

NOTICE OF ANNUAL GENERAL MEETING 2018



millennium
SERVICES GROUP LTD

ABN: 11 607 926 787

NOTICE OF ANNUAL GENERAL MEETING 2018

Notice is given that the 2018 Annual General Meeting ('AGM') of Millennium Services Group Limited ('MIL' or the 'Company') will be held at the IBIS Melbourne, Glen Waverley, Mulgrave/Warrigul Room, 297 Springvale Road, Glen Waverley Victoria 3150 on Tuesday, 27 November 2018 at 10:00 am (Melbourne time).

The Explanatory Notes to Shareholders that accompany and form part of this Notice of Meeting describe the matters to be considered at the Annual General Meeting.

ORDINARY BUSINESS

1. Consolidated Financial Statements, Directors' Report and Auditor's Report

To receive and consider the consolidated financial statements, directors' report and auditor's report for the period ended 30 June 2018.

Note: this item of business does not require Shareholders to vote on a resolution to adopt the received reports.

2. Election of Director

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

'That Roger Smeed, a Director appointed by the Board prior to this Annual General Meeting who retires in accordance with Rule 61 of the Company's Constitution, being eligible and offering himself for election, is elected as a Director.'

Note: Details of the person seeking election are set out in the Explanatory Notes to this Notice of Meeting.

3. Election of Director

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

'That Royce Galea, a Director appointed by the Board prior to this Annual General Meeting who retires in accordance with Rule 61 of the Company's Constitution, being eligible and offering himself for election, is elected as a Director.'

Note: Details of the person seeking election are set out in the Explanatory Notes to this Notice of Meeting.

4. Election of Director

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

'That Neil Cathie, a Director appointed by the Board prior to this Annual General Meeting who retires in accordance with Rule 61 of the Company's Constitution, being eligible and offering himself for election, is elected as a Director.'

Note: Details of the person seeking election are set out in the Explanatory Notes to this Notice of Meeting.

5. Adoption of Remuneration Report

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

'That, for the purposes of section 250R(2) of the Corporations Act, the Company's Remuneration Report for the period ended 30 June 2018 is adopted.'

Note: The Remuneration Report is set out on pages 11 to 20 of the Annual Report.

6. Approval of Additional 10% Placement Capacity

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

'That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.'

By order of the Board
Jo-Anne Dal Santo
Company Secretary
18 October 2018

INFORMATION FOR SHAREHOLDERS

Voting Entitlement

The Board has determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that a shareholder's voting entitlement at the AGM will be taken to be the entitlement of that person shown in the register of members as at 10am (Melbourne time) on Sunday, 25 November 2018.

Voting exclusion statement applicable to resolution 5:

No vote may be cast on resolution 5 by or on behalf of any of the Company's key management personnel ('KMP') whose remuneration details are included in the Remuneration Report, or their closely related parties.

Further, no vote may be cast on resolution 5 by any of the Company's KMP (at the date of the meeting), or their closely related parties, who is appointed as a proxy. However, these restrictions will not apply where a vote is cast by:

- a person (identified above) as a proxy for a person who is entitled to vote, provided the vote is cast in accordance with a direction on the proxy form; or
- The Chairman of the meeting (who may be a KMP) as a proxy for a person who is entitled to vote, and the proxy appointment expressly authorises the Chairman to exercise the undirected proxies as the Chairman decides (even if the resolution is connected, directly or indirectly, with the remuneration of a KMP).

Voting exclusion statement applicable to resolution 6:

The Company will disregard any votes cast in favour for Resolution 6 by a person who may participate in the 10% Placement Capacity and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if the Resolution is passed, and any person associated with those persons. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Important note: The proposed allottees of any Equity Securities under the 10% Placement Capacity are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as in the case in respect of any Equity Securities issued under the 10% Placement Capacity the subject of this Resolution 6), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

IMPORTANT: If you appoint the Chairman of the meeting as your proxy

If you appoint the Chairman of the AGM as your proxy or the Chairman is appointed by default and you do not direct your proxy how to vote on resolution 6, you will be expressly authorising the Chairman of the AGM to exercise your proxy. The Chairman intends to vote undirected proxies in favour of resolution 6.

