% of the issued shares in Programmed for an offer consideration of A\$3.02 cash per share.
- 2 The proposed acquisition of the shares is to be implemented via a scheme of arrangement between Programmed and its shareholders (the Scheme) and is subject to a number of conditions precedent (as summarised in Section I of our report).
- 3 If the Scheme becomes legally effective, Programmed shareholders will receive an aggregate amount of A\$3.02 cash for each Programmed share (Total Cash Payment), which will comprise a fully-franked special dividend of A\$0.16 for each Programmed share they hold on the Special Dividend Record Date, which is payable by Programmed (Special Dividend) and Scheme consideration of A\$2.86 for each Programmed share they hold on the Scheme Record Date, which is payable by BidCo (Scheme Consideration).
- 4 Programmed will request that the Court convene a meeting of Programmed shareholders. Under the *Corporations Act 2001 (Cth)* (Corporations Act), the Scheme is approved by Programmed shareholders if a resolution in favour of the Scheme is passed by a majority in number of the Programmed shareholders present and voting at the Scheme meeting (in person or by proxy), and by 75% of the votes cast on the resolution. If this occurs a second Court hearing will be held to approve the Scheme which, if approved, will become binding on all Programmed shareholders who hold Programmed shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

Programmed

- 5 Programmed provides staffing, maintenance and facility management services to private sector businesses and government entities. The Company directly employs more than 20,000 people and serves over 10,000 customers across a broad range of industries. Programmed has a presence in every state and territory in Australia and also has operations

Annexure E. Independent Expert's Report continued

LONERGAN EDWARDS
& ASSOCIATES LIMITED

(predominantly maintenance) in New Zealand (NZ). Its business model is built around its ability to recruit, deploy, manage and maintain a large directly employed workforce of professional, skilled and semi-skilled staff with a wide range of capabilities.

PERSOL HOLDINGS CO., LTD

6 PERSOL is one of the largest staffing companies in Japan, with 32,000 employees and operations throughout Asia Pacific. The group provides a range of services including temporary staffing, permanent placements, recruitment, engineering and information technology (IT) outsourcing. PERSOL is listed on the Tokyo Stock Exchange with a market capitalisation of around A\$5.7 billion¹.

Purpose of report

7 The Scheme is subject to a number of conditions precedent, including an independent expert concluding that the Scheme is in the best interests of Programmed shareholders. In addition, the Directors' recommendation of the Scheme is subject to an independent expert concluding and continuing to conclude that the Scheme is in the best interests of Programmed shareholders, and there being no superior proposal.

8 Accordingly, the Directors of Programmed have requested Lonergan Edwards & Associates Limited (LEA) prepare an independent expert's report (IER) stating whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Programmed shareholders and the reasons for that opinion. LEA is independent of Programmed and PERSOL and has no other involvement or interest in the proposed Scheme.

Summary of opinion

9 In our opinion, the Scheme is fair and reasonable and in the best interests of Programmed shareholders in the absence of a superior proposal. We have formed this opinion for the reasons set out below.

Value of Programmed

10 We have assessed the value of Programmed shares on a 100% controlling interest basis at A\$2.53 to A\$2.72 per share, as shown below:

Value of Programmed		
	Low A\$m	High A\$m
Enterprise value (ex Marine)	800.0	850.0
Marine assets / business	53.0	53.0
Surplus assets	9.7	9.7
Less net debt	(200.0)	(200.0)
Equity value	662.7	712.7
Fully diluted shares on issue	262.1	262.1
Equity value per share	A\$2.53	A\$2.72

¹ At the date of announcement of the Scheme.

Fair and reasonable opinion

- 11 Pursuant to the Australian Securities & Investments Commission (ASIC) Regulatory Guide 111 – *Content of expert reports* (RG 111) a scheme is “fair” if the value of the scheme consideration is equal to or greater than the value of the securities the subject of the scheme. This comparison for Programmed shares is shown below:

Position of Programmed shareholders	Low A\$ per share	High A\$ per share	Mid-point A\$ per share
Value of Total Cash Payment	3.02	3.02	3.02
Value of 100% of Programmed	2.53	2.72	2.63
Extent to which the Total Cash Payment exceeds the value of Programmed	0.49	0.30	0.39

- 12 As the Total Cash Payment exceeds our assessed valuation range for Programmed shares on a 100% controlling interest basis, in our opinion, the Total Cash Payment is fair to Programmed shareholders when assessed based on the Guidelines set out in RG 111.
- 13 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Scheme is “fair and reasonable” it must also be “in the best interests” of shareholders.
- 14 Consequently, in our opinion, the Scheme is also “reasonable” and “in the best interests” of Programmed shareholders in the absence of a superior proposal.

Assessment of the Scheme

- 15 We summarise below the likely advantages and disadvantages of the Scheme for Programmed shareholders.

Advantages

- 16 In our opinion, the Scheme has the following benefits for Programmed shareholders:
- (a) the Total Cash Payment of A\$3.02 cash per share exceeds our assessed value range for Programmed shares on a 100% controlling interest basis. Thus, in our view, Programmed shareholders are being paid an appropriate price to compensate them for the fact that control of Programmed will pass to PERSOL if the Scheme is approved
 - (b) the Total Cash Payment represents a significant premium to the recent market prices of Programmed shares prior to the announcement of the Scheme on 14 July 2017
 - (c) furthermore, the Total Cash Payment implies an acquisition (takeover) premium which significantly exceeds the average premiums paid in successful takeovers generally
 - (d) the Special Dividend may give rise to additional consideration to those Australian resident shareholders able to benefit from the related franking credits attaching to the Special Dividend
 - (e) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Programmed shares is likely to trade at a significant discount to our valuation and the Total Cash Payment due to the portfolio nature of individual shareholdings.

Annexure E. Independent Expert's Report continued

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Disadvantages

- 17 Programmed shareholders should note that if the Scheme is implemented they will no longer hold an interest in Programmed. Programmed shareholders will therefore not participate in any future value created by the Company over and above that reflected in the Total Cash Payment.
- 18 However, as our assessed value of Programmed shares is less than the Total Cash Payment, in our opinion, the present value of Programmed's future potential (in the absence of the Scheme) is fully reflected in the Total Cash Payment.

Other considerations

- 19 In this regard, we have attributed the additional premium being paid by PERSOL to one or a combination of the following:
- (a) given its indicated desire to expand its geographic presence across Asia Pacific, PERSOL is prepared to pay a premium to gain a significant entry into the Australian and NZ markets²
 - (b) there is additional capacity within the existing business structure of Programmed to increase annual revenues (and earnings) to levels above those reflected in our assessed valuation of Programmed. Dependent on favourable market conditions and having regard to its regional presence, PERSOL may be able to generate additional levels of business activity³
 - (c) PERSOL is a significant business organisation with a market capitalisation of around A\$5.7 billion. Given its size and Japanese domicile it benefits from a low cost of capital (particularly relative to Australian capital markets)⁴.

Conclusion

- 20 Given the above analysis, we consider that the advantages of the Scheme significantly outweigh the disadvantages. Consequently, in our view, the acquisition of Programmed shares by PERSOL under the Scheme is fair and reasonable and in the best interests of Programmed shareholders in the absence of a superior proposal.

General

- 21 In preparing this report we have considered the interests of Programmed shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.
- 22 The impact of approving the Scheme on the tax position of Programmed shareholders depends on the individual circumstances of each investor. Programmed shareholders should read the Scheme Booklet and consult their own professional advisers if in doubt as to the taxation consequences of the Scheme.

² The implied premium being paid to Programmed shareholders by PERSOL is in a similar range to that paid by Recruit Holdings Co., Ltd in Japan to acquire Chandler Macleod (a major competitor of Programmed) in 2015.

³ In addition, the level of business activity in a number of industry sectors to which Programmed provides its services is arguably towards the lower point in the business cycle.

⁴ Companies with a lower cost of capital are generally able to pay more for an asset than companies with a higher cost of capital.

- 23 The ultimate decision whether to approve the Scheme should be based on each Programmed shareholder's assessment of their own circumstances. If Programmed shareholders are in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice. For our full opinion on the Scheme and the reasoning behind our opinion, we recommend that Programmed shareholders read the remainder of our report.

Yours faithfully



Craig Edwards
Authorised Representative



Martin Holt
Authorised Representative

Annexure E. Independent Expert's Report continued



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I Key terms of the Scheme

Terms

- 24 On 14 July 2017, Programmed announced that it and PERSOL had entered into a Scheme Implementation Deed (the Agreement) under which PERSOL, through BidCo, would acquire 100% of the issued shares in Programmed for an offer consideration of A\$3.02 cash per share.
- 25 The proposed acquisition of the shares is to be implemented via a scheme of arrangement between Programmed and its shareholders (the Scheme) and is subject to a number of conditions precedent (as summarised below).
- 26 If the Scheme becomes legally effective, Programmed shareholders will receive an aggregate amount of A\$3.02 cash for each Programmed share (Total Cash Payment), which will comprise a fully-franked special dividend of A\$0.16 for each Programmed share they hold on the Special Dividend Record Date, which is payable by Programmed (Special Dividend) and Scheme consideration of A\$2.86 for each Programmed share they hold on the Scheme Record Date, which is payable by BidCo (Scheme Consideration).

Conditions

- 27 The Scheme is subject to the satisfaction of a number of conditions precedent, including the following which are outlined in the Agreement between Programmed and PERSOL dated 14 July 2017:
- (a) an independent expert issues a report which concludes that the Scheme is in the best interests of Programmed shareholders, and the independent expert does not change its conclusions in any written update or withdraws its report prior to 8.00am on the Second Court Date
 - (b) the Court makes orders convening the Scheme meeting under s411(1) of the Corporations Act
 - (c) Programmed shareholder approval by the requisite majorities is obtained at the Scheme meeting, in accordance with s411(4)(a)(ii) of the Corporations Act
 - (d) approval of the Scheme by the Court in accordance with s411(4)(b) of the Corporations Act is obtained
 - (e) PERSOL receives a no objection notice under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (the Act) in respect of the Scheme, or the Federal Treasurer ceases to be empowered to make an order under the Act in relation to the Scheme (without an order being made) prior to 8.00 am on the Second Court Date
 - (f) all other Authorisations which the parties agree in writing are necessary to implement the Scheme are obtained
 - (g) no regulatory actions or investigations by a Government Agency which restrain, prohibit or impede implementation of the Scheme are in effect at 8.00am on the Second Court Date
 - (h) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the transaction is in effect at 8.00am on the Second Court Date

- (i) no “Material Adverse Effect” (as defined in clause 1.1 of the Agreement) occurs in respect of Programmed on or before 8.00am on the Second Court Date
- (j) no “Programmed Prescribed Event” (as defined in clause 1.1 of the Agreement) occurs in respect of Programmed on or before 8.00am on the Second Court Date
- (k) each of the representations and warranties given by Programmed (as set out in clause 19 of the Agreement) is true and correct at each time it is given or made
- (l) no “PERSOL Insolvency Event” (as defined in clause 1.1 of the Agreement) occurs in respect of PERSOL on or before 8.00am on the Second Court Date
- (m) each of the representations and warranties given by PERSOL (as set out in clause 19 of the Agreement) is true and correct at each time it is given or made.

28 In addition Programmed has agreed that up until the End Date (as set out in clause 1.1 of the Agreement) it will:

- (a) not solicit, invite, encourage or initiate any competing proposal
- (b) not participate in any discussions with or enter into any agreement or understanding with any person in relation to a competing proposal or which may reasonably be expected to lead to a competing proposal
- (c) not provide any non-public information to a third party for the purposes of enabling that party to table a competing proposal
- (d) notify PERSOL as soon as possible if it receives a competing proposal
- (e) ensure that the notification to PERSOL is accompanied by details of the price and material terms and conditions of the competing proposal including the identity of the party making the competing proposal (except where the Directors of Programmed determine that identifying that party would be likely to breach their fiduciary duties or statutory obligations)
- (f) not enter into any legally binding agreement with a third party to give effect to a competing proposal or to publicly recommend a competing proposal unless Programmed has given PERSOL at least five business days to provide a matching or superior proposal.

29 Certain of the exclusivity obligations described above do not apply if Programmed has complied with the various obligations set out in the Agreement and the Programmed Directors determine:

- (a) the proposed competing transaction is or may reasonably be expected to lead to a superior proposal; and
- (b) that compliance with the relevant exclusivity obligations would be likely to involve a breach of the fiduciary or statutory duties of the Directors of Programmed.

30 A break fee of A\$7.915 million is payable by either Programmed to PERSOL or PERSOL to Programmed in certain circumstances as specified in the Agreement.

Annexure E. Independent Expert's Report continued

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Resolution

- 31 Programmed shareholders will be asked to vote on the Scheme in accordance with the resolution contained in the notice of meeting accompanying the Scheme Booklet.
- 32 If the resolution is passed by the requisite majorities, Programmed must apply to the Court for orders approving the Scheme, and if that approval is given, lodge the orders with ASIC and do all things necessary to give effect to the Scheme. Once the Court approves the Scheme it will become binding on all Programmed shareholders who hold Programmed shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

II Scope of our report

Purpose

- 33 The Scheme is to be effected pursuant to Part 5.1 of the Corporations Act, which governs schemes of arrangement. Part 3 of Schedule 8 of the *Corporations Regulations 2001* (Corporations Regulations) prescribes information to be sent to shareholders in relation to a member's scheme of arrangement pursuant to s411 of the Corporations Act.
- 34 Paragraph 8303 of Schedule 8 of the Corporations Regulations provides that, where the other party to the transaction holds not less than 30% of the voting shares in the company the subject of the scheme, or where a director of the other party to the transaction is also a director of the company the subject of the scheme, the explanatory statement must be accompanied by an IER assessing whether the proposed scheme is in the best interests of shareholders and state reasons for that opinion.
- 35 PERSOL has no current shareholding in Programmed and has no representation on the Programmed Board and, accordingly, there is no strict legal requirement under the Corporations Act or the Corporations Regulations for an IER in relation to the Scheme. However, it is both a condition precedent to the Scheme, and a qualification to the Programmed Directors' recommendation of the Scheme, that an independent expert concludes (and continues to conclude) that the Scheme is in the best interests of Programmed shareholders. In addition, as the Scheme (if approved and implemented) will result in 100% of the securities in Programmed being held by PERSOL, RG 111 requires that we provide an opinion on whether the consideration payable under the Scheme is "fair" and "reasonable" to the shareholders of Programmed.
- 36 Accordingly, the Directors of Programmed have requested LEA to prepare an IER stating whether the proposed acquisition of the shares in Programmed by PERSOL under the Scheme is fair and reasonable and in the best interests of Programmed shareholders and the reasons for that opinion.
- 37 This report has been prepared by LEA for the benefit of Programmed shareholders to assist them in considering the resolution to approve the Scheme. Our report will accompany the Notice of Meeting and Scheme Booklet to be sent to Programmed shareholders. The sole purpose of our report is to determine whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Programmed shareholders.
- 38 The ultimate decision whether to approve the Scheme should be based on each Programmed shareholder's assessment of their own circumstances. If in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.

Basis of assessment

- 39 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111.

Annexure E. Independent Expert's Report continued

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40 RG 111 distinguishes “fair” from “reasonable” and considers:

- (a) the Scheme to be “fair” if the value of the scheme consideration is equal to or greater than the value of the securities that are the subject of the Scheme. A comparison must be made assuming 100% ownership of the target company
- (b) the Scheme to be “reasonable” if it is fair. The Scheme may also be “reasonable” if, despite not being “fair” but after considering other significant factors, there are sufficient reasons for shareholders to approve the Scheme in the absence of a superior proposal.

41 There is no legal definition of the expression “in the best interests”. However, RG 111 states that a Scheme may be “*in the best interests of the members of the company*” if there are sufficient reasons for securityholders to vote in favour of the Scheme in the absence of a higher offer.

42 In our opinion, if the Scheme is “fair” and “reasonable” under RG 111 it must also be “in the best interests” of Programmed shareholders.

43 Our report has therefore considered:

- (a) the market value of 100% of the shares in Programmed
- (b) the value of the Total Cash Payment of A\$3.02 cash per share
- (c) the extent to which (a) and (b) differ (in order to assess whether the Scheme is fair under RG 111)
- (d) the extent to which a control premium is being paid to Programmed shareholders
- (e) the extent to which Programmed shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction
- (f) the listed market price of Programmed shares, both prior to and subsequent to the announcement of the proposed Scheme
- (g) the likely market price of Programmed securities if the proposed Scheme is not approved
- (h) the value of Programmed to an alternative offeror and the likelihood of a higher alternative offer being made for Programmed prior to the date of the Scheme meeting
- (i) the advantages and disadvantages of the Scheme from the perspective of Programmed shareholders
- (j) other qualitative and strategic issues associated with the Scheme.

Limitations and reliance on information

44 Our opinions are based on the economic, sharemarket, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

45 Our report is also based upon financial and other information provided by Programmed and its advisers. We understand the accounting and other financial information that was provided

to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.

- 46 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Scheme from the perspective of Programmed securityholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.
- 47 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters. Further, this report and the opinions therein, must be considered as a whole. Selecting specific sections or opinions without context or considering all factors together, could create a misleading or incorrect view or opinion. This report is a result of a complex valuation process that does not lend itself to a partial analysis or summary.
- 48 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 49 We in no way guarantee the achievability of any budgets or forecasts of future profits. Budgets and forecasts are inherently uncertain. They are predictions by management of future events which cannot be assured and are necessarily based on assumptions of future events, many of which are beyond the control of management. Actual results may vary significantly from forecasts and budgets with consequential valuation impacts.
- 50 In forming our opinion, we have also assumed that:
 - (a) the information set out in the Scheme Booklet is complete, accurate and fairly presented in all material respects
 - (b) if the Scheme becomes legally effective, it will be implemented in accordance with the terms set out in the Agreement and the terms of the Scheme itself.

III Profile of Programmed

Overview

51 Programmed provides staffing, maintenance and facility management services to private sector businesses and government entities. The Company directly employs more than 20,000 people and serves over 10,000 customers across a broad range of industries. Programmed has a presence in every state and territory in Australia and also has operations (predominantly maintenance) in NZ. Its business model is built around its ability to recruit, deploy, manage and maintain a large directly employed workforce of professional, skilled and semi-skilled staff with a wide range of capabilities.

History

52 Programmed was established by Mr Norman Miles in 1951 in Victoria as a commercial painting business. The Company developed the programmed maintenance concept whereby customers would pay for painting services and subsequent maintenance through a series of systematic payments spread out over the life of the contract.