Voting by proxy

A shareholder, who is entitled to attend and vote at the AGM of the Company on 27 November 2018, may appoint a proxy to attend and vote for the shareholder at the meeting. A proxy need not be a shareholder of the Company and may be an individual or a body corporate.

If a shareholder is entitled to cast two or more votes, they may appoint up to two proxies and may specify the percentage or number of votes each proxy is appointed to exercise. If you require an additional proxy form, please contact Computershare on 1 300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia). If a shareholder does not specify the percentage or number of votes each proxy may exercise, then each proxy may exercise half the shareholder's votes. Fractions of votes will be disregarded.

If a shareholder wishes to appoint an individual or body corporate as a proxy, please complete and return the proxy form distributed with this Notice of Meeting. For an appointment of a proxy to be effective, the Company must receive the proxy form, duly completed and signed,

INFORMATION FOR SHAREHOLDERS (continued)

by no later than 10:00am (Melbourne time) on Sunday, 26 November 2018 and if signed by the shareholder's attorney, the authority under which the proxy form is signed or a certified copy of the authority.

A shareholder may lodge a proxy form with the Company by doing one of the following:

- online by going to: www.investorvote.com.au or by scanning the QR Code, found on the enclosed Proxy Form, with your mobile device;
- faxing it to: 1800 783 447 (within Australia) or +61 3 9473 2555 (outside of Australia);
- posting it by using the reply paid envelope to: Computershare Investor Services Pty Limited, GPO Box 242 Melbourne Victoria 3001 Australia; or
- delivering it to: Computershare Investor Services Pty Limited, Yarra Falls 452 Johnston Street Abbotsford Victoria 3067 Australia.

A proxy may decide whether to vote on any motion, except where the proxy is required by law or the constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not entitled to vote on an item of business, the proxy may vote as he or she thinks fit. If a shareholder appoints the chairperson of the meeting as the shareholder's proxy and does not specify how the chairperson is to vote on an item of business, the chairperson will vote, as proxy for that shareholder, in favour of that item on a poll.

Corporate representatives

A body corporate appointed as a proxy will need to appoint a representative to exercise the powers that body corporate may exercise as the member's proxy pursuant to section 250D of the Corporations Act. If a representative of a corporate member or proxy is to attend the meeting, a certificate of appointment of the representative must be produced prior to admission to the meeting.

The form of a certificate of appointment can be obtained from the Share Registry of the Company, Computershare Investor Services Pty Ltd by visiting www.investorcentre.com under the help tab, 'Printable Forms'.

Attendance at Annual General Meeting

If you are attending the Annual General Meeting in person, please bring with you the proxy form enclosed with this Notice of Meeting as the bar code at the top of the proxy form will facilitate registration.

Registration will be open from 9:00am (Melbourne time) on the day of the meeting.

INFORMATION FOR SHAREHOLDERS (continued)

Explanatory Notes to Shareholders

These Explanatory Notes have been prepared with a view to providing the shareholders of MIL with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of the Company to be held on 27 November 2018.

All shareholders should read this explanatory statement carefully and in its entirety. Shareholders who are in doubt regarding any part of the business of the Annual General Meeting should consult their financial or legal adviser for assistance.

Item 1 – Consolidated Financial Statements and Results

The Corporations Act 2001 (Cth) ('Corporations Act') requires the financial report (which includes financial statements, notes to the financial statements and directors' declaration), the directors' report and the auditor's report to be laid before the AGM.

There is no requirement either in the Corporations Act or the Constitution of the Company for shareholders to approve the financial report, the directors' report or the auditor's report. Shareholders will, however, be given a reasonable opportunity to ask questions and make comments on these reports, and on the operations and management of MIL.

Shareholders will have a reasonable opportunity at the AGM to ask questions about or make comments on the reports and on the business, operations and management of the Company.

By law, the Auditor (Moore Stephens) is required to attend the AGM. Prior to the AGM, Shareholders who are entitled to cast a vote at the AGM may forward written questions to the Auditor for response by the Auditor at the AGM if such questions are relevant to:

- the content of the Auditor's Report; or
- the conduct of the audit of the Financial Report.

All such written questions for the Auditor must be submitted to the Company by no later than **5:00pm on 19 November 2018** (pursuant to section 250PA of the Corporations Act).

The Company is required by section 250PA(3) of the Corporations Act to forward all such written questions to the Auditor, and the Auditor will prepare a list of questions

that the Auditor considers to be relevant to the content of the Auditor's Report and the conduct of the audit of the Financial Report. The Auditor may omit questions that are the same in substance as other questions and questions that are not received in a timely manner. At the AGM, the Chairman will give the Auditor a reasonable opportunity to answer the questions on the question list. At the AGM, the Auditor will be available to take Shareholders' questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation.

Item 2 – Election of Director Roger Smeed

Roger Smeed was appointed by the Board as an Executive Director on 27 September 2018 in accordance with Rule 61 of the Company's Constitution.

Mr Smeed has extensive experience at Board level, including with companies that specialise in large scale retail and commercial cleaning, security and facilities management.

Mr Smeed was previously Chair of Millennium Hi-Tech Group Pty Ltd, which merged into the listed Millennium Services Group company at the Initial Public Offering (IPO). He is an experienced director with both ASX listed and private companies. He is Chairman of a successful consultancy practice that provides corporate and commercial advice.

Mr Smeed is a Fellow of the Australian Institute of Company Directors (FAICD) and a Fellow of the Australian Institute of Management (FAIM). He has been a Justice of the Peace for over 25 years.

The Board recommends the election of Mr Smeed.

Item 3 – Election of Director Royce Galea

Royce Galea was appointed by the Board as an Executive Director on 27 September 2018 in accordance with Rule 61 of the Company's Constitution.

Mr Galea has over 30 years' experience in the cleaning industry, in particular major retail cleaning.

Mr Galea is Organisational Excellence Leader of Integrated Services for the Millennium Group, a role that is vital to the future success of MIL and, in particular,

INFORMATION FOR SHAREHOLDERS (continued)

its cleaning business. He is a major shareholder in the Company.

Mr Galea was the joint founder of Millennium Hi-Tech Group Pty Ltd, prior to it becoming part of the Millennium Services Group Limited IPO.

Established in 2003, Millennium Hi-Tech Group operated a highly successful and profitable business focussing on providing cleaning, security and facilities management services to major shopping centres, commercial and state and government buildings in NSW, the ACT and South Australia.

The Board recommends the election of Mr Galea.

Item 4 – Election of Director

Neil Cathie

Neil Cathie was appointed by the Board as an Executive Director on 16 October 2018 in accordance with Rule 61 of the Company's Constitution.

Mr Cathie is an experienced company director with extensive financial skills. He commenced his career in Chartered Accounting before joining Australia's largest plumbing and bathroom retailer, Reece Limited. During his 27 years at Reece, Mr Cathie held senior positions in finance and governance including Chief Financial Officer, Company Secretary and General Manager of Finance and IT.

Mr Cathie is currently Non-Executive Chairman of ASX-listed Coventry Group Ltd. He is a Fellow of CPA Australia (FCPA), a Graduate of the Australian Institute of Company Directors (GAICD), a Fellow of the Governance Institute of Australia (FGIA) and a director of and advisor to a number of private companies.

The Board recommends the election of Mr Cathie.

The Board confirms that no other current Director is required to stand for re-election at this AGM in order to comply with the requirements of Listing Rule 14.4 or MIL's Constitution.

Item 5 – Remuneration Report

Shareholders will be given the opportunity to comment on and ask questions about the Remuneration Report, which is included in MIL's Annual Report 2018.

The 2018 Remuneration Report highlights the remuneration policy and structure adopted by the Board and discloses the elements of remuneration of the non-executive Directors and those senior executives required to be disclosed for the period ended 30 June 2018.

The vote on this item is advisory only and will not bind the Directors of MIL. However, the Board will take into account the feedback from shareholders in relation to remuneration strategy, including the discussion and vote on this resolution, when considering the future remuneration arrangements of the Company.

'Two Strikes Rule'

The Board wishes to draw to the attention of shareholders that the results of the vote on this item may affect next year's AGM. Notwithstanding that, this resolution only requires a 50% majority of those voting to be passed, if 25% or more of the votes cast on this resolution are 'against', and if this is repeated at the next AGM, a resolution to spill the Board will be put to shareholders as required by the Corporations Act.

The Board recommends you vote in favour of this non-binding ordinary resolution.