53 After expanding into complementary maintenance businesses, as well as becoming more geographically diversified, the Company listed on the Australian Securities Exchange (ASX) on 1 October 1999. At the time Programmed was listed, it had more than 40 offices across Australia and NZ.

54 In May 2007, Programmed increased its scale and breadth of services with the merger of ASX-listed Integrated Group Limited (Integrated). Integrated was a leader in the supply of recruitment, labour hire and managed labour services across Australia with annual revenues of more than A\$440 million⁵. The merger created a larger, broad-based national outsourced maintenance and labour hire services company.

55 Following completion of the Integrated merger, Programmed made a number of acquisitions of complementary businesses, including:

- (a) SWG Holdings in July 2008 for A\$27.6 million⁶. SWG Holdings was an engineering maintenance services company specialising in the offshore oil and gas and onshore mining industries
- (b) ASX-listed KLM Group Ltd in January 2010 for A\$28.1 million. KLM Group Ltd specialised in the design, maintenance and installation of audio-visual, data, communications and electrical systems
- (c) Turnpoint Group in April 2012 for A\$9.1 million⁷. Turnpoint Group operates a grounds maintenance business, including landscaping, construction and maintenance services for golf courses and major sport grounds across Australia
- (d) a 27.5% investment in OneShift in October 2013 for A\$5 million. OneShift is an online recruitment services business focused on the temporary employment market. On 30 March 2017, Programmed acquired the remaining 72.5% interest in OneShift⁸.

⁵ Based on Integrated's financial performance for the year ended 30 June 2006.

⁶ Excluding an earn out payment of \$11.4 million, which ultimately was not paid.

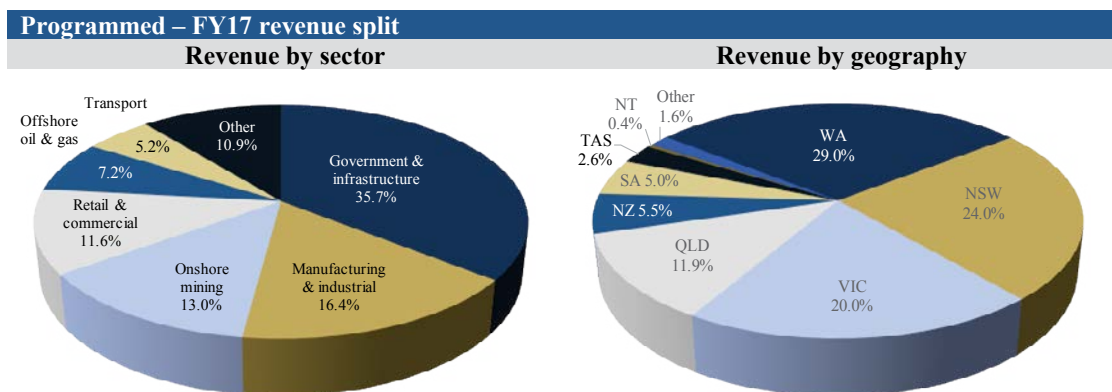
⁷ Excluding an earn out payment of \$2.9 million, of which \$1.4 million was ultimately paid.

⁸ Consideration for which was based on an asset swap arrangement.

- 56 In June 2015, Programmed announced a proposal to merge with SKILLED Group Limited (SKILLED)⁹. At the time of the announcement, SKILLED was the largest provider of temporary labour hire and recruitment services in Australia. SKILLED had a large presence in the oil and gas industry (through its Broadsword Marine Services and Offshore Marine Services Alliance businesses) and possessed engineering, maintenance and civil construction expertise. Intended benefits of the merger included greater earnings diversity, increased scale and revenue and cost synergies. The merger between the two businesses was finalised in October 2015.
- 57 Post completion of the merger, Programmed focused on integrating the two businesses and removing costs. This has included the sale of a workforce software business acquired as part of the merger (for A\$6.8 million) and resizing of the Company's marine activities through the sale of vessels operated by the Broadsword Marine Services business (for A\$25.0 million).
- 58 On 10 July 2017, Programmed announced confirmation of the formation of a 50:50 marine services joint venture in Australia and NZ with Atlas Professionals (Atlas). Atlas is a global provider of staffing services to the offshore oil and gas industry, headquartered in the Netherlands. As part of these agreements, Programmed sold Atlas 100% of its international marine activities and 50% of its Australian and NZ Marine services business for A\$7.5 million cash up-front and A\$21.5 million in a vendor finance arrangement.

Current operations

- 59 Programmed is headquartered in Burswood, Western Australia and operates through a network of more than 100 branches that are spread across metropolitan and regional areas of Australia and NZ. The Company directly employs a workforce of professional, skilled and semi-skilled staff that allows it to provide a diverse range of services to customers in all sectors. The following charts summarise the split of Programmed's revenue for the year ended 31 March 2017 (FY17) by sector and geography:

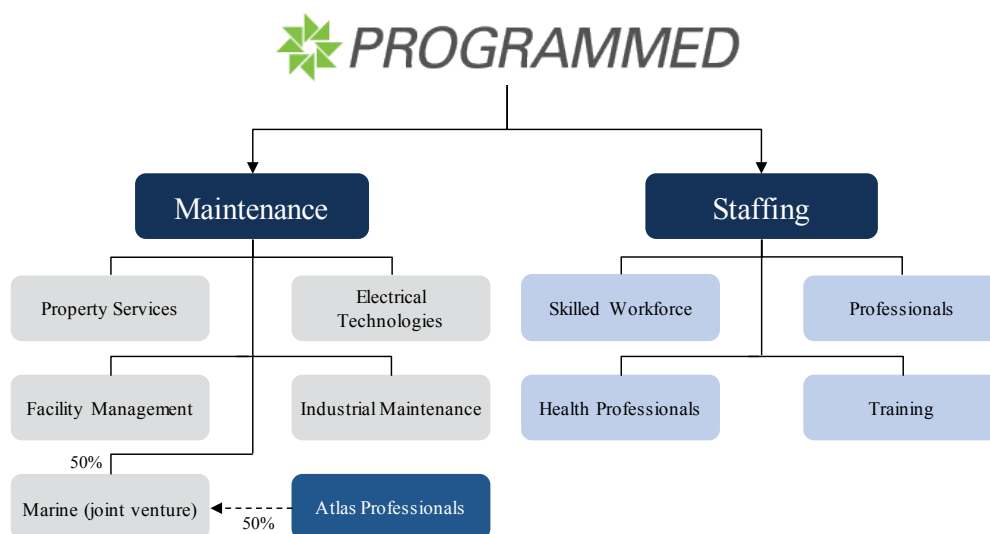


⁹ We note that Programmed had previously proposed a merger of equals with SKILLED (as announced on 27 December 2014). However, this proposal was rejected by SKILLED's Board on the basis that they believed it undervalued the company.

Annexure E. Independent Expert's Report continued

60 Programmed's business activities are currently organised into two operating divisions, being Maintenance and Staffing. Both of these segments contain a number of individual business units that deliver the Company's service offering under a range of different brands (although usually in conjunction with the "Programmed" or "SKILLED" trademarks). The following chart illustrates the range of businesses within each of Programmed's divisions:

Programmed – operating divisions



Maintenance division

61 The Maintenance division provides a range of maintenance, building and operational services to asset owners, which are often undertaken by way of long-term contracts or planned maintenance programs. The long-term nature of the contracts provides both stable recurring revenues and a level of revenue certainty. The division operates in the mining, energy, manufacturing, industrial, infrastructure, utilities, agriculture, communications, government, healthcare, aged care and education sectors.

62 Programmed's Maintenance division is categorised into five business units:

- (a) **Property Services** – provides complete property maintenance solutions including painting, signage, grounds and garden maintenance, golf course construction and maintenance, design and construction of sport grounds, turf installation and end-to-end management services. The business unit is predominantly focused on long-term painting services to the education and aged care sectors, as well as the retail and strata apartment sectors. The business employs a workforce of over 2,000 skilled staff, tradespeople and apprentices
- (b) **Electrical Technologies** – design and implementation of electrical and power system installations, audio-visual solutions and video conferencing, and structured cabling solutions including fibre optic, copper, voice and data. The business is focused on providing end-to-end solutions from electrical fit-outs through to ongoing maintenance services

- (c) **Facility Management** – outsourced asset management and facility management services including maintenance and strategic procurement, typically provided to the government and infrastructure sectors. In addition, Programmed provides asset management services to public-private partnerships including schools, university accommodation and correctional facilities
- (d) **Industrial Maintenance** – maintenance services, shutdowns and minor capital works to companies in the mining, oil and gas, manufacturing, utilities and infrastructure sectors across Australia
- (e) **Marine**¹⁰ – provides manning services, catering services, maintenance and logistics support to the offshore oil and gas sector. The activities of the business support marine vessel operations, drilling and rig operations and offshore construction projects. As mentioned above, Programmed recently sold 100% of its international marine activities and 50% of its Australian and NZ marine services business to Atlas. The Australian and NZ Marine business will now be operated under a joint venture arrangement with Atlas.

Staffing division

63 The Staffing division provides a range of staffing services to the mining, energy, construction, manufacturing, industrial, infrastructure, utilities, agriculture, communications, transport and logistics, government, healthcare, aged care and education sectors. The division is categorised into the following businesses, noting that the Skilled Workforce business accounts for the majority of divisional revenue (83% of the segment's FY17 revenue), followed by Professionals (13%), Health Professionals (3%) and Training (1%):

- (a) **Skilled Workforce** – blue collar workforce solutions encompassing staff hire, managed labour, temporary staffing and permanent recruitment. This typically involves providing an outsourced labour solution operated under contract whereby the staff remain employees of Programmed (generally on a casual basis). Programmed is then responsible for managing recruitment, payroll and other staff administration processes. The Skilled Workforce business has a mobile workforce of in excess of 15,000 people and operates from a network of over 65 locations across Australia and NZ
- (b) **Professionals** – white collar, technical and engineering recruitment services including staff hire, permanent recruitment, managed recruitment and other related human resources services
- (c) **Health Professionals** – recruitment services to the nursing and healthcare industries including acute, non-acute, community, disability and specialist care. Staff include qualified specialist and generalist nurses as well as support staff, theatre technicians and disability support workers¹¹

¹⁰ Prior to FY17, Programmed's Marine business was reported as a separate operating segment. However, given the significant reduction in the business operations due to a combination of lower oil and gas prices and the completion of several large off-shore liquefied natural gas projects, the Marine division was combined with the Maintenance segment from 1 April 2016.

¹¹ Whilst this business is a relatively small part of Programmed's staffing division, management are allocating resources to the healthcare staffing sector on the basis that they expect significant industry sector growth in future years.

Annexure E. Independent Expert's Report continued

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- (d) **Training** – Programmed is a licenced Group Training Organisation and Registered Training Organisation and provides technical and vocational skills training through short courses, apprenticeship programs or traineeship programs.

64 The Staffing division also houses OneShift¹², an online platform that matches employees with employers in Australia. Programmed's strategy is to link the platform to all of its customers so that its staffing placement services can be sold across all of the Company's businesses. Given that OneShift is still at an early stage, its contribution to Programmed's financial performance has been immaterial to date.

Financial performance

65 The reported financial performance of Programmed for the three years to FY17, is set out below:

Programmed – statement of financial performance ⁽¹⁾			
	FY15 Audited A\$m	FY16 Audited A\$m	FY17 Audited A\$m
Revenue	1,434.2	2,209.4	2,691.4
EBITDA⁽²⁾ before significant items	61.4	80.6	96.5
Depreciation ⁽³⁾	(10.5)	(15.1)	(19.0)
EBITA before significant items	50.9	65.5	77.5
Amortisation of acquired intangibles ⁽⁴⁾	(0.8)	(9.3)	(11.2)
EBIT before significant items	50.1	56.2	66.3
Finance costs	(5.4)	(11.2)	(17.4)
Share of net loss of associates	(0.6)	(0.5)	(2.4)
Significant items ⁽⁵⁾	(5.3)	(136.3)	(26.2)
Profit / (loss) before tax	38.8	(91.8)	20.3
Income tax expense	(13.1)	(4.5)	(8.1)
Net profit / (loss) after tax from continuing operations⁽⁶⁾	25.7	(96.3)	12.3
<i>EBITDA margin (before significant items)</i>	4.3%	3.6%	3.6%
<i>EBITA margin (before significant items)</i>	3.5%	3.0%	2.9%

Note:

- 1 Rounding differences exist.
- 2 EBITDA – earnings before interest, tax, depreciation and amortisation.
- 3 Including the amortisation of capitalised software development costs.
- 4 Relates to amortisation of brand names, long-term contracts, customer relationships and casual staff databases.
- 5 Significant items include incentive payments in relation to the Turnpoint acquisition (FY15 – A\$1.4 million), restructuring costs (FY15 – A\$3.8 million, FY16 – A\$33.9 million and FY17 – A\$26.2 million) and impairment of goodwill (FY16 – A\$102.4 million).
- 6 Discontinued operations were reported in FY16 in relation to the sale of the vessels, plant and other equipment held by the Broadsword Marine Services business. Programmed's FY16 statutory net loss after tax and discontinued operations was A\$98.0 million.

¹² 100% of the OneShift online recruitment business was acquired on 30 March 2017. Up to FY16 (inclusive), OneShift was considered an associate for accounting purposes and its results were recorded using the equity method. As a result OneShift's financial performance was not directly included in the Staffing segment.

66 The acquisition of SKILLED was completed in October 2015 and therefore the reported FY16 results only reflect a six month contribution from SKILLED, whereas the reported FY17 results reflect a full year contribution from both businesses. Further, the recent historical results for Programmed have been negatively impacted by the performance of its Marine business, which has been adversely impacted by the significant reduction in oil prices and the consequent low demand for marine services. As of July 2017, the Marine business in Australia and NZ will be operated as a joint venture with Atlas¹³.

67 To show a recent comparison of Programmed's underlying Maintenance and Staffing divisional operating performance, we have therefore set out the last three half year results to 31 March 2017 (2HY17), excluding the Marine business:

Programmed – segment financial performance ⁽¹⁾			
	2HY16 A\$m	1HY17 A\$m	2HY17 A\$m
Revenue			
Maintenance (excluding Marine)	543.6	560.8	585.1
Staffing	700.7	686.5	683.5
EBITA (before significant items)			
Maintenance (excluding Marine)	22.4	22.7	32.1
Staffing	17.8	20.2	15.6
<i>Maintenance EBITA margin (excluding Marine)</i>	<i>4.1%</i>	<i>4.0%</i>	<i>5.5%</i>
<i>Staffing EBITA margin</i>	<i>2.5%</i>	<i>2.9%</i>	<i>2.3%</i>

Note:

1 Excluding corporate costs.

68 The key factors that have impacted the financial performance of Programmed in FY16 and FY17 are summarised below:

Year to 31 March 2016 (FY16)

- revenue and EBITA (before significant items) increased by 54.1% and 28.7% respectively reflecting a six month contribution from SKILLED
- revenue and EBITA (before significant items) from the Maintenance (ex Marine) division grew by 18.9% and 26.8% respectively. This was attributable to:
 - the addition of SKILLED's maintenance businesses
 - new long-term facility management contracts
 - new outsourcing contracts for grounds maintenance
 - increasing margins, due to improved operational control.

However, the results were partially impacted by declining revenue from the mining sector in the second half of FY16, due to fewer project opportunities

¹³ As stated above, the international Marine business has been sold to Atlas.

Annexure E. Independent Expert's Report continued

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- with the combination of SKILLED's staffing businesses from October 2015, Programmed became Australia's largest blue collar staffing company. As a result Staffing revenue increased by 138.0% and EBITA (before significant items) increased by 190.1%. EBITA grew at a faster rate than revenue due to the realisation of cost synergy benefits from the combined entities (for example, more than 20 offices were combined during this period)
- Marine EBITA declined by 9.1% despite revenue growing 41.0% from the addition of SKILLED's marine services businesses. The reduction in earnings was attributable to large falls in oil and gas prices throughout the year, as well as the completion of several large off-shore LNG projects in the second half of the period
- the integration of SKILLED was reported to be ahead of plan, with annualised cost savings of more than A\$30 million achieved to date

Year to 31 March 2017 (FY17)

- revenue and EBITA (before significant items) grew by 21.8% and 18.3% respectively reflecting a full 12 month contribution from the SKILLED businesses
- Maintenance revenue and EBITA (before significant items and excluding the Marine business) increased by 19.3% and 33.6% respectively due to:
 - growth in revenue and earnings from the Property Services business as demand from education, retirement, retail and strata apartment customers increased
 - the Facility Management business commencing work on a large contract for the Western Australia government's Department of Finance
 - improved performance of the Industrial Maintenance business as activity in the mining sector picked up
 - a full 12 month contribution from the SKILLED maintenance businesses
- revenue and EBITA (before significant items) for the Staffing segment increased by 52.8% and 64.8% respectively due to a full year contribution from the SKILLED business. Staffing results were impacted by lower demand in blue collar markets (particularly in the manufacturing, industrial, materials, and transport and logistics sectors). Whilst revenue was generally maintained, personnel were provided at lower margins
- in respect of the 2HY17 results in comparison to the previous corresponding period (2HY16):
 - whilst maintenance revenue only increased by 7.6%, EBITA (before significant items) grew by 43.3% due to improved margins from the Electrical Technologies business (which was partly attributable to the removal of loss making contracts), and a significant improvement in the performance of the Industrial Maintenance business¹⁴ due to realised synergies coupled with the closure of loss making workshops

¹⁴ Which was acquired as a part of the merger with SKILLED.

- revenue for the Staffing division decreased by 2.5%, however EBITA (before significant items) decreased by 12.4%. This was primarily attributable to lower staffing volumes and the loss of some higher margin staffing and employment services
- demand for marine services declined significantly during the period due to continuing low oil and gas prices. As a result Programmed's Marine revenue and EBITA was negatively impacted and reduced to A\$171 million and A\$3.8 million respectively
- Programmed's management removed a further A\$10 million in costs through the redundancy of approximately 60 management and administration staff

FY18 outlook

- whilst the Company has not provided specific revenue or earnings guidance for FY18, we note the following comments issued in relation to the Company's Annual General Meeting (AGM) address on 28 July 2017:

"While some leading economic indicators point to business confidence improving and the economy strengthening in the next 12 months, our current internal staffing indicators suggest a lack of growth in some of the sectors we serve."

"Our business model, providing staffing, maintenance and facility management services across all industry sectors, gives Programmed considerable strength. While demand for staff in the materials, transport, logistics and manufacturing sectors has weakened in the past year there are growing opportunities in the public infrastructure, tourism, education, health and aged care sectors. We believe the resources sector has completed a period of downsizing and staff reductions, and expect demand in this sector to grow in the next 12 months, particularly in oil and gas."

Cash conversion ratio

- 69 The historical cash conversion ratio for Programmed (a comparison of un-gearred pre-tax cash flow to EBITDA) is set out below:

Programmed – cash conversion ratio ⁽¹⁾			
	FY15 Audited A\$m	FY16 Audited A\$m	FY17 Audited A\$m
Reported operating cash flow ⁽²⁾	65.7	58.7	61.5
Income taxes paid	10.1	16.4	9.3
Finance costs	5.1	15.8	15.0
Adjusted operating cash flow	81.0	90.9	85.8
EBITDA before significant items	61.4	80.6	96.5
Cash conversion ratio	131.9%	112.8%	88.9%⁽³⁾

Note:

- 1 Rounding differences exist.
- 2 Before adjustments for significant items.
- 3 After adjusting for cash significant items (of A\$20.5 million) the cash conversion ratio for FY17 was around 110%.

Annexure E. Independent Expert's Report continued

- 70 As indicated above, Programmed has typically exhibited a high cash conversion ratio through focused working capital management and a significant investment in internal resourcing around credit and collection activities. Historical operating cash flow has been enhanced by the gradual reduction in the investment in long-term painting programmes over the past 10 years. This has resulted in cash conversion rates exceeding 100% on an annual basis.
- 71 This strong cash flow has been deployed, alongside the proceeds of asset sales, to pay down debt, with net debt reducing from A\$302 million at the time of the SKILLED acquisition to A\$200 million as at 31 March 2017.

Financial position

- 72 The reported and pro-forma¹⁵ financial position of Programmed as at 31 March 2017 is set out below:

Programmed – statement of financial position ⁽¹⁾		
	31 Mar 17 Audited A\$m	31 Mar 17 Pro-forma A\$m
Trade and other receivables	406.2	372.4
Inventories / work-in-progress (WIP)	94.3	93.7
Trade and other payables	(346.4)	(320.4)
Other current assets	20.3	20.3
Net working capital	174.4	166.0
Plant and equipment	38.0	36.5
Intangible assets	582.3	545.3
Trade and other receivables / WIP (non-current)	50.6	50.6
Investments in associates	0.4	5.7
Other financial assets ⁽²⁾	-	21.5
Deferred tax liabilities (net)	(19.5)	(11.5)
Provisions (non-current)	(18.4)	(13.7)
Total funds employed	807.8	800.4
Cash and cash equivalents	58.7	66.2
Interest bearing liabilities	(258.7)	(258.7)
Net cash / (borrowings)	(200.0)	(192.5)
Net assets attributable to Programmed shareholders	607.8	607.8

Note:

- 1 Rounding differences exist.
2 Relates to the vendor finance receivable from the Atlas Marine joint venture.

Working capital

- 73 The majority of Programmed's revenue (other than long-term painting contracts) is billed monthly and collected in accordance with the contracted payment terms with the client. In the case of long-term painting programmes, a significant portion of the accounting profit is recognised up-front (based on work effort) while cash is received over longer periods (usually

¹⁵ Adjusted to remove assets and liabilities associated with the Marine business, as well as the Marine business sale proceeds.

seven to 10 years). A typical seven year programme becomes cash flow positive around the fourth or fifth year.

Intangible assets

74 The composition of Programmed's intangible assets is shown below:

Programmed – intangible assets ⁽¹⁾		
	31 Mar 17 Audited A\$m	31 Mar 17 Pro-forma A\$m
Goodwill	508.3	486.3
Long-term contracts, customer relationships and casual staff databases	31.9	26.8
Development software	13.5	13.5
Brand names	28.7	18.7
Intangible assets	582.3	545.3

Note:

1 Rounding differences exist.

75 The majority of Programmed's intangible assets relates to goodwill that was created upon the acquisition of SKILLED and Integrated. Goodwill is allocated by segment and is tested annually for impairment adopting the value in use method. As at 31 March 2017, pre-tax discount rates of 12.1% and 11.9% were adopted for the Maintenance and Staffing segments respectively.

76 The balance of Programmed's intangible assets consist of capitalised development costs in connection with the Company's proprietary software and various other identifiable intangible assets that were recognised in accounting for business combinations (i.e. brand names, long-term contracts, customer relationships and casual staff databases).

Net debt

77 A summary of Programmed's net debt position is set out below:

Programmed – net debt		
	31 Mar 17 Audited A\$m	31 Mar 17 Pro-forma A\$m
Bank loans	255.7	255.7
Finance lease liabilities	3.0	3.0
Cash and cash equivalents	(58.7)	(66.2)
Net debt	200.0	192.5⁽¹⁾

Note:

1 The reduction of \$7.5 million reflects the up-front payment from Atlas in relation to the establishment of the Marine joint venture, which was received in July 2017.

78 Programmed's net debt as at 31 March 2017 primarily related to drawn bank loans, of which A\$75 million was drawn from a working capital facility due for repayment / re-financing within 12 months. The balance of the carrying value of bank loans (i.e. A\$180.7 million) related to amounts drawn under the Company's syndicated facility that expires in September 2019. The weighted average interest rate of the facility at 31 March 2017 was 2.98%.

Annexure E. Independent Expert's Report continued

Share capital and performance

79 As at 31 July 2017, Programmed had 257.5 million fully paid ordinary shares on issue. In addition, the Company had 4.6 million performance rights that were issued under the Company's long-term incentive plan¹⁶. The performance rights vest subject to the achievement of specified performance hurdles¹⁷.

Significant shareholders

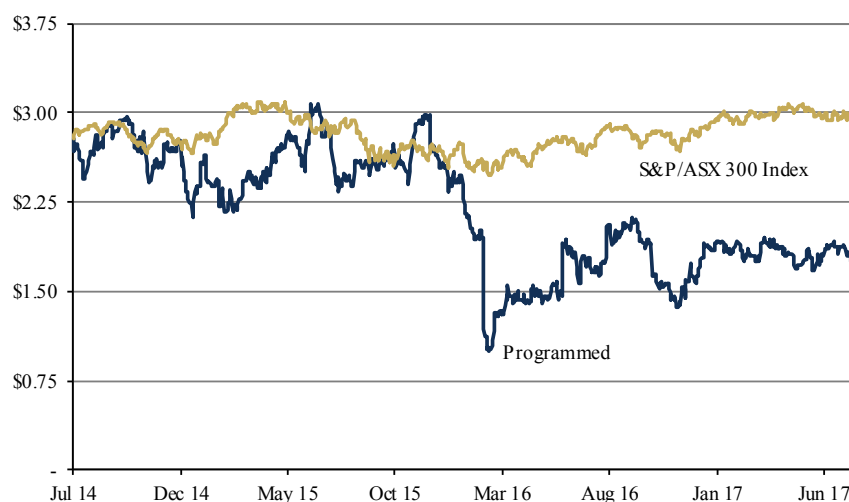
80 As at 31 July 2017, the significant shareholders in Programmed (i.e. shareholders with an interest in Programmed of more than 5%) were as follows:

Programmed – substantial shareholders		
Shareholder	Shares held	
	Millions	% interest
Allan Gray Australia Pty Ltd and related bodies corporate	26.1	10.1
BT Investment Management Limited	14.0	5.4
Challenger Limited and its entities	13.3	5.2
	53.4	20.7

Share price performance

81 The following chart illustrates the movement in the share price of Programmed in comparison to the S&P/ASX 300 Index from 1 July 2014 to 13 July 2017¹⁸:

Programmed – share price history⁽¹⁾
1 July 2014 to 13 July 2017



Note:

1 Based on closing prices. The S&P/ASX 300 Index has been rebased to Programmed's last traded price on 1 July 2014 of A\$2.78.

Source: Bloomberg.

¹⁶ This includes the 0.3 million performance rights approved at the AGM on 28 July 2017.

¹⁷ Being Programmed's total shareholder return relative to a group of peer companies listed in the S&P/ASX300 Index and/or the average annual growth rate in Programmed's earnings per share.

¹⁸ Being the last trading date prior to the announcement of the Scheme.

82 Programmed shares have underperformed the S&P/ASX 300 Index over the period post completion of the merger with SKILLED, noting that the share price decline in late 2015 coincided with a sharp fall in the oil price and a deterioration in the outlook for the broader oil and gas sector, which had a corresponding impact on the outlook for Programmed's Marine business¹⁹. In this respect we note that:

- (a) on 13 November 2015, Programmed announced that the market for marine services had deteriorated significantly and that it expected to book a non-cash goodwill impairment of A\$28 million in the first half of FY16
- (b) on 4 February 2016, Programmed provided a business update stating that there had been a sharp drop in the demand for marine services due to further declines in oil and gas prices
- (c) on 29 September 2016, Programmed revised its FY17 EBITDA guidance to approximately A\$100 million (down from A\$120 million previously), due to lower expected earnings from marine services (due to lower demand).

Liquidity in Programmed shares

83 The liquidity in Programmed shares based on trading on the ASX over the 12 month period prior to 14 July 2017²⁰ is set out below:

Programmed – liquidity in shares						
Period	Start date	End date	No of shares traded 000	WANOS ⁽¹⁾ outstanding 000	Implied level of liquidity Period ⁽²⁾ %	Annual ⁽³⁾ %
1 month	14 Jun 17	13 Jul 17	35,971	257,393	14.0	167.5
3 months	14 Apr 17	13 Jul 17	78,296	257,345	30.4	121.6
6 months	14 Jan 17	13 Jul 17	132,604	257,330	51.5	103.0
1 year	14 Jul 16	13 Jul 17	308,187	257,061	120.0	120.0

Note:

- 1 Weighted average number of shares outstanding (WANOS) during the relevant period.
- 2 Number of shares traded during the period divided by WANOS.
- 3 Implied annualised figure based upon implied level of liquidity for the period.

84 Share market trading in Programmed shares is highly liquid as indicated by the level of shares traded in each of the periods shown above, which exceeds 100% of Programmed's issued shares outstanding.

¹⁹ The merger with SKILLED completed in October 2015. The business operations of SKILLED included a significant marine business segment.

²⁰ Being the announcement date of the Scheme.

IV Industry overview

Introduction

85 As described in Section III, Programmed provides staffing and maintenance services to commercial and government clients in Australia and NZ²¹. The Company is essentially an outsourcing service provider, whereby Programmed provides specialist services under contract on a temporary or permanent basis. Programmed's services are managed under two operating divisions, detailed as follows:

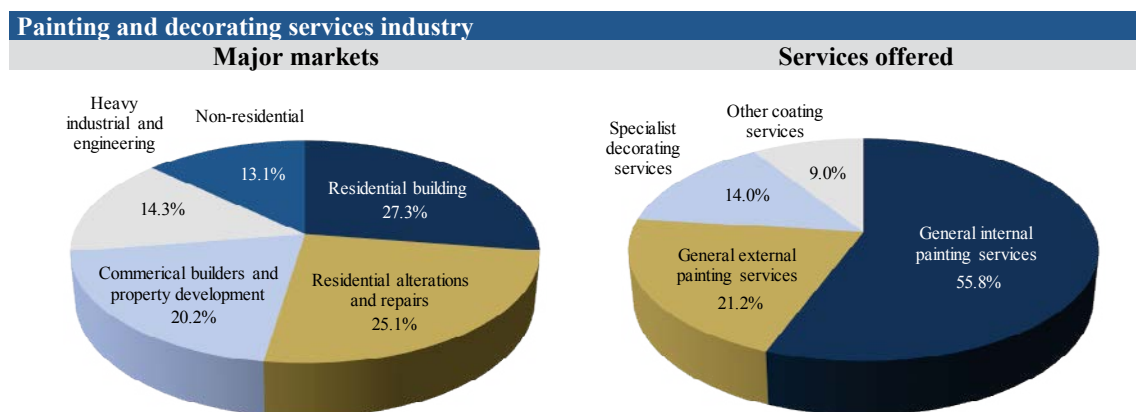
- (a) **Maintenance** – which covers infrastructure and property maintenance (property services, electrical services, facility management), industrial maintenance²² and marine; and
- (b) **Staffing** – which provides staff hire, managed labour, temporary staffing and employment placement and recruitment services.

86 The remainder of this section sets out an overview of the sectors targeted by Programmed's operating divisions, including major markets, competition, services offered, key trends and growth drivers.

Infrastructure and property maintenance industries

Painting and decorating services

87 Programmed's Property Services are predominantly focused on the painting and decorating industry and are generally provided to education, aged care, retail and strata apartment customers²³. The major markets for painting and decoration services, as well as the type of services provided, are set out below:



Source: IBISWorld.

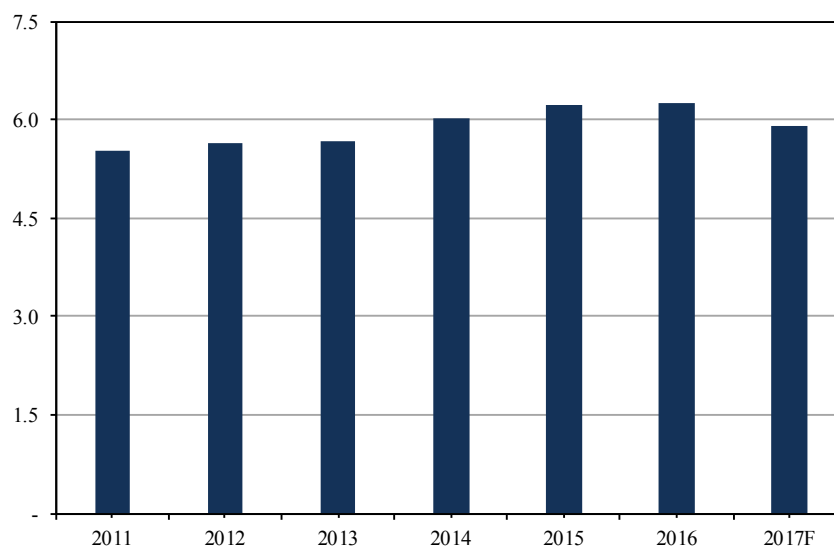
²¹ Given the relatively small contribution from the NZ business, this section will focus on the Australian industry sectors only.

²² Programmed's Industrial Maintenance business focuses on operational support and maintenance opportunities within traditional customers in the mining and industrial sectors.

²³ Other property services provided include signage, grounds and garden maintenance, golf course and sport grounds construction and management.

- 88 The total size of the painting and services industry is estimated at A\$5.9 billion²⁴, with the majority of this attributable to the residential building, residential alterations and repairs and commercial segments. The barriers to entry for these market segments tend to be low, as are the capital requirements, which results in high levels of competition from a large number of small-scale contractors (who tend to operate in relatively narrow regional markets).
- 89 Programmed predominantly targets the non-residential segment of the painting and decoration industry. Increasingly, painting and decoration activities in this industry segment are undertaken by way of long-term facilities management contracts, with novel (life of contract) payment programmes²⁵. The non-residential segment of the market therefore requires a more specialised offering, which creates barriers to entry for smaller operators.
- 90 Given the fragmented industry structure and large number of small operators, Programmed is the largest painting and decorations provider, with a 5.5% market share²⁶. The next largest competitors include Spotless Group Holdings Limited (Spotless) (3.0%) and Higgins Coatings (2.0%)²⁶. Of these, Higgins Coatings is a direct competitor to Programmed.
- 91 The historical performance of the painting and decoration sector over the seven years ended 30 June 2017²⁷ is as follows:

Painting and decorating services
A\$ billion (year ended 30 June)



Source: IBISWorld, based on nominal data.

- 92 Over the five years to 30 June 2016, industry turnover increased at a compound annual growth rate (CAGR) of 2.5% per annum. This was attributable to growth in residential building construction, growth in the commercial and industrial markets as well as demand for maintenance, repair and renovation work on existing buildings and structures. In the year to

²⁴ For the year to 30 June 2017. Source: IBISWorld.

²⁵ Such as the payments structures developed by Programmed.

²⁶ Source: IBISWorld.

²⁷ Noting that the year to 30 June 2017 is an estimate.

Annexure E. Independent Expert's Report continued

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30 June 2017, IBISWorld expects industry revenue to decline by 5.8%, due to the combination of a deterioration of demand in the residential building market and reduced investment in new construction and infrastructure projects.

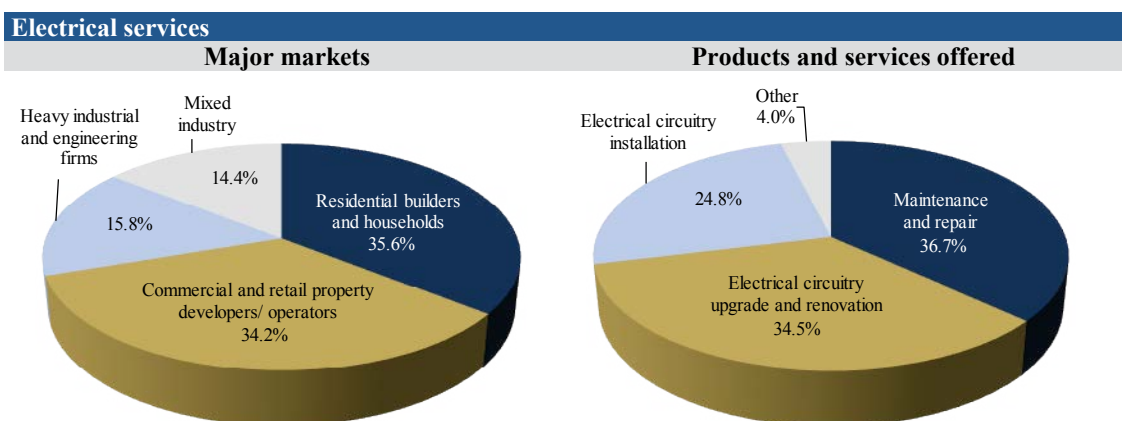
93 However, we understand that the non-residential segment of the painting and decoration market (i.e. Programmed's primary focus) has steadily expanded over the last five years (including the year to 30 June 2017), due to an expanding market segment (i.e. increased numbers of schools, retirement villages and apartments) and its lesser focus on more volatile industry segments.

94 IBISWorld expects the painting and decorating services industry to be negatively impacted by the deterioration in demand from the residential building market in the short-term. However, this will be tempered by an upswing from commercial and industrial building activity. Overall, IBISWorld is expecting industry growth of 1.4% (real) per annum over the next five years.

Electrical services

95 The electrical services industry predominantly operates on a contract basis and generally covers the installation of electrical wiring, lighting, cabling or fittings in buildings and other construction projects, repair and maintenance services for existing electrical equipment and fixtures and long-term monitoring services.

96 The major markets and products and services offered in the electrical services industry include:



Source: IBISWorld.

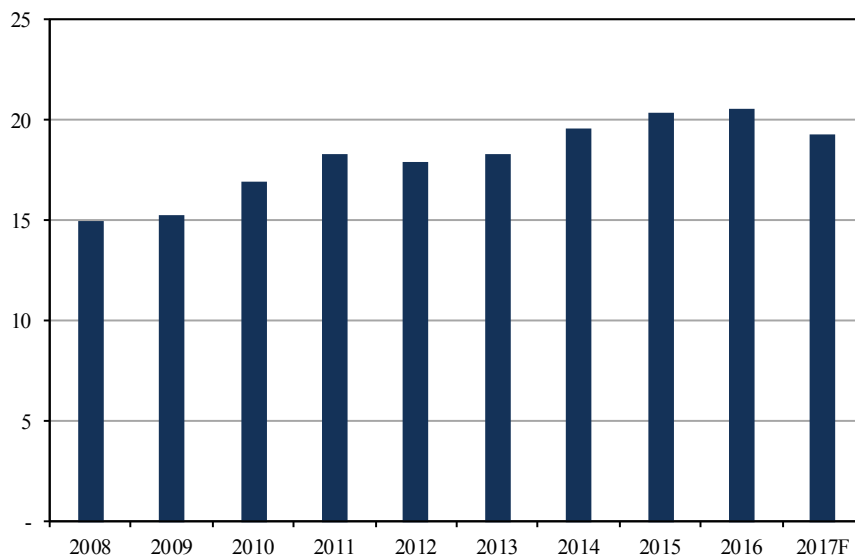
97 The total size of the electrical services industry is estimated at A\$9.3 billion²⁸. The largest market sub-sector is the residential market, including residential building companies, property developers, managers and owners. Commercial and retail property developments such as shopping centres and restaurants are the next largest industry subsector, followed by heavy industrial and engineering and mixed industry (e.g. university campuses, hospitals etc.).

²⁸ For the year to 30 June 2017. Source: IBISWorld.

- 98 Competition in the electrical services industry is high, due to the fragmented nature of the industry and the large number of small-scale independent businesses available for small to medium projects. Larger firms typically tender for installation work directly from construction contractors and developers as well as tendering for long-term maintenance contracts with asset managers.
- 99 Demand for electrical services is primarily driven by growth in building and infrastructure activity, given this adds to the level of capital stock that requires electrical installation (and maintenance) services. Industry turnover for the 10 years ended 30 June 2017²⁹ is set out as follows:

Electrical services

A\$ billion (year ended 30 June)



Source: IBISWorld, based on nominal data.

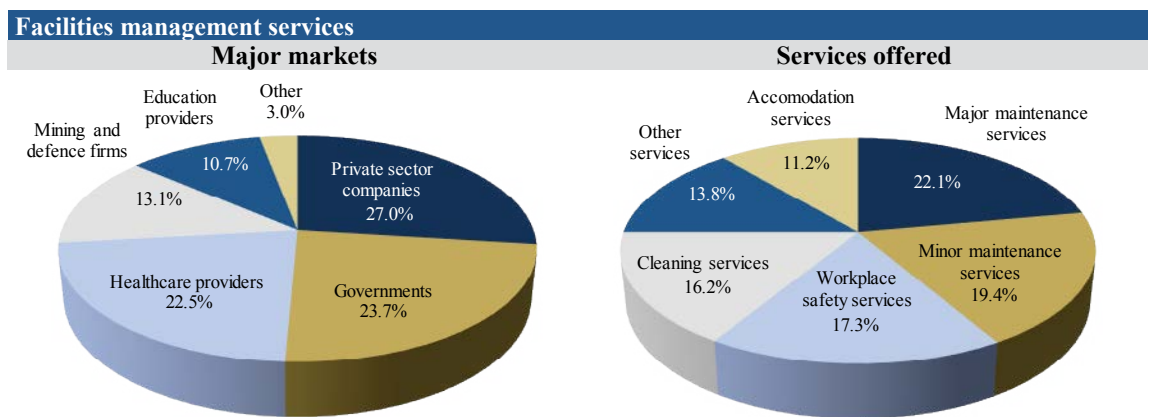
- 100 Electrical services industry revenue has been relatively volatile (at an industry sub-sector level) over the 10 year period, with the following factors contributing to this:
- (a) unprecedented investment in mineral and energy resources, electricity generation and distribution facilities (which peaked in 2013)
 - (b) investment in the commercial and industrial building markets contracting significantly over the 2010 to 2011 years, with these markets improving in the years since (particularly in the retail building and office segments)
 - (c) a surge in investment in social infrastructure such as hospitals and schools around 2009 to 2011
 - (d) the ongoing roll out of the National Broadband Network; and
 - (e) increased recent investment in residential real estate (primarily multi-unit).

²⁹ Noting that the year to 30 June 2017 is an estimate.

- 101 Due to the above, there have been periodic surges in demand for electrical services and subsequent declines, with the expected contraction in the year to 30 June 2017 attributable to a mixture of the above. Over this period, relatively modest growth in household discretionary income has also limited consumer spending on electrical installation work.
- 102 IBISWorld is expecting electrical services revenue growth of 2.5% (real) per annum over the five years to 30 June 2022. Whilst industry revenue is forecast to contract during the year to 30 June 2018, contractors are expected to continue to benefit from work for the ongoing rollout of the National Broadband Network, major rail projects underway, as well as an anticipated upswing in the non-residential and infrastructure markets from 2018 onwards.

Facility management services

- 103 Facility management services cover the provision of outsourced services to the owner or operator of the asset or facility. The service provider typically operates under a contract basis with a clear understanding of the specific tasks or requirements of the asset or facility. The major markets and services offered within the facility management services industry are detailed as follows³⁰:



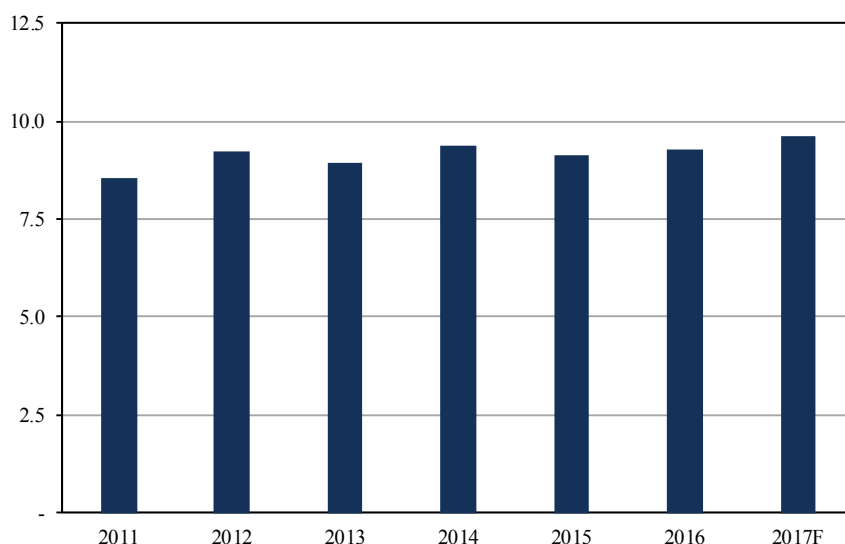
Source: IBISWorld.

- 104 Key drivers of the facilities management services industry include economic growth, the number of businesses in operation, overall demand for outsourcing, government expenditure and demand emanating from key users of outsourced facilities management such as the healthcare, education and mining sectors.
- 105 Over recent periods the industry has moved towards a greater integration of services. Specialised providers that traditionally focused on one service have gradually added more services to the point where they package a suite of services and manage the entire facilities operations of buildings or departments.
- 106 Given the differing size of contracts, many facilities management companies employ contract workers upon attaining new work or expansions. As a result, having direct access to a staffing business (as Programmed does) provides an advantage to some industry operators.

³⁰ Maintenance services provided to engineering structures such as roads, tunnels, railway lines, bridges, dams or public utility networks are not included in IBISWorld’s definition of the facility management services industry.

- 107 The industry is highly fragmented, with the largest Australian facilities management services operators including Spotless (market share of 11.6%), Broadspectrum Limited (7.2%), Programmed (5.1%), Serco Group Pty Limited (3.9%), Compass Group Australia (3.1%), ISS Facility Services Pty Limited (1.8%) and Sodexo Australia Pty Limited (1.6%)³¹. Industry participants also include specialist service providers (i.e. those focused on one service only, e.g. security services), commercial property managers such as DTZ Australia and Jones Lang LaSalle, as well as vertically integrated construction management firms.
- 108 Industry turnover for the seven years ended 30 June 2017 is set as follows, with revenue in the year to 30 June 2017 estimated by IBISWorld at A\$9.6 billion:

Facilities management services
A\$ billion (year ended 30 June)



Source: IBISWorld, based on nominal data.

- 109 Both private and public sectors have increasingly outsourced non-core activities over the past five years. However, volatile conditions in the mining industry have impacted industry turnover. As a result, overall industry revenues over the period to 30 June 2016 have been relatively flat. Industry growth in the year to 30 June 2017 is expected to benefit from strong demand from the healthcare and education sectors and a rebound in the level of work available from the mining sector.
- 110 IBISWorld estimates that the facilities management industry will grow at 3.4% per annum (real) to approximately A\$11.4 billion (real) over the next five years. This is based on expectations of continued outsourcing of services by the public sector (with outsourcing viewed as a way to reduce costs) and continued growth in the mining sector as operators transition from project construction to ongoing operation and associated maintenance of facilities.

³¹ Source: IBISWorld.

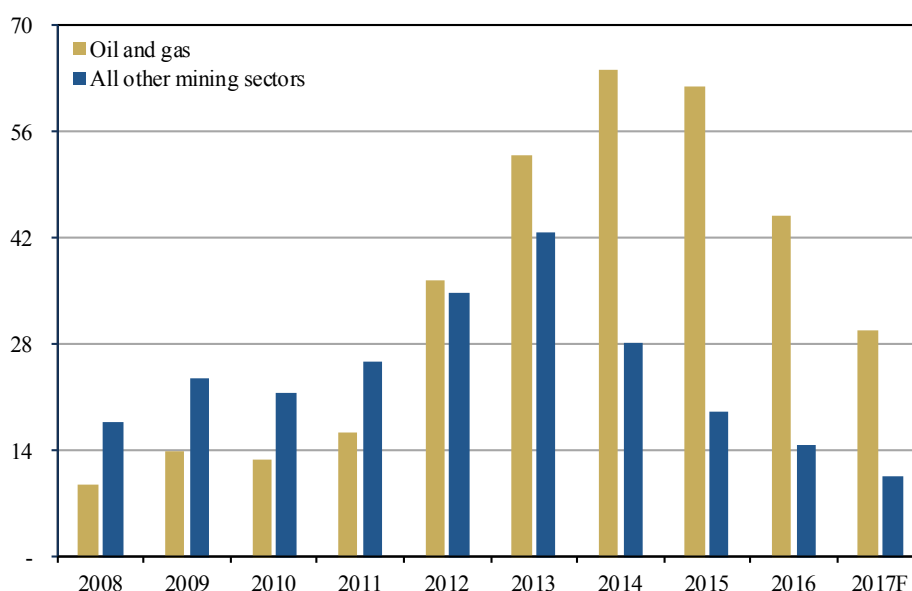
Annexure E. Independent Expert's Report continued

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Energy and mining sectors

- 111 Programmed's Industrial Maintenance business offers shutdowns and minor capital works to customers in mining, oil and gas, manufacturing, utilities and infrastructure. Programmed's Marine business in Australia and NZ (which is now operated in a joint venture with Atlas³²) provides manning services, catering services, maintenance and logistics support to the offshore oil and gas sector.
- 112 In an attempt to illustrate some of the key drivers of these businesses, we set out below a chart showing the level of investment in both the oil and gas and mining sectors over the past 10 years:

Resources capital expenditure
A\$ billion (year ended 30 June)



Source: Australian Bureau of Statistics, LEA analysis.

- 113 With respect to the above we note that:
- (a) Programmed's Industrial Maintenance business:
 - (i) has benefited from the recent investments in both the mining and oil and gas sectors, as this has increased the level of available mining and energy facility stock
 - (ii) services a range of other industries in addition to those shown in the chart (including the manufacturing, utilities and infrastructure sectors) and as a result its work is diversified across sectors
 - (iii) undertakes ongoing recurring work in certain industries

³² As stated in Section III, Programmed sold 100% of its international Marine business to Atlas.

(b) Programmed's Marine business:

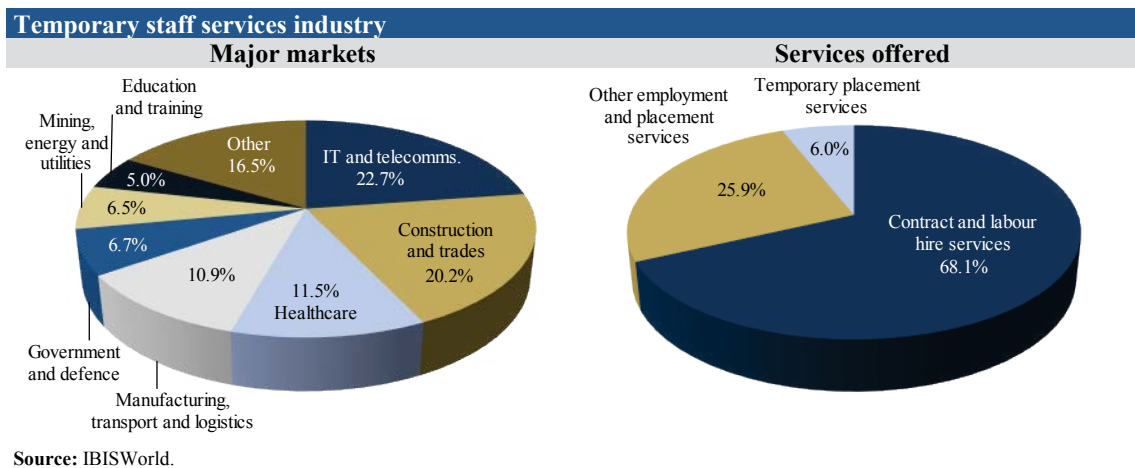
- (i) relies heavily on demand in the oil and gas sector and since peak annual investment in the year to 30 June 2014 (of A\$63 billion), annual investment has approximately halved
- (ii) is heavily influenced by oil and related energy prices, which have reduced materially in recent years.

Staffing industry

Temporary staff services industry

114 The temporary staff services sector provides temporary employees, either via the recruitment of staff who are employed by the client organisation on a temporary basis, or via the leasing of staff to clients. In the latter case the employee is under the control of the client for operational purposes but remains legally employed and paid by the provider. Under both of these arrangements, the staffing provider remains responsible for recruitment, payroll and other staff administration processes.

115 Contract and labour hire services are the largest source of industry turnover (representing 68% of total revenue), while the IT and telecommunications, construction and other trades, and the healthcare sectors are the single largest drivers of demand by industry segment, as shown below:



116 The performance of the temporary employment services sector tends to be cyclical in nature and fluctuates with economic performance, growth of labour markets and the unemployment rate. Generally, when the economy is strong and unemployment low, competition for labour (including temporary staff services) is high. Conversely, in a slowing economy with higher unemployment, demand for labour and temporary staff reduces.

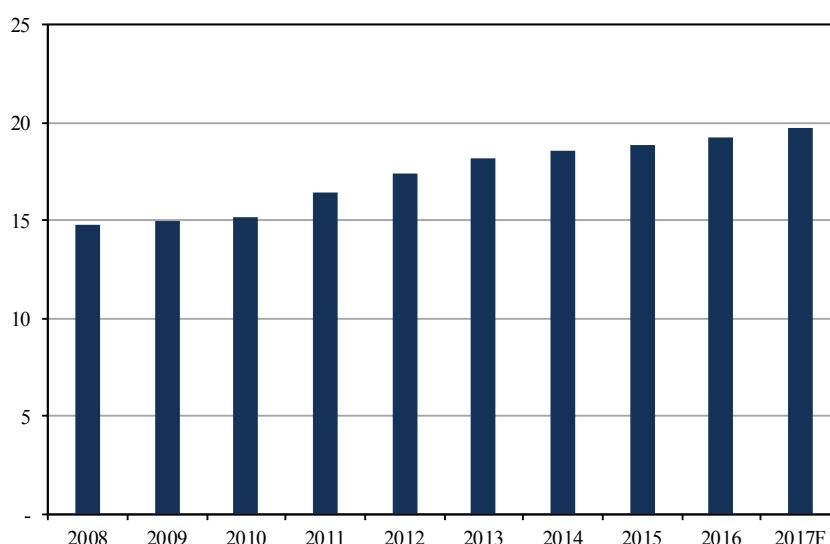
117 The barriers to entry in the temporary staff services sector are relatively low, with the most significant being the working capital requirement to fund the wages of temporary staff until the corresponding revenue is received. However, branding, reputation and client relationships are also important components of the service offering.

Annexure E. Independent Expert's Report continued

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- 118 The sector is highly fragmented with a large number of small operators. The largest industry participants include the market leader, Programmed (8.8% market share), followed by Chandler Macleod Group Ltd (5.1%), Hays Specialist Recruitment (Australia) Pty Limited (~5.0%), Manpower Services (Australia) Pty Limited (~3.0%), Workpac Pty Ltd (~3.0%), Peoplebank Holdings Pty Ltd (~3.0%), Adecco Holdings Pty Limited (~2.0%), Randstad Pty Limited (~2.0%) and Clarius Group Limited (~1.0%)³³.
- 119 The general trend towards outsourcing non-core activities in the private and public sectors has fueled growth in the temporary staff services industry over the past 20 years. At the same time, there has been a significant increase in the number of employees working on a temporary, part time or casual basis. As a result, temporary staff services industry turnover has increased from around A\$15 billion in the year to 30 June 2008 (at a CAGR of 3.2% per annum), to almost A\$20 billion (estimated) in the year to 30 June 2017.

Temporary staff services
A\$ billion (year ended 30 June)



Source: IBISWorld, based on nominal data.

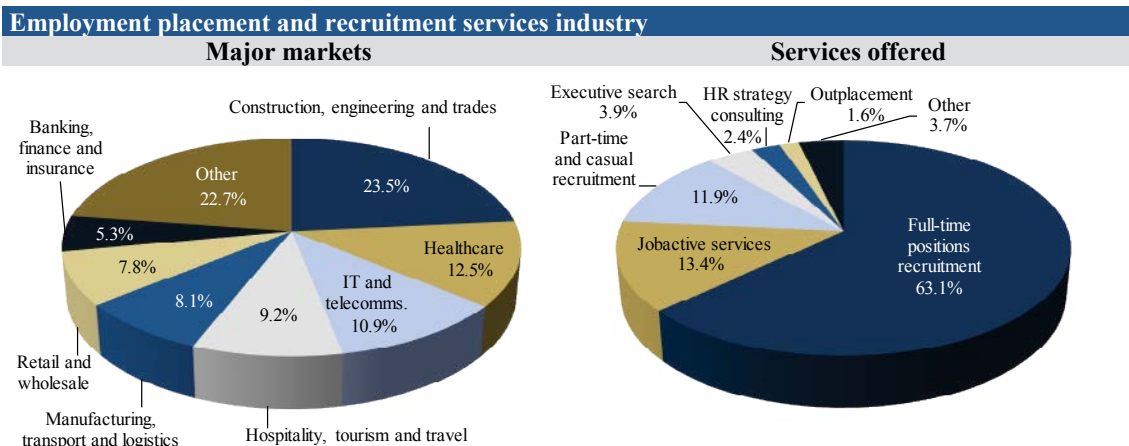
- 120 Over the above period the use of temporary staff also became more widespread, with a greater number of businesses outsourcing non-core functions to concentrate on areas of specialisation. There has also been higher demand from key sectors that use temporary staffing services, such as the construction and healthcare sectors.
- 121 The industry has also been impacted by volatile demand from the resources (and related construction sectors). Post the global financial crisis (in 2008), a period of high commodity prices resulted in many mining companies significantly increasing production, which required higher levels of temporary labour. In the period from 2014 to 2016, commodity prices generally reduced and this had a flow-on impact on demand for temporary labour. Since the second half of 2016 however, a rebound in commodity prices has had a positive impact on the mining sector and related demand for temporary staffing services.

³³ Source: IBISWorld.

- 122 IBISWorld is forecasting revenue for the temporary staff services industry to increase by an annualised 2.4% (real) over the next five years, primarily driven by the construction, IT and mining sectors.

Employment placement and recruitment services industry

- 123 The employment placement services industry provides personnel search, selection, referral and placement services to fill permanent work positions. Firms within this industry may supply services to the potential employer or the prospective employee. For the employer, services can involve all aspects of the recruitment process and for the employee, services include job assistance and training.
- 124 Industry revenue in Australia is expected to be A\$11.5 billion in the year to 30 June 2017. The largest service offering is full time recruitment services, which represents 63.1% of industry revenue, with Jobactive services³⁴ (13.4%) and part-time and casual recruitment services (11.9%) the next largest segments. Another key segmentation is the distinction between the various sources from which the industry derives its revenue. The following charts provide a breakdown of these segments:



Source: IBISWorld.

- 125 The level of activity in the recruitment and other employment placement services sector generally provides a good indication of the health of an economy, as the industry follows the broad economic cycle. Movements in the size of the labour market as well as levels of unemployment can also impact demand, which is also sensitive to:
- (a) changes in government employment and job programs
 - (b) outsourcing of employment related functions such as hiring contract staff and training and other personnel functions formerly undertaken in-house
 - (c) technological changes, particularly the use of the internet by both job seekers and employers, with the latter being able to maintain or access a database of potential employees; and
 - (d) changes to industrial relations and working conditions regulations.

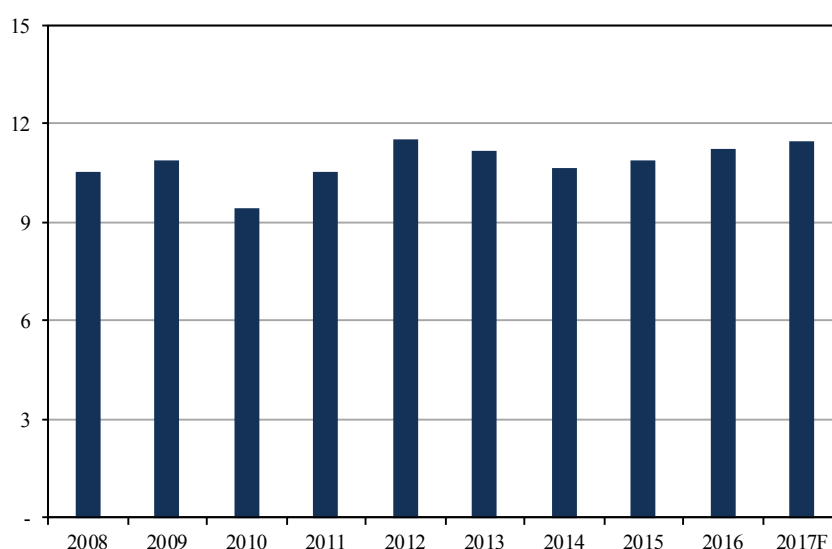
³⁴ The employment services programme supplied by private employment and recruitment organisations on behalf of the Federal Government.

Annexure E. Independent Expert's Report continued

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- 126 Barriers to entry in the employment placement sector are low, providing for high levels of competition. Price based competition is prevalent. However, service based competition, such as client satisfaction, service quality and the development and maintenance of personal relationships with clients is also present. Recruitment firms also face competition from companies with in-house human resources (HR) departments, which carry out internal recruitment and related functions³⁵.
- 127 Whilst concentration has increased due to acquisitions as well as organic growth, the level of industry concentration is low reflective of high levels of competition, with many small to medium sized companies operating in the sector and targeting niche segments of the market, while the larger firms generally offer a full range of services.
- 128 The industry leader is Hays Specialist Recruitment (Australia) Pty Limited (with a 6.8% market share), with other operators including Randstad Pty Limited (~5.0%), Manpower Services (Australia) Pty Limited (~4.0%), Chandler Macleod Group Limited (~3.0%), Programmed (~2.0%), Adecco Holdings Pty Limited (~2.0%) and Hudson Global Resources (Aust) Pty Limited (~2.0%)³⁶.
- 129 The employment placement and recruitment services industry has contracted slightly over the past five years. Rising unemployment levels³⁷ have been reflected in weaker business confidence, leading to greater pricing competition in the industry over the period.

Employment placement and recruitment services
AS billion (year ended 30 June)



Source: IBISWorld, based on nominal data.

³⁵ However, the trend to outsource the HR function has underpinned growth in the sector to date and is expected to continue.

³⁶ Source: IBISWorld.

³⁷ Unemployment levels were around 4% prior to the onset of the global financial crisis.

- 130 The employment placement and recruitment services industry's revenue is forecast by IBISWorld to grow at an annualised 2.5% (real) over the next five years. Anticipated increases in the size of the workforce, a lower unemployment rate, outsourcing growth and moderately positive business confidence are expected to support industry revenue over this period.

V Valuation methodology

Valuation approaches

- 131 Regulatory Guide 111 – *Content of expert reports* (RG 111) outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:
- (a) the discounted cash flow (DCF) methodology
 - (b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets
 - (c) the amount that would be available for distribution to shareholders in an orderly realisation of assets
 - (d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis
 - (e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.
- 132 Under the DCF methodology the value of the business is equal to the net present value (NPV) of the estimated future cash flows including a terminal value. In order to arrive at the NPV the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.
- 133 Methodologies using capitalisation multiples of earnings or cash flows are commonly applied when valuing businesses where a future “maintainable” earnings stream can be established with a degree of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record and expectations of future profitability and has relatively steady growth prospects. Such a methodology is generally not applicable where a business is in start-up phase, has a finite life, or is likely to experience a significant change in growth prospects and risks in the future.
- 134 Capitalisation multiples can be applied to either estimates of future maintainable operating cash flow, earnings before interest, tax, depreciation and amortisation (EBITDA), earnings before interest, tax and amortisation (EBITA), earnings before interest and tax (EBIT) or net profit after tax. The appropriate multiple to be applied to such earnings is usually derived from stock market trading in shares in comparable companies which provide some guidance as to value and from precedent transactions within the industry. The multiples derived from these sources need to be reviewed in the context of the differing profiles and growth prospects between the company being valued and those considered comparable. When valuing controlling interests in a business an adjustment is also required to incorporate a premium for control. The earnings from any non-trading or surplus assets are excluded from the estimate of the maintainable earnings and the value of such assets is separately added to the value of the business in order to derive the total value of the company.

- 135 An asset based methodology is applicable in circumstances where neither a capitalisation of earnings nor a DCF methodology is appropriate. It can also be applied where a business is no longer a going concern or where an orderly realisation of assets and distribution of the proceeds is proposed. Using this methodology, the value of the net assets of the company are adjusted for the time, cost and taxation consequences of realising the company's assets.

Methodologies selected

- 136 The market value of Programmed has been assessed by aggregating the market value of the business operations, together with the realisable value of any surplus assets and deducting net borrowings.
- 137 The valuation of the business operations has been made on the basis of market value as a going concern. The primary valuation method used to value Programmed's business operations is the capitalisation of future maintainable EBITA. Under this methodology the value of the business is represented by its core underlying maintainable EBITA capitalised at a rate (or EBITA multiple) reflecting the risks inherent in those earnings.
- 138 We have adopted this method when valuing the business operations of Programmed for several reasons:
- (a) Programmed has both a demonstrated history of profitability and an expectation of ongoing profitability
 - (b) Programmed's key business divisions operate in a mature industry and have well established market positions
 - (c) we do not have long-term cash flow projections which we regard as sufficiently robust to enable a DCF valuation to be undertaken
 - (d) the EBITA multiples for listed companies exposed to similar industry sectors as the business divisions of Programmed can be derived from publicly available information
 - (e) transaction evidence in the respective industry sectors is generally expressed in terms of EBITA (and EBITDA) multiples.

Cross-checks

- 139 The resulting values have also been cross-checked by:
- (a) reference to the capitalisation of EBITDA and net profit after tax (or price earnings (PE)) methods; and
 - (b) comparison with the listed market prices of Programmed shares on the ASX prior to the announcement of the Scheme, which we have adjusted to reflect a premium for control.

VI Valuation of Programmed

- 140 As stated in Section V we have adopted the capitalisation of EBITA method as our primary valuation method. Under this method the EBITA (before non-recurring items) is capitalised at an appropriate EBITA multiple. The value of the shares in Programmed is then derived by deducting net interest bearing debt.
- 141 The resulting values have also been cross-checked by reference to the capitalisation of EBITDA and net profit after tax (or PE) methods, and to the listed market prices of Programmed shares on the ASX prior to the announcement of the Scheme adjusted for a control premium.

Assessment of normalised EBITA

- 142 In order to assess the appropriate level of EBITA for valuation purposes we have had regard to the historical and forecast results of each business division, and have discussed each business division's financial performance, operating environment and prospects with Programmed management.
- 143 A summary of Programmed's revenue and operating EBITA³⁸ (by business division) for the two years ended 31 March 2017 is summarised below:

Revenue and EBITA by business division		
	FY16 A\$m	FY17 A\$m
Revenue		
Staffing	896.7	1,370.0
Maintenance (ex Marine)	960.5	1,145.9
Marine	348.8	170.9
Other revenue	3.4	4.6
Total	2,209.4	2,691.4
EBITA⁽¹⁾		
Staffing	21.7	35.8
Maintenance (ex Marine)	41.1	54.8
Marine	18.3	3.8
Unallocated costs	(15.6)	(16.9)
Total	65.5	77.5
EBITA margin⁽¹⁾		
Staffing	2.4%	2.6%
Maintenance (ex Marine)	4.3%	4.8%
Marine	5.2%	2.2%
Total	3.0%	2.9%

Note:

1 Before significant items.

³⁸ Before non-trading items.

Historical results to 31 March 2017

- 144 Programmed merged with SKILLED in mid October 2015³⁹. As a result, the FY16 result for Programmed (to 31 March 2016) reflects only a six month profit contribution from SKILLED, whereas the FY17 result (for the year ended 31 March 2017) reflects a full year EBITA contribution from both businesses.
- 145 In the most recent financial year prior to the merger, the standalone EBITA of both businesses was as follows:

Historical EBITA		A\$m
SKILLED	Year ended 30 June 2015	86.4
Programmed	Year ended 31 March 2015	50.9

Note:

- 1 As noted above, prior to the merger, SKILLED and Programmed had different balance dates hence the above figures are not directly comparable.

- 146 The combined EBITA of both companies immediately prior to the merger was therefore significantly higher than that achieved by the merged company in the year ended 31 March FY17 (FY17). However, we note that:
- (a) at the date of the merger, SKILLED's EBITA was forecast to decline⁴⁰ in both the years ended 30 June 2016 and 2017, due to (inter-alia) softer trading conditions and the impact of the completion of the Saipem and Gorgon contracts on SKILLED's future earnings
 - (b) approximately 71% of SKILLED's EBITA before corporate costs in the year ended 30 June 2015 was generated by the Engineering and Marine division. As indicated above, the revenue and EBITA of the combined Marine business has declined significantly since the merger. Further, in February 2016 Programmed completed the sale of vessels and plant and equipment operated by its subsidiary Broadsword Marine Services (formerly part of SKILLED).

Earnings guidance

- 147 The management of Programmed has not provided any specific earnings guidance for the year ending 31 March 2018 (FY18). However, on 28 July 2017 in the AGM announcement, management stated that:

"While some leading economic indicators point to business confidence improving and the economy strengthening in the next 12 months, our current internal staffing indicators suggest a lack of growth in some of the sectors we serve.

Our business model, providing staffing, maintenance and facility management services across all industry sectors, gives Programmed considerable strength. While demand for staff in the materials, transport, logistics and manufacturing sectors has weakened in the past year there are growing opportunities in the public infrastructure, tourism, education, health and aged

³⁹ The merger was structured by Programmed acquiring SKILLED.

⁴⁰ Based on consensus broker forecasts.

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care sectors. We believe the resources sector has completed a period of downsizing and staff reductions, and expect demand in this sector to grow in the next 12 months, particularly in oil and gas."

- 148 Whilst the cost savings from the October 2015 merger have now largely been realised⁴¹, Programmed recently announced that it had subsequently reduced annual costs by a further A\$10 million per annum since the end of the financial year (ended 31 March 2017).

EBITA adopted for valuation purposes

- 149 Having regard to the above (and, in particular, the A\$10 million in annual cost savings which are not reflected in FY17 EBITA⁴²) we have adopted the following EBITA for valuation purposes:

Business division	A\$m
Staffing	45.0
Maintenance	58.0
Unallocated corporate costs	(17.0)

- 150 Given the recent arm's length transaction with respect to the Marine business (refer paragraphs 173 and 174 below), we have not assessed the appropriate level of EBITA for valuation purposes for this business. As noted below, the Marine business has instead been valued by reference to the arm's length transaction recently announced with Atlas.

- 151 The earnings adopted for valuation purposes exceed broker consensus forecasts for FY18. It is unclear from these consensus forecasts:

- (a) the extent to which they reflect the benefit of the announced reduction of around A\$10 million in the overall cost structure of the business
- (b) the manner in which the Programmed share of earnings from the recently established Marine joint venture with Atlas has been treated.

EBITA multiple

- 152 The selection of the appropriate EBITA multiple to apply is a matter of judgement but normally involves consideration of a number of factors including, but not limited to:

⁴¹ Potential revenue benefits are also expected to gradually accrue to Programmed over the three year period to FY20, based on the targeting of numerous identified business growth opportunities.

⁴² The majority of these cost savings arise in the Staffing business division.

- The stability and quality of earnings
- The quality of the management and the likely continuity of management
- The nature and size of the business
- The spread and financial standing of customers
- The financial structure of the company and gearing level
- The multiples attributed by share market investors to listed companies involved in similar activities or exposed to the same broad industry sectors
- The multiples that have been paid in recent acquisitions of businesses involved in similar activities or exposed to the same broad industry sectors
- The future prospects of the business including the growth potential of the industry in which it is engaged, strength of competitors, barriers to entry, etc.
- The cyclical nature of the industry
- Expected changes in interest rates
- The asset backing of the underlying business of the company and the quality of the assets
- The extent to which a premium for control is appropriate
- Whether the assessment is consistent with historical and prospective earnings

153 We discuss below specific factors taken into consideration when assessing the appropriate EBITA multiple range for Programmed.

154 Consistent with Programmed's financial reporting, we have separately assessed the appropriate EBITA multiple for each of the Staffing and Maintenance business divisions. Unallocated corporate costs have then been capitalised at the weighted average EBITA multiple applied to both business divisions.

Listed company multiples

155 The EBITA multiples for listed companies providing asset maintenance services and staffing solutions are set out in Appendices C and D. Given the relative size of Programmed, the following table excludes companies listed overseas which have enterprise values exceeding A\$2.0 billion⁴³.

156 As the level of EBITA adopted for valuation purposes exceeds the level of operating EBITA achieved in FY17 (due primarily to allowance for the benefit of recent cost savings which are not reflected in that financial year⁴⁴), we have had more regard to the EBITA multiples based on each companies' average broker forecasts for FY18:

⁴³ The excluded companies with enterprise values above A\$2.0 billion include PERSOL, which trades on an FY18 EBITA multiple of 11.1.

⁴⁴ Programmed management have advised that subsequent to implementation of these cost savings initiatives, there remains significant capacity for growth within the existing business structure.

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Listed company trading multiples ⁽¹⁾				
	Enterprise value ⁽²⁾	EBITA multiples		Forecast growth ⁽⁴⁾
	A\$m	FY17 ⁽³⁾ x	FY18 x	(%)
Programmed	664	8.6	7.8	6.5
Staffing solutions businesses				
TrueBlue	1,543	10.8	9.7	na
Groupe CRIT	1,437	7.6	7.3	4.2
Synergie	1,396	8.2	7.7	3.4
Impellam Group	729	7.6	6.9	na
Staffline Group	635	9.8	9.5	2.2
BG Staffing	227	7.7	6.7	na
AWF Madison Group	117	10.4	na	na
Asset maintenance businesses				
Downer EDI	3,762	12.2	9.9	18.2
Monadelphous Group	1,190	14.5	15.1	(0.9)
Mears Group	835	11.1	9.8	14.5
Cardno	595	21.7	16.7	27.3
RCR Tomlinson	583	14.2	9.5	30.9
GDI Integrated Facility Services	467	12.8	10.8	na
Opus International Consultants	166	7.2	6.6	5.2
Millennium Services Group	86	7.2	5.9	17.0
Southern Cross Electrical Engineering	71	nm	5.0	na

Note:

- Enterprise value and earnings multiples calculated as at 20 July 2017 except for Programmed which is calculated as at 13 July 2017, being the day prior to the announcement of the Scheme.
- Enterprise value includes net debt (interest bearing liabilities less non-restricted cash), preference shares, convertible notes, net derivative liabilities, net pension liabilities, market capitalisation adjusted for material option dilution and buybacks and excludes surplus assets.
- Earnings are based on Bloomberg broker average forecasts except for Programmed and AWF Madison Group which are based on actual earnings for the year ended 31 March 2017.
- Forecast growth is the CAGR in EBITA over the two years to FY19 based on Bloomberg broker average forecasts.

na – not available. nm – not meaningful.

Source: Bloomberg, latest full year statutory accounts, latest interim accounts, company announcements and LEA analysis.

157 The above multiples are based on the listed market price of each companies' shares (and therefore exclude a premium for control). Empirical evidence undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover). This broadly translates to a premium of 20% to 25% at the EBITA multiple or enterprise value level, although this varies depending on the level of debt funding employed in each company.

158 In addition, we note that:

- none of the above listed companies are directly comparable to the Staffing and Maintenance divisions of Programmed. However, their EBITA multiples provide guidance as to the values and multiples generally ascribed by share market investors to companies operating in similar industry sectors to Programmed

- (b) those listed companies providing asset maintenance services generally trade on higher EBITA multiples than the companies providing staffing solutions, reflecting (inter-alia) the inherent security of earnings tenure of longer term asset maintenance contracts generally.

Programmed trading multiples

- 159 Given the above, we have also considered the observed trading multiples of Programmed over time. Accordingly, we set out below the one year forecast EBITA multiple⁴⁵ for Programmed (based on consensus broker forecasts) from 1 July 2016 until 13 July 2017 (being the last trading day prior to the announcement of the Scheme):

**Programmed – one year forecast EBITA multiple
1 July 2016 to 13 July 2017**



Source: Bloomberg and LEA analysis.

- 160 As indicated above, Programmed shares have generally traded between 7.0 and 8.0 times forecast EBITA, with the most recent trading prior to the announcement of the Scheme being at the high end of that range.
- 161 It should be noted that the above forecast EBITA multiples represent the weighted average multiples for Programmed. Consistent with the listed companies above, they also exclude a premium for control. Adjusting for a 20% to 25% control premium (at the enterprise value level) would broadly imply a controlling interest EBITA multiple range for Programmed of around 9.0 to 10.0.

Transaction evidence

- 162 As set out in Appendix E there have been a number of transactions in the staffing solutions and asset maintenance sectors. A summary of the EBITA multiples implied by more recent transactions (which in most cases reflected the acquisitions of controlling interests) is shown below:

⁴⁵ Being the enterprise value divided by EBITA forecast for the subsequent 12 months.

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Transaction multiples				
Date ⁽¹⁾	Target	Acquirer	EV ⁽²⁾ A\$m	EBITA Multiple
Asset maintenance businesses				
Mar 17	Spotless	Downer EDI ⁽³⁾	2,124	12.5 F ⁽⁴⁾
Oct 16	UGL	CIMIC Group	736	8.0 F
Dec 15	Broadspectrum	Ferrovial Services	1,166	6.3 F ⁽⁵⁾
Dec 14	Leighton Services Businesses	Apollo Global Management ⁽⁶⁾	1,075	6.0 H
Oct 14	Tenix	Downer EDI	304	10.3 H
Jun 14	DTZ	Consortium	1,215	9.8 H
Jul 13	Clough	Murray & Roberts	753	7.9 F
Apr 12	Spotless	Pacific Equity Partners	1,040	11.6 F
Staffing solutions businesses				
Apr 16	Beddison Group	Outsourcing Inc	46	8.5 H
Jun 15	SKILLED Group	Programmed	569 ⁽⁷⁾	7.7 F
Jan 15	Chandler MacLeod	Recruit Holdings	395	11.8 F
Jan 15	Peoplebank Holdings	Recruit Holdings	98	7.2 H
May 12	Talent2 International	MBI and Allegis Group	141	7.8 F

Note:

- 1 Date of announcement.
- 2 Enterprise value (EV) on a 100% basis.
- 3 As at 31 July 2017 Downer EDI had received acceptances entitling them to a 80.8% interest in Spotless.
- 4 Based on consensus broker forecasts for FY18 (which the Directors of Spotless noted in the Target Statement were below Spotless' own forecasts). Whilst Spotless did not provide their forecasts for FY18 at the EBITA level in the Target Statement, the Directors comments implied that the FY18 EBITA multiple for Spotless would be lower than shown above if Spotless' own EBITA forecast was used.
- 5 Based on EBITA as assessed by the independent expert.
- 6 Leighton Holdings (now CIMIC) and funds managed by Apollo Global Management LLC entered into a 50%:50% investment partnership comprising the merged operations and maintenance services business of Thiess Services and Leighton Contractor Services.
- 7 Based on the closing price of Programmed shares on 24 May 2015, being the last trading day prior to the announcement that Programmed and SKILLED had entered into discussions regarding a potential combination of the two businesses.

H = Based on Historical EBITA. F = Based on Forecast EBITA.

Source: LEA analysis using data from ASX announcements, broker reports and company annual reports.

163 In relation to the transaction evidence it should be noted that:

- (a) except where noted, the transactions relate to the acquisition of 100% of the businesses and therefore implicitly incorporate a premium for control
- (b) in addition to the acquisition of SKILLED by Programmed, a number of the transactions arose in respect of businesses that are both comparable to and/or competitors of certain business segments currently operated by Programmed. For example, Chandler Macleod is a major competitor of Programmed's Staffing business and Spotless and Broadspectrum are competitors of Programmed's facilities management business (which is a subset of the Maintenance business division)

- (c) the companies acquired differ materially in terms of their size and nature of operations. Accordingly, in our view, the median or average multiples implied by these transactions are not necessarily representative of the multiples which should be applied to Programmed's businesses
- (d) the transaction multiples are calculated based on the most recent actual earnings (historical multiples) or expected future earnings for the current year at the date of the transaction (forecast multiples). The multiples are therefore not necessarily reflective of the multiple which would be derived from an assessment of each target company's "maintainable" earnings
- (e) some transactions may reflect a strategic premium. For example, the acquisition of Chandler Macleod by Recruit Holdings Co., Ltd in Japan represented a 68% premium above the 30 day volume weighted average price (VWAP) of the shares prior to the announcement of the transaction⁴⁶, and appears to have reflected a high EBITA multiple (compared to the other transaction evidence).

Treatment of potential synergies

- 164 PERSOL has indicated that the acquisition of Programmed will expand PERSOL's geographic presence across Asia Pacific and provide a platform for growth in the Australia and NZ markets. PERSOL has also indicated an intention to retain the Programmed head office and existing business structure subsequent to implementation of the Scheme.
- 165 Accordingly, whilst some synergy benefits are likely to arise, Programmed management have estimated that any synergies associated with the Scheme are likely to be confined to cost savings resulting from the potential delisting of Programmed from the ASX and related regulatory matters no longer required.
- 166 However, the existence of such synergies from business combinations is one of the key reasons why bidders pay a control premium to acquire a company. Consequently, in our opinion, it is inappropriate (in the circumstances of Programmed) to incorporate a separate value for synergies over and above that already implicitly reflected in the controlling interest multiple applied.

Conclusion on appropriate EBITA multiples

- 167 As stated above, we have separately assessed the appropriate EBITA multiple for each of the Staffing and Maintenance business divisions of Programmed. Unallocated corporate costs have then been capitalised at the weighted average EBITA multiple applied to both business divisions.
- 168 In relation to the Maintenance business division we note that:
 - (a) the FY18 EBITA multiples for the listed companies providing asset maintenance services in paragraph 156 range from 5.0 to 16.7. After adjusting for a control premium (and excluding outliers) the implied controlling interest EBITA multiples range from around 7.0 to 13.5

⁴⁶ As set out in section VII of our report, the implied premium being paid to Programmed shareholders by PERSOL is in a similar range to that implied by the Chandler Macleod transaction.

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- (b) transaction evidence involving businesses providing asset maintenance services imply EBITA multiples of between 6.0 and 12.5, and averaged 9.1. As these transactions reflect the acquisitions of controlling interests these EBITA multiples implicitly include a control premium
- (c) Programmed shares have generally traded between 7.0 and 8.0 times forecast EBITA, which implies a controlling interest EBITA multiple range of around 9.0 to 10.0. However, it should be noted that:
 - (i) Programmed's EBITA multiple reflects the weighted average multiple of both business divisions
 - (ii) the listed companies providing asset maintenance services generally trade on higher EBITA multiples than the companies providing staffing solutions, reflecting (inter-alia) the inherent security of earnings tenure of longer term asset maintenance contracts generally
 - (iii) given the above, and the higher growth prospects of the Maintenance division (relative to Staffing) an EBITA multiple for the Maintenance division should be at or slightly above the high end of the controlling interest EBITA multiple range implied by trading in Programmed shares (i.e. 10.0 to 10.5).

169 In relation to the Staffing business division we note that:

- (a) the FY18 EBITA multiples for the listed companies providing staffing solutions in paragraph 156 range from 6.7 to 9.7. After adjusting for a control premium the implied controlling interest EBITA multiples range from around 8.0 to 12.0
- (b) transaction evidence involving businesses providing staffing solutions imply EBITA multiples of between 7.2 and 11.8, and averaged 8.6. As these transactions reflect the acquisitions of controlling interests these EBITA multiples implicitly include a control premium
- (c) as stated above, Programmed shares have generally traded between 7.0 and 8.0 times forecast EBITA, which implies a controlling interest EBITA multiple range of around 9.0 to 10.0. As this multiple range reflects a weighted average multiple for Programmed's divisions, for the reasons stated above, we believe that the appropriate EBITA multiple for the Staffing division should be at or slightly below the low end of the controlling interest EBITA multiple range implied by trading in Programmed shares (i.e. 8.5 to 9.0).

170 Accordingly, in our opinion, it is appropriate to apply the following EBITA multiples when valuing each business division on a controlling interest basis:

- (a) Maintenance (excluding Marine) – 10.0 to 10.5
- (b) Staffing – 8.5 to 9.0.

171 As indicated in the following table, the application of the above EBITA multiples implies an overall EBITA multiple (on a controlling interest basis) of 9.3 to 9.8. This is consistent with the implied forecast EBITA multiples for Programmed based on share market trading adjusted for a control premium.

Value of core businesses (excluding Marine)

- 172 On this basis the value of Programmed's core businesses (excluding Marine and before debt) on a controlling interest basis is as follows:

Value of core business (ex Marine)					
	EBITA	EBITA multiple range		Valuation	
	A\$m	Low	High	Low	High
		x	x	A\$m	A\$m
Maintenance (ex Marine)	58.0	10.0	10.5	580.0	609.0
Staffing	45.0	8.5	9.0	382.5	405.0
Unallocated corporate costs	(17.0)	9.3	9.8	(158.9)	(167.4)
Total	86.0	9.3	9.8	803.6	846.6
Rounded to				800.0	850.0

Value of Marine business

- 173 On 10 July 2017 Programmed announced confirmation of the transaction with Atlas pursuant to which Programmed sold 100% of its international marine activities and 50% of its Australian and NZ Marine services business for A\$7.5 million in cash up-front and A\$21.5 million in vendor finance (repayable over the medium term, with the level of annual payments subject to underlying business performance).
- 174 The transaction terms valued the retained 50% equity interest in the Australian and NZ Marine services business at A\$24 million. Accordingly, we have valued the 50% interest in the Australian and NZ Marine business retained by Programmed, together with the amounts owed from the sale at the following amounts:

Value of Marine assets / business	
	A\$m
Value of 50% of Australian and NZ Marine Services business ⁽¹⁾	24.0
Up-front cash to be received in relation to the sale ⁽²⁾	7.5
Vendor finance provided in connection with the sale ⁽³⁾	21.5
Total	53.0

Note:

- 1 Consistent with the recent transaction which valued the interest at A\$24 million.
- 2 This has been excluded in considering the net debt figure in paragraph 176.
- 3 The vendor finance facility accrues interest at 5% per annum (which slightly exceeds Programmed's cost of debt). Accordingly, we consider any difference that there may be between the market value of the receivable and its face value is not material in the context of the value of Programmed shares.

Surplus assets

- 175 We understand that the only material surplus asset held by Programmed is a receivable of A\$9.7 million arising from the sale of vessels previously operated by Broadsword Marine Services (which was part of SKILLED).

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Net debt

- 176 As at 31 March 2017 Programmed had net debt of A\$200 million. Cash generated from earnings of Programmed in the quarter ended 30 June 2017 was broadly equal to the FY17 final dividend payment of A\$9.0 million paid on 31 July 2017. Given that we have assessed the value of Programmed shares excluding the entitlement to the FY17 final dividend (of 3.5 cents per share), for valuation purposes we have therefore adopted net debt of A\$200 million.

Fully diluted shares on issue

- 177 As at 31 July 2017, Programmed had 257.5 million fully paid ordinary shares on issue. In addition the company has 4.6 million performance rights that were issued under the Company's long-term incentive plans⁴⁷.
- 178 The performance rights vest subject to the achievement of specified performance hurdles⁴⁸. However, in the event of a takeover or other control event the Programmed Board can waive the performance hurdles. Accordingly, when valuing 100% of the shares in Programmed, in our opinion, it is appropriate to assume that additional shares in respect of the outstanding performance rights will be issued.
- 179 For valuation purposes we have therefore assumed 262.1 million fully diluted shares on issue.

Value of Programmed

- 180 On this basis, the value of 100% of Programmed on a controlling interest basis is as follows:

Value of Programmed		
	Low A\$m	High A\$m
Enterprise value (ex Marine)	800.0	850.0
Marine assets / business	53.0	53.0
Surplus assets	9.7	9.7
Less net debt	(200.0)	(200.0)
Equity value	662.7	712.7
Fully diluted shares on issue	262.1	262.1
Equity value per share	A\$2.53	A\$2.72

⁴⁷ This includes the 0.3 million performance rights approved at the AGM on 28 July 2017.

⁴⁸ Being Programmed's total shareholder return relative to a group of peer companies listed in the S&P/ASX300 Index and/or the average annual growth rate in Programmed's earnings per share.

Implied EBITDA and PE multiples

181 The EBITDA and PE multiples implied by our assessed value range are shown below:

Implied EBITDA and PE multiples		
	Low A\$m	High A\$m
EBITDA multiple		
Enterprise value	800.0	850.0
EBITA ⁽¹⁾	86.0	86.0
Add back depreciation and amortisation ⁽¹⁾	17.0	17.0
EBITDA adopted for valuation purposes ⁽²⁾	103.0	103.0
Implied EBITDA multiple	7.8	8.3
PE multiple		
Equity value	662.7	712.7
EBITA	86.0	86.0
Less finance costs ⁽³⁾	(10.0)	(10.0)
Profit before tax and amortisation of acquired intangibles	76.0	76.0
Less tax ⁽⁴⁾	(22.8)	(22.8)
Net profit after tax before the amortisation of acquired intangibles	53.2	53.2
Implied PE ratio	12.5	13.4

Note:

- 1 Excluding the amortisation of acquired intangibles which is a non-cash accounting entry.
- 2 Consistent with the level of EBITA adopted for valuation purposes this incorporates the A\$10 million in annual cost savings which have been achieved subsequent to 31 March 2017.
- 3 Based on adopted net debt of \$200 million and Programmed's cost of debt of around 5%.
- 4 Whilst Programmed has a NZ business, the large majority of profit is generated in Australia. Accordingly, we have adopted a corporate tax rate of 30% for the purposes of our calculations.

182 Having regard to the EBITDA and PE multiples of the listed companies and relevant transaction evidence in Appendices C, D and E, we consider the above implied multiples for Programmed are reasonable. As noted above, we consider the listed company multiples for the FY18 year to be the most relevant given that the earnings adopted for valuation purposes exceeds Programmed's actual profitability in FY17.

Cross-check to pre-announcement share trading range

183 We have cross-checked our assessed value of the equity in Programmed to the listed market price of Programmed shares adjusted for a premium for control. We note that:

- (a) as set out in Section III, Programmed shares are highly liquid, which indicates that the listed market price prior to the announcement of the Scheme is likely to be a reasonably reliable reference point for the portfolio value of Programmed shares
- (b) Programmed is researched and analysed by six share broking firms and has a number of institutional investors on its register
- (c) significant information has been disclosed in relation to Programmed's operations in its financial reports and stock exchange announcements

Annexure E. Independent Expert's Report continued

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- (d) Programmed has an obligation under the ASX Listing Rules (subject to certain exemptions) to notify the ASX immediately of any information concerning Programmed of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of Programmed.

184 In order to cross-check our valuation of Programmed shares we have therefore considered the listed market price of Programmed shares up to 13 July 2017 (the last day of trading prior to the announcement of the Scheme), adjusted for a premium for control.

185 The volume weighted average share prices for Programmed in the one and three month periods up to 13 July 2017 were A\$1.84 and A\$1.79 respectively (refer Section VII for detailed calculations). Empirical evidence undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover).

186 Adding a 30% to 35% premium for control to these share prices would therefore result in a theoretical "control" value of A\$2.33 to A\$2.48 per share. While our assessed valuation range exceeds the high end of this theoretical "control" value, we note that it is not uncommon for premiums above 30% to 35% of the pre-bid market price to be paid⁴⁹.

⁴⁹ As noted in section VII of our report, the implied control premium being paid by PERSOL to Programmed shareholders significantly exceeds this range of observed premiums.

VII Evaluation of the Scheme

- 187 In our opinion, the Scheme is fair and reasonable and in the best interests of Programmed shareholders in the absence of a superior proposal. We have formed this opinion for the following reasons.

Value of Programmed

- 188 As set out in Section VI we have assessed the value of Programmed at between A\$2.53 and A\$2.72 per share.

Value of Total Cash Payment

- 189 If the Scheme is approved and implemented, Programmed shareholders will receive an aggregate amount of A\$3.02 cash for each Programmed share (Total Cash Payment), which will comprise a fully-franked special dividend of A\$0.16 for each Programmed share they hold on the Special Dividend Record Date (Special Dividend) and Scheme Consideration of A\$2.86 for each Programmed share they hold on the Scheme Record Date (Scheme Consideration).
- 190 Programmed shareholders on the Scheme Record Date will therefore receive a total of A\$3.02 cash per share if the Scheme is implemented regardless of whether a Special Dividend is paid. Accordingly, we have assessed the value of the Total Cash Payment at A\$3.02 per share. However, due to the benefit of franking credits, we note that the value of the Total Cash Payment to some Australian resident shareholders may be greater than A\$3.02 per share if a Special Dividend is paid.

Fair and reasonable opinion

Assessment of fairness

- 191 Pursuant to RG 111 the Scheme is “fair” if the value of the Total Cash Payment is equal to, or greater than, the value of the securities the subject of the Scheme. This comparison is shown below:

Comparison of Total Cash Payment to value of Programmed			
	Low	High	Mid-point
	A\$ per share	A\$ per share	A\$ per share
Value of Total Cash Payment	3.02	3.02	3.02
Value of 100% of Programmed	2.53	2.72	2.63
Extent to which the Total Cash Payment exceeds the value of Programmed	0.49	0.30	0.39

- 192 As the Total Cash Payment exceeds our assessed valuation range for Programmed shares on a 100% controlling interest basis, in our opinion, the Total Cash Payment is fair to Programmed shareholders when assessed based on the guidelines set out in RG 111.

Assessment of reasonableness

- 193 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Scheme is “fair and reasonable” it must also be “in the best interests” of shareholders.

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194 Consequently, in our opinion, the Scheme is also “reasonable” and “in the best interests” of
Programmed shareholders in the absence of a superior proposal.

195 In assessing whether the Scheme is reasonable and in the best interests of Programmed
shareholders LEA has also considered, in particular:

- (a) the extent to which a control premium is being paid to Programmed shareholders
- (b) the extent to which Programmed shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction
- (c) the listed market price of the shares in Programmed, both prior to and subsequent to the announcement of the proposed Scheme
- (d) the likely market price of Programmed securities if the proposed Scheme is not approved
- (e) the value of Programmed to an alternative offeror and the likelihood of a higher alternative offer being made for Programmed prior to the date of the Scheme meeting
- (f) the advantages and disadvantages of the Scheme from the perspective of Programmed shareholders
- (g) other qualitative and strategic issues associated with the Scheme.

196 These issues are discussed in detail below.

Extent to which a control premium is being paid

197 Research undertaken by LEA indicates that average premiums paid in successful takeovers in Australia generally range between 30% and 35% above the listed market price of the target company's shares⁵⁰ three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). This premium range reflects the fact that:

- (a) the owner of 100% of the shares in a company obtains access to all the free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder
- (b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds
- (c) a controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company
- (d) a controlling shareholder is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

198 We have calculated the premium implied by the Total Cash Payment by reference to the market prices of Programmed shares (as traded on the ASX) for periods up to and including 13 July 2017 (being the trading day prior to the announcement of the Scheme with PERSOL).

⁵⁰ After adjusting the pre-bid market prices for the movement in share market indices between the date of the pre-bid market price and the announcement of the takeover.

- 199 The implied offer premium relative to Programmed share prices up to 13 July 2017 is shown below:

Implied offer premium relative to recent share prices ⁽¹⁾		
	Programmed share price A\$	Implied control premium %
Closing share price on 13 July 2017 ⁽²⁾	1.80	67.8
1 month VWAP to 13 July 2017	1.84	64.1
3 months VWAP to 13 July 2017	1.79	68.7
6 July 2017 ⁽³⁾ to 13 July 2017	1.77	70.6

Note:

- 1 Rounding differences may exist.
- 2 Being the closing price on the last day of trading prior to the announcement of the Scheme.
- 3 Programmed shares traded with an entitlement to the FY17 final dividend of 3.5 cents per share up to 5 July 2017.

- 200 We note that in the period up to 5 July 2017 Programmed shares traded with an entitlement to the FY17 final dividend of 3.5 cents per share (which was paid on 31 July 2017). Accordingly, if the VWAP Programmed share prices shown above were adjusted in respect of this dividend, the relevant implied control premiums would be marginally higher than shown above⁵¹.
- 201 Irrespective of such a potential adjustment however, in our opinion, the Total Cash Payment provides Programmed shareholders with a premium that significantly exceeds observed premiums generally paid in comparable circumstances. Accordingly, in our view, Programmed shareholders are being fully compensated for the fact that 100% control of Programmed will pass to PERSOL if the Scheme is approved.

Extent to which Programmed shareholders are being paid a share of synergies

- 202 PERSOL has indicated that the acquisition of Programmed will expand PERSOL's geographic presence across Asia Pacific and provide a platform for growth in the Australian and NZ markets. PERSOL has also indicated an intention to retain the Programmed head office and existing business structure subsequent to implementation of the Scheme.
- 203 Accordingly, whilst some synergy benefits are likely to arise, Programmed management have estimated that any synergies associated with the Scheme are likely to be confined to cost savings resulting from the potential delisting of Programmed from the ASX and related regulatory matters no longer required.
- 204 In the circumstances, in our opinion, the potential synergies arising from the transaction:
- (a) are unlikely to be material in the overall context of our assessed value of Programmed
 - (b) are more than adequately compensated for in the Total Cash Payment.

⁵¹ The 1 month VWAP implied premium and the 3 months VWAP implied premium would increase to around 67.3% and 72.1% respectively.

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205 As noted above however, the Total Cash Payment exceeds our assessed range of values for Programmed on a 100% controlling interest basis. We have attributed the implied additional premium being paid by PERSOL to one or a combination of the following:

- (a) given its indicated desire to expand its geographic presence across Asia Pacific, PERSOL is prepared to pay a premium to gain a significant entry into the Australian and NZ markets⁵²
- (b) there is additional capacity within the existing business structure of Programmed to increase annual revenues (and earnings) to levels above those reflected in our assessed valuation of Programmed. Dependent on favourable market conditions and having regard to its regional presence, PERSOL may be able to generate additional levels of business activity⁵³
- (c) PERSOL is a significant business organisation with a market capitalisation of around A\$5.7 billion. Given its size and Japanese domicile it benefits from a low cost of capital (particularly relative to Australian capital markets)⁵⁴.

Recent share prices subsequent to the announcement of the Scheme

206 Shareholders should note that Programmed shares have traded on the ASX in the range of A\$2.96 to A\$3.06 per share in the period since the Scheme was announced up to 25 August 2017. The VWAP over the period was A\$2.98 per share. This trading range indicates that, on occasion, Programmed shares have traded marginally above the Total Cash Payment.

207 In our view, the trading above suggests that:

- (a) in the absence of a superior proposal the consensus market view is that the Scheme is likely to be successful
- (b) some investors have been prepared to pay a price above the Total Cash Payment to access the franking credits that will attach to the proposed Special Dividend.

208 Programmed shareholders considering selling their Programmed shares on the ASX (prior to the Scheme meeting) to take advantage of potential prices above the Total Cash Payment will need to consider brokerage costs and should note that:

- (a) the Programmed share price on the ASX is subject to daily fluctuation
- (b) Programmed shareholders who sell their Programmed shares on the ASX will not obtain the benefit of any superior proposal should this eventuate.

⁵² The implied premium being paid to Programmed shareholders by PERSOL is in a similar range to that paid by Recruit Holdings Co., Ltd in Japan to acquire Chandler Macleod (a major competitor of Programmed) in 2015.

⁵³ In addition, the level of business activity in a number of industry sectors to which Programmed provides its services is arguably towards the lower point in the business cycle.

⁵⁴ Companies with a lower cost of capital are generally able to pay more for an asset than companies with a higher cost of capital.

Likely price of Programmed shares if the Scheme is not implemented

- 209 If the Scheme is not implemented we expect that, at least in the short-term, Programmed shares will trade at a significant discount to our valuation and the Total Cash Payment due to the difference between the value of Programmed shares on a portfolio basis and their value on a 100% controlling interest basis. In this regard we note that Programmed shares last traded at A\$1.80 per share on 13 July 2017 (being the last trading day prior to the announcement of the Scheme with PERSOL).
- 210 If the Scheme is not implemented those Programmed shareholders who wish to sell their Programmed shares are therefore likely, at least in the short-term, to realise a significantly lower price for their shares than will be payable under the Scheme.

Likelihood of an alternative offer

- 211 We have been advised by the Directors of Programmed that no formal alternative offers have been received subsequent to the announcement of the Scheme on 14 July 2017. We have been further advised that the Scheme reflects the outcome of negotiations between Programmed and PERSOL and that no formal sale process in respect of Programmed was undertaken prior to entering into the Agreement with PERSOL.
- 212 There has effectively been (and remains) therefore an opportunity for third parties contemplating an acquisition of Programmed to table a proposal before the Programmed Board. In this regard however Programmed shareholders should note the exclusivity obligations on Programmed pursuant to the Agreement, which are summarised in Section I above and discussed in further detail in the Scheme Booklet.

Summary of opinion on the Scheme

- 213 We summarise below the likely advantages and disadvantages for Programmed shareholders if the Scheme proceeds.

Advantages

- 214 The Scheme has the following benefits for Programmed shareholders:
- (a) the Total Cash Payment of A\$3.02 cash per share exceeds our assessed value range for Programmed shares on a 100% controlling interest basis. Thus, in our view, Programmed shareholders are being paid an appropriate price to compensate them for the fact that control of Programmed will pass to PERSOL if the Scheme is approved
 - (b) the Total Cash Payment represents a significant premium to the recent market prices of Programmed shares prior to the announcement of the Scheme on 14 July 2017
 - (c) furthermore, the Total Cash Payment implies an acquisition (takeover) premium which significantly exceeds the average premiums paid in successful takeovers generally
 - (d) the Special Dividend may give rise to additional consideration to those Australian resident shareholders able to benefit from the related franking credits attaching to the Special Dividend
 - (e) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Programmed shares is likely to trade at a significant discount to our valuation and the Total Cash Payment due to the portfolio nature of individual shareholdings.

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Disadvantages

- 215 Programmed shareholders should note that if the Scheme is implemented they will no longer hold an interest in Programmed. Programmed shareholders will therefore not participate in any future value created by the Company over and above that reflected in the Total Cash Payment.
- 216 However, as our assessed value of Programmed shares is less than the Total Cash Payment, in our opinion, the present value of Programmed's future potential (in the absence of the Scheme) is fully reflected in the Total Cash Payment.

Conclusion

- 217 Given the above analysis, we consider that the advantages of the Scheme significantly outweigh the disadvantages. Consequently, in our view, the acquisition of Programmed shares by PERSOL under the Scheme is fair and reasonable and in the best interest of Programmed shareholders in the absence of a superior proposal.

Appendix A

Financial Services Guide

Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

- 3 The *Corporations Act 2001 (Cth)* (Corporations Act) authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Scheme Booklet to be sent to Programmed shareholders in connection with the Scheme.
- 4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

- 5 Our Australian Financial Services Licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

- 6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.
- 7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

- 8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at A\$130,000 plus GST.
- 9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.

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- 10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.
- 11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

- 12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.
- 13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Services Limited (FOS), an external complaints resolution service. You will not be charged for using the FOS service.

Contact details

- 14 LEA can be contacted by sending a letter to the following address:
- Level 7
64 Castlereagh Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

Appendix B

Qualifications, declarations and consents

Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.
- 2 This report was prepared by Mr Craig Edwards and Mr Martin Holt, who are each authorised representatives of LEA. Mr Edwards and Mr Holt have over 23 years and 31 years of experience respectively in the provision of valuation advice (and related advisory services).

Declarations

- 3 This report has been prepared at the request of the Directors of Programmed to accompany the Scheme Booklet to be sent to Programmed shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Scheme is fair and reasonable and in the best interests of Programmed shareholders.

Interests

- 4 At the date of this report, neither LEA, Mr Edwards nor Mr Holt have any interest in the outcome of the Scheme. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 5 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.

Indemnification

- 6 As a condition of LEA's agreement to prepare this report, Programmed agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Programmed which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

- 7 LEA consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet.

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Appendix C

Listed company multiples – asset maintenance

- 1 A summary of the implied EBITDA, EBITA and PE multiples for listed companies operating in the asset maintenance sector are set out below, with a brief description of their business activities following:

Listed company trading multiples ⁽¹⁾																	
	Latest full year results	Enterprise value ⁽²⁾ A\$m	EBITDA multiples			EBITDA multiples			EBITDA multiples			PE multiples			Forecast growth ⁽⁴⁾		
			FY17 ⁽³⁾	FY18	FY19	FY17 ⁽³⁾	FY18	FY19	FY17 ⁽³⁾	FY18	FY19	FY17 ⁽³⁾	FY18	FY19	EBITDA %	EBITDA %	EBITDA %
Programmed	31 Mar 17	664	6.9	6.7	6.5	8.6	7.8	7.6	11.1	10.3	9.7	3.0	3.0	6.5			
Australian & NZ companies																	
Downer EDI	30 Jun 16	3,762	7.6	6.2	5.9	12.2	9.9	8.7	18.4	16.0	14.9	13.3		18.2			
Monadelphous Group	30 Jun 16	1,190	11.9	12.6	12.6	14.5	15.1	14.8	24.3	25.4	25.5	(2.7)		(0.9)			
Cardno	30 Jun 16	595	13.5	11.3	10.0	21.7	16.7	13.4	32.4	23.2	19.8	16.0		27.3			
RCR Tomlinson	30 Jun 16	583	9.7	7.5	6.7	14.2	9.5	8.3	17.9	12.7	11.1	19.8		30.9			
Opus International Consultants	31 Dec 16	166	5.3	4.9	4.9	7.2	6.6	6.5	8.9	8.2	7.8	3.6		5.2			
Millennium Services Group	30 Jun 16	86	5.1	4.2	3.8	7.2	5.9	5.2	8.0	6.5	5.8	16.3		17.0			
Southern Cross Electrical Eng.	30 Jun 16	71	12.4	3.9	na	nm	5.0	na	nm	10.1	na	na		na			
International companies																	
Compass Group	30 Sep 16	47,340	13.2	12.6	11.8	16.5	15.7	14.8	22.2	20.6	19.3	5.6		5.6			
Sodexo	31 Aug 16	25,631	10.8	10.1	9.6	12.9	12.0	11.2	19.4	18.1	16.9	6.0		7.2			
ISS	31 Dec 16	12,049	11.2	10.6	10.2	12.9	12.2	11.5	16.0	15.0	14.1	5.0		5.8			
ABM Industries	31 Oct 16	3,506	11.2	9.1	9.7	13.3	12.1	na	22.6	20.4	18.4	7.5		na			
Mitie Group	31 Mar 17	2,035	nm	10.5	9.5	nm	12.5	11.4	nm	15.8	14.0	na		na			
Serco Group	31 Dec 16	2,029	10.0	9.5	7.9	21.2	14.7	11.3	41.6	32.1	20.4	12.5		37.3			
Mears Group	31 Dec 16	835	9.5	8.4	7.6	11.1	9.8	8.4	14.0	12.2	11.0	11.6		14.5			
GDI Integrated Facility Services	31 Dec 16	467	8.9	7.7	na	12.8	10.8	na	21.4	15.5	na	na		na			

Note:

- EV and earnings multiples calculated as at 20 July 2017 except for Programmed which is calculated as at 13 July 2017, being the day prior to the announcement of the Scheme.
 - EV includes net debt (interest bearing liabilities less non-restricted cash), preference shares, convertible notes, net pension liabilities, net derivative liabilities, market capitalisation adjusted for material option dilution and buybacks and excludes surplus assets.
 - Earnings are based on Bloomberg broker average forecasts (excluding outliers and outdated forecasts) with the exception of Programmed and Mitie Group, which are based on actual historical earnings for the year ended 31 March 2017.
 - CAGR over the two years to FY19.
 - Excluding the acquisition of Spotless.
- na – not available. nm – not meaningful.

Source: Bloomberg, latest full year statutory accounts, latest interim accounts, company announcements and LEA analysis.

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Australian and NZ companies

Downer EDI Limited

- 2 Downer EDI provides engineering and infrastructure management services to customers in the minerals and metals, oil and gas, power, rail and transport, telecommunications, water and property industries. Its operations are primarily focused in Australia and NZ and extend to Asia Pacific, South America and South Africa. Downer EDI also provides contract mining services and asset management solutions.
- 3 On 21 March 2017, Downer EDI announced that it had acquired an economic interest of 19.9% of Spotless and was making a takeover offer for the remaining shares in Spotless it did not already own. Initially Spotless Directors advised shareholders to reject the offer, however by 18 July 2017, after Downer EDI had acquired 67.3% of the Spotless shares on issue and had effectively gained control, Spotless Directors advised shareholders to accept the offer⁵⁵. As of 31 July 2017, Downer EDI held 80.8% of the shares in Spotless.
- 4 Spotless is an integrated facilities management solutions provider that operates predominately in Australia and NZ. It offers strategic asset management, gardening, maintenance, mechanical, security, pest control, cleaning, energy and environmental services. Additionally, the company offers garment manufacturing, laundry and linen, engineering, catering and refrigeration services.

Monadelphous Group Limited

- 5 Monadelphous Group is an Australian based engineering construction company. The company services a broad range of industries with core markets in the resources industry and a particular focus on iron ore, coal and mineral processing. Its services cover engineering and construction, maintenance, industrial and infrastructure. The company operates primarily in Australia but also has operations in NZ and Papua New Guinea.

Cardno Limited

- 6 Cardno is a professional infrastructure and environmental services company with specialist expertise in the development and improvement of physical, environmental and social infrastructure for communities around the world. Cardno's professional personnel plan, design, manage and deliver sustainable projects and community programs. The company conducts its businesses globally, operating under two divisions, being the Americas and Asia Pacific.

RCR Tomlinson Limited

- 7 RCR is a multi-disciplinary engineering company with operations spanning over 120 locations across Australia, NZ and Asia. The group operates under three divisions. RCR Infrastructure provides end-to-end engineering and construction services for electrical distribution, instrumentation and control systems for the resource and infrastructure sectors. RCR Energy is a provider of turnkey solutions for utility, power and industrial energy

⁵⁵ Due primarily to the risks associated with remaining a minority shareholder in Spotless.

Annexure E. Independent Expert's Report continued

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projects. RCR Resources provides structural, construction and maintenance support services to the resources and oil and gas industries.

Opus International Consultants Limited

- 8 Opus International Consultants is a multi-disciplinary infrastructure consultancy business that offers asset development and management services at all stages of the construction lifecycle. The company's primary sectors include the transportation, environmental, energy, resources and telecommunications industries. It has 40 offices in NZ, which accounts for 1,700 of the company's 3,000 staff, with other offices in Australia, the United Kingdom, Canada and the United States of America.

Millennium Services Group Limited

- 9 Millennium Services Group is a cleaning, security and integrated services provider that offers incident reporting, security patrolling, concierge services, pest control and building and landscape maintenance services. The company primarily provides its services to retail shopping centres, commercial properties, government buildings, educational facilities, shopping centres, tenanted office spaces and car parks.

Southern Cross Electrical Engineering Limited

- 10 Southern Cross Electrical Engineering is focused on providing large scale specialised electrical, control and instrumentation installation and testing services for the mining, oil and gas, infrastructure and heavy industrial sectors. Its extended range of services cover infrastructure, construction, services and communications. The company has operations in Australia, South America and the Caribbean.

International companies

Compass Group Plc

- 11 Compass Group provides outsourced food and support services in over 50 countries across a range of sectors, with its primary markets North America and Europe. The majority of revenues (84%) are sourced from the food services industry and are provided to restaurants, formal client dining, deli and cafe outlets. The company's other services include cleaning, building operations, maintenance, business, office, logistics, transport, project management and security services.

Sodexo SA

- 12 Sodexo develops, manages and delivers quality of life services including onsite and home services, primarily in North America, Europe and the United Kingdom. The company offers construction management, reception, medical equipment sterilisation, housekeeping, technical maintenance, event organisation, food and prisoner rehabilitation services. It operates in 80 countries and services corporate, remote site, defence, justice, sports and leisure, healthcare, senior and education customers.

ISS A/S

- 13 ISS offers facilities management, building maintenance, cleaning, catering, property, security, labour supply, environmental and energy management services. The company is headquartered in Denmark and operates in more than 50 countries across Europe, Asia, North

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America, Latin America and the Asia Pacific. Its services cover the business services, IT, industrial, manufacturing, public administration and healthcare sectors.

ABM Industries, Inc.

- 14 ABM Industries provides facilities management solutions including cleaning, electrical, energy, engineering, landscaping and parking services, primarily in the United States of America. The company operates through five segments, being Janitorial, Facility Services, Parking, Building & Energy Solutions and Other. It primarily services commercial buildings, offices, data centres, educational institutions, government buildings, retail stores, sporting event facilities, industrial buildings, airports, hospitals and manufacturing plants.

Mitie Group Plc

- 15 Mitie Group is the United Kingdom's leading provider of outsourced facilities management services. The company provides cleaning, security, catering, engineering property management, painting and building maintenance services. It serves the government, education, finance and professional, healthcare, legal, leisure, manufacturing, media, retail, social housing, technology and communications, transport and utilities sectors.

Serco Group Plc

- 16 Serco Group is one of the world's leading providers of services to governments. It operates in the Asia Pacific, the Middle East, Europe, the United Kingdom and North America, providing defence, health, justice and immigration, transport and citizen services for governments and other institutions. Additionally, the company offers hospital facilities management, professional, environmental, leisure, office and IT services.

Mears Group Plc

- 17 Mears Group provides outsourced housing and care services to the public and private sectors in the United Kingdom. It offers rapid response and planned maintenance services to local authorities and social housing, which includes the repair and maintenance of over 1 million homes across the UK. Its services include responsive repairs, gas and voids services, maintenance, repairs, capital works, cleaning, grounds maintenance and energy investment solutions.

GDI Integrated Facility Services, Inc.

- 18 GDI Integrated Facility Services is a janitorial services provider. The company's Janitorial Canada and Janitorial United States of America segments provide commercial cleaning services. Its Technical Services segment offers mechanical and electrical system repair and servicing for buildings across Canada. Its Complementary Services segment consists of business units that provide janitorial and sanitation product manufacturing and distribution, as well as damage restoration services.

Annexure E. Independent Expert's Report continued



Appendix D

Listed company multiples – staffing

- 1 A summary of the implied EBITDA, EBITA and PE multiples for listed companies operating in the staffing sector are set out below, with a brief description of their business activities following:

Listed company trading multiples ⁽¹⁾														
	Latest full year results	Enterprise value ⁽²⁾ A\$m	EBITDA multiples				EBITA multiples				PE multiples			
			FY17 ⁽³⁾	FY18	FY19	FY17 ⁽³⁾	FY18	FY19	FY17 ⁽³⁾	FY18	FY19	FY17 ⁽³⁾	FY18	FY19
			x	x	x	x	x	x	x	x	x	x	x	x
Programmed	31 Mar 17	664	6.9	6.7	6.5	8.6	7.8	7.6	11.1	10.3	9.7	3.0	3.0	6.5
Australian & NZ companies														
AWF Madison Group	31 Mar 17	117	9.4	na	na	10.4	na	na	13.3	na	na	na	na	na
International companies (over AS\$2 billion EV)														
Recruit Holdings Company	31 Mar 17	35,329	13.6	12.0	10.6	17.4	14.8	13.4	25.1	24.6	22.9	13.2	13.2	14.0
Adecco Group	31 Dec 16	15,975	9.3	9.0	8.7	10.0	9.7	9.5	14.6	14.1	13.6	3.8	3.8	2.7
Randstad Holding	31 Dec 16	14,822	9.0	8.3	8.1	9.5	8.9	8.4	12.0	11.3	10.7	5.4	5.4	6.2
ManpowerGroup	31 Dec 16	10,445	9.8	9.0	8.9	10.4	9.4	9.3	17.6	16.1	14.8	5.3	5.3	5.8
PERSOL	31 Mar 17	5,375	11.0	10.2	8.9	12.1	11.1	9.7	26.0	22.1	19.0	11.0	11.0	11.6
Hays	30 Jun 16	3,943	10.4	9.8	9.1	11.5	10.9	10.1	17.7	16.0	14.5	7.1	7.1	6.8
International companies (under AS\$2 billion EV)														
TrueBlue	31 Dec 16	1,543	9.2	8.4	na	10.8	9.7	na	15.0	13.6	na	na	na	na
Groupe CRIT	31 Dec 16	1,437	6.8	6.4	6.2	7.6	7.3	7.0	10.9	12.1	11.5	4.8	4.8	4.2
Synergie	31 Dec 16	1,396	7.4	6.8	6.8	8.2	7.7	7.7	12.2	13.0	12.7	4.3	4.3	3.4
Impellam Group	31 Dec 16	729	6.3	6.0	na	7.6	6.9	na	7.4	6.7	na	na	na	na
Staffline Group	31 Dec 16	635	8.8	8.5	8.4	9.8	9.5	9.4	10.9	10.4	10.1	2.3	2.3	2.2
BG Staffing	31 Dec 16	227	7.1	6.1	na	7.7	6.7	na	16.6	13.7	na	na	na	na

Note:

- EV and earnings multiples calculated as at 20 July 2017 except for Programmed which is calculated as at 13 July 2017, being the day prior to the announcement of the Scheme.
- EV includes net debt (interest bearing liabilities less non-restricted cash), preference shares, convertible notes, net pension liabilities, net derivative liabilities, net pension liabilities, market capitalisation adjusted for material option dilution and buybacks and excludes surplus assets.
- Earnings are based on Bloomberg broker average forecasts (excluding outliers and outdated forecasts) with the exception of Programmed, AWF Madison Group, Recruit Holdings and PERSOL, which are based on actual historical earnings for the year ended 31 March 2017.
- CAGR over the two years to FY19.

na – not available.

Source: Bloomberg, latest full year statutory accounts, latest interim accounts, company announcements and IEA analysis.

Appendix E

Australian and NZ companies

AWF Madison Group Limited

- 2 The AWF Madison group is comprised of the AWF and Madison businesses. AWF provides semi-skilled and skilled workers to the construction, infrastructure, transport, logistics, manufacturing and mining sectors, whilst Madison provides temporary and permanent recruitment solutions. In addition, the group provides specialist recruitment services to the information and communications technology sector under the Absolute IT brand. The group is headquartered in NZ and operates a network of 39 branches.

International companies

Recruit Holdings Company Limited

- 3 Recruit is an HR media and staffing company that is organised into three operating segments. Its HR Technology segment provides online recruitment services globally via its Indeed.com website. The Media and Solutions segment provides media services and other related HR solutions. The Staffing segment provides temporary staffing services under a range of brands including "PeopleBank" and "Chandler Macleod". Recruit is headquartered in Japan, has approximately 30,000 permanent employees and operates from nearly 900 locations in 20 countries and markets.

Adecco Group AG

- 4 Adecco Group is a Swiss company engaged in the provision of staffing services and related HR solutions. Its activities are primarily focused on general staffing services where it provides blue-collar workers to clients in the industrial sectors and clerical staff in office-based employment on a temporary or permanent basis. In addition, the company recruits professional staff in the areas of IT, engineering, finance, legal, healthcare and science and provides career transition, talent development and business process outsourcing services.

Randstad Holding NV

- 5 Randstad Holding is a global HR company that provides temporary staffing and permanent placement services. It recruits blue-collar and white-collar candidates, as well as professionals in the areas of engineering, IT, finance, healthcare and other disciplines. The company also provides a range of other HR solutions including recruitment process outsourcing, managed services programs, payroll services and outplacement. Randstad has a network of some 4,750 branches in 39 countries and is headquartered in the Netherlands.

ManpowerGroup, Inc.

- 6 ManpowerGroup is a global provider of workforce solutions to clients across all major industry segments. Its services include contingent staffing, permanent recruitment services, professional resourcing, talent management and development, career management, training services and other outsourcing services. The company is headquartered in the United States and operates a network of approximately 2,800 offices in 80 countries.

Annexure E. Independent Expert's Report continued

LONERGAN EDWARDS
& ASSOCIATES LIMITED

Appendix E

PERSOL HOLDINGS CO., LTD

- 7 PERSOL is one of the largest staffing companies in Japan, with 32,000 employees and operations throughout Asia Pacific. The group provides a range of services including temporary staffing, permanent placements, recruitment, engineering and IT outsourcing. PERSOL is listed on the Tokyo Stock Exchange with a market capitalisation of around A\$5.7 billion⁵⁶.

Hays Plc

- 8 Hays is a United Kingdom-based company engaged in the provision of recruitment and HR services across 33 countries. It specialises in training and the provision of recruitment staff for temporary, contractor or permanent roles. It serves clients in the private and public sectors and operates across 20 different areas of specialisation, the largest of which are IT (20% of FY16 net fees), accounting and finance (15%), construction and property (15%), engineering (8%) and office support (8%).

TrueBlue, Inc.

- 9 TrueBlue provides specialised workforce solutions under a range of brands. It primarily provides blue-collar, contingent on-demand and skilled labour to a broad range of industries including retail, manufacturing, warehousing, logistics, energy construction and hospitality. In addition, the company provides outsourced managed services and recruitment process outsourcing services. The company operates in the United States, Canada and Puerto Rico.

Groupe CRIT

- 10 Groupe CRIT is a France-based HR company specialising in temporary employment and recruitment. It operates a network of 528 agencies across France, Germany, Switzerland the United States, Morocco and Tunisia that serves around 30,000 corporate clients. In addition, the company has a large presence in the airport services sector in France where it provides passenger and aircraft assistance, traffic control and cargo services.

Synergie SA

- 11 Synergie is an HR management company based in France with a network of approximately 640 agencies in 14 countries across Europe, Canada and Australia. Synergie provides temporary employment, outplacement, recruitment, training and advisory services to clients in multiple industries. The company's core business is temporary staffing and training, with other areas of focus including professional placement and medical staffing.

Impellam Group Plc

- 12 Impellam Group is a United Kingdom-based company that provides staffing solutions and outsourced managed services to commercial and government clients. Its Specialist Staffing business provides recruitment services and skilled workers for permanent, temporary or contract work, whilst its Managed Services business provides multi-disciplinary recruitment and supply management services. The company operates from 182 locations in the United Kingdom, Europe, the Middle East, the United States and Asia Pacific.

⁵⁶ At the date of announcement of the Scheme.

Appendix E

Staffline Group Plc

- 13 Staffline Group is engaged in the provision of managed workforces to the logistics, e-retail, manufacturing, transport, agriculture, food processing and support services sectors. It provides up to 51,000 workers per day to clients predominantly in the United Kingdom as well as Ireland and Poland. In addition, the company provides a range of outsourcing services to government departments under the “PeoplePlus” brand including training, community and employability support services.

BG Staffing, Inc.

- 14 BG Staffing is a United States-based company that provides temporary staffing services. The company’s operations are organised into three operating segments. The Multifamily segment provides front office and maintenance personnel to the multifamily housing sector. The Professional segment provides skilled IT professionals with expertise in computer systems and project management to corporate clients and consulting firms. The Commercial segment provides temporary workers to the manufacturing, distribution and logistics sectors.

Annexure E. Independent Expert's Report continued

LONERGAN EDWARDS
& ASSOCIATES LIMITED

Appendix E

Transaction multiples

Transaction multiples							
Date ⁽¹⁾	Target	Acquirer	EV ⁽²⁾ A\$m	EBITDA multiple		EBITA multiple	
				Historic x	Forecast x	Historic x	Forecast x
Asset maintenance businesses							
Mar 17	Spotless	Downer EDI ⁽³⁾	2,124	7.8	7.6 ⁽⁴⁾	12.9	12.5 ⁽⁴⁾
Oct 16	UGL	CIMIC Group	736	8.1	6.3	10.9	8.0
Dec 15	Broadspectrum	Ferrovial Services	1,166	4.4	4.2 ⁽⁵⁾	6.5	6.3 ⁽⁵⁾
Dec 14	Leighton Services Businesses	Apollo Global Management ⁽⁶⁾	1,075	na	na	6.0	na
Oct 14	Tenix	Downer EDI	304	8.4	8.4	10.3	10.3
Jun 14	DTZ	Consortium	1,215	8.2	na	9.8	na
Jul 13	Clough	Murray & Roberts	753	7.8	7.5	8.3	7.9
Apr 12	Spotless	Pacific Equity Partners	1,040	6.3	6.2	11.3	11.6
Staffing solutions businesses							
Apr 16	Beddison Group	Outsourcing	46	na	na	8.5	na
Jun 15	SKILLED Group	Programmed	569 ⁽⁷⁾	5.6	6.6	6.6	7.7
Jan 15	Chandler MacLeod	Recruit Holdings	395	9.9	9.0	13.3	11.8
Jan 15	Peoplebank Holdings	Recruit Holdings	98	6.9	na	7.2	na
May 12	Talent2 International	MBI and Allegis Group	141	6.9	6.1	9.2	7.8

Note:

- 1 Date of announcement.
- 2 Enterprise value on a 100% basis.
- 3 As at 31 July 2017 Downer EDI had received acceptances entitling them to a 80.8% interest in Spotless.
- 4 Based on consensus forecasts for FY18 (which the Directors of Spotless noted in the Target Statement were below Spotless' own forecasts). Whilst Spotless did not provide their forecasts for FY18 at the EBITDA or EBITA level in the Target Statement, the Directors comments implied that the FY18 earnings multiples for Spotless would be lower than shown above if Spotless' own earnings forecasts were used.
- 5 Based on future maintainable earnings as assessed by the independent expert.
- 6 Leighton Holdings (now CIMIC) and funds managed by Apollo Global Management LLC entered into a 50%:50% investment partnership comprising the merged operations and maintenance services business of Thiess Services and Leighton Contractor Services.
- 7 Based on the closing price of Programmed shares on 24 May 2015, being the last trading day prior to the announcement that Programmed and SKILLED had entered into discussions regarding a potential combination of the two businesses.

Source: LEA analysis using data from ASX announcements, broker reports and company annual reports.

Appendix F

Glossary

Term	Meaning
Act	<i>Foreign Acquisitions and Takeovers Act 1975 (Cth)</i>
AGM	Annual General Meeting
Agreement	Scheme Implementation deed between Programmed and PERSOL entered into on 14 July 2017
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
Atlas	Atlas Professionals
ATO	Australian Taxation Office
BidCo	Autalent Solutions Pty Ltd, a wholly owned subsidiary of PERSOL
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Corporations Regulations	<i>Corporations Regulations 2001</i>
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation of acquired intangibles
EBITDA	Earnings before interest, tax depreciation and amortisation
EV	Enterprise value
FOS	Financial Ombudsman Services Limited
FSG	Financial Services Guide
FY	Financial year ended 31 March
HR	Human resources
IER	Independent expert's report
Integrated	Integrated Group Limited
IT	Information technology
LEA	Lonerган Edwards & Associates Limited
NPV	Net present value
NZ	New Zealand
PE	Price earnings
PERSOL	PERSOL HOLDINGS CO., LTD
Programmed or Company	Programmed Maintenance Services Limited
RG 111	Regulatory Guide 111 – <i>Content of expert reports</i>
Scheme	Scheme of arrangement under which PERSOL proposes to acquire 100% of the issued shares in Programmed
Scheme Consideration	A\$2.86 per Programmed share
SKILLED	SKILLED Group Limited
Special Dividend	A\$0.16 per Programmed share
Spotless	Spotless Group Holdings Limited
Total Cash Payment	Programmed shareholders will receive an aggregate amount of A\$3.02 cash for each Programmed share comprised of the Scheme Consideration and Special Dividend
VWAP	Volume weighted average price
WANOS	Weighted average number of shares outstanding
WIP	Work-in-progress

Corporate Directory

Directors

Bruce Brook, Chairman
Christopher Sutherland, Managing Director
Emma Stein, Non-Executive Director
Robert McKinnon, Non-Executive Director
James Walker, Non-Executive Director
Lisa Paul, Non-Executive Director

Company Secretary

Stephen Leach
Katina Nadebaum

Registered Office

47 Burswood Road
Burswood WA 6100

ASX Code:

PRG

Website

www.programmed.com.au

Programmed Shareholder Information Line

1300 642 192 (within Australia)
+61 3 9415 4137 (outside Australia)

The Programmed Shareholder Information Line is open on
Business Days between 8.30 am and 5.30 pm (Sydney time).

Financial Advisers

Macquarie Capital (Australia) Limited
50 Martin Place
Sydney NSW 2000
Australia

Legal Advisers

Ashurst
Level 10
123 St Georges Terrace
Perth WA 6000

Independent Expert

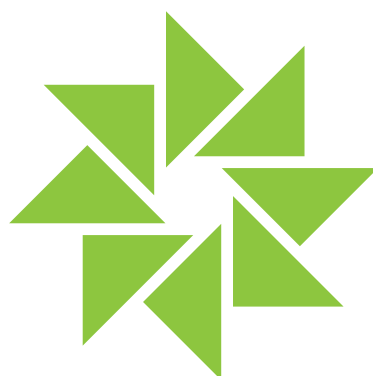
Loneragan Edwards & Associates Limited

Share Registry

Computershare Investor Services Pty Limited

Auditors

Deloitte Touche Tohmatsu



PROGRAMMED