Item 6 – Approval of Additional 10% Placement Capacity

ASX Listing Rule 7.1A enables an eligible entity to seek the approval of holders of its ordinary securities by special resolution at its annual general meeting to issue ordinary securities up to 10% of its issued capital through placements over a 12-month period after the date of the annual general meeting (10% Placement Capacity). The 10% Placement Capacity is in addition to the entity's 15% placement capacity without member approval under ASX Listing Rule 7.1.

An 'eligible entity' for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. As at the date of this Notice of Meeting, Millennium Services Group Limited is an eligible entity.

The Company has not previously obtained shareholder approval to make issues under ASX Listing Rule 7.1A, and therefore no shares have been previously issued under ASX Listing Rule 7.1A.

INFORMATION FOR SHAREHOLDERS (continued)

Formula for calculating 10% Placement Capacity:

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

- A** is the number of fully paid ordinary shares on issues 12 months before the date of the issue or agreement:
- 1) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
 - 2) plus the number of partly paid ordinary shares that became fully paid in the 12 months;
 - 3) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4;
 - 4) less the number of fully paid ordinary shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculation an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(i) **Minimum price:** The minimum price at which the Shares may be issued is 75% of the volume weighted average price of Shares, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- the date on which the price of the shares are to be issued is agreed; or
- if the shares are not issued within 5 ASX trading days of that date, the date on which the shares are issued.

(ii) **Risk of dilution:** Economic and voting dilution risk to existing shareholders may result from an issue of securities under the 10% Placement Capacity including the risk that:

- the market price for equity securities in that class may be significantly lower on the issue date than on the date of the approval under ASX Listing Rule 7.1A; and
- the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.

The table below illustrates the impact of dilution in various scenarios.

		DILUTION		
Number of shares on issue (variable 'A' in formula) *	Dilution variable	\$0.265 (50% decrease in market price)	\$0.53 (Market price on 12/10/18)	\$1.06 (100% increase in market price)
45,928,259 (Current)	Additional 10% shares issued	4,592,826	4,592,826	4,592,826
	Funds Raised	\$1,217,099	\$2,434,198	\$4,868,396
68,892,389 (50% increase)	Additional 10% shares issued	6,889,239	6,889,239	6,889,239
	Funds Raised	\$1,825,648	\$3,651,296	\$7,302,593
91,856,518 (100% increase)	Additional 10% shares issued	9,185,652	9,185,652	9,185,652
	Funds Raised	\$2,434,198	\$4,868,395	\$9,736,791

INFORMATION FOR SHAREHOLDERS (continued)

* The number of Shares on issue (variable 'A' in the formula) could increase as a result of the issue of Shares that does not require Shareholder approval (such as under a pro rata entitlement issue) or an issue of Shares with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

- The current number of shares on issue is the Shares on issue as at 12 October 2018.
- The current issue price is the closing price of the Shares on the ASX on 12 October 2018.
- The Company issues the maximum possible number of Shares under the 10% Placement Capacity.
- The table shows only the effect of issues of Shares under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1 or under an exception under ASX Listing Rule 7.2
- The calculations above do not show the dilution that anyone particular Shareholder will be subject to. All shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances.
- The table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

(iii) **Date of issue:** The Shares may be issued under the 10% Placement Capacity commencing on the date of this Meeting and expiring on the first to occur of the following:

- the date that is 12 months after the date of this Meeting; and
- the date of approval by Shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) or such longer period if allowed by the ASX.

(iv) **Purpose of issue under 10% Placement Capacity:** The Company may issue Shares under the 10% Placement Capacity for various purposes, including the following:

- to raise cash as consideration for the acquisition of or investment in additional assets (including associated expenses), continued expenditure on the Company's current assets and general working capital; and
- as non-cash consideration for the acquisition of new assets and investments, and in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

(vi) **Allocation under the 10% Placement Capacity:**

The allottees of the Shares to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of the Shares could consist of current Shareholders or new investors (or both). The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- the purpose of the issue;
- alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- the effect of the issue of the Shares on the control of the Company;
- the circumstances of the Company, including, but not limited to, the financial position of the Company;
- prevailing market conditions; and
- advice from corporate, financial and broking advisors (if applicable).

(vii) **Voting exclusion:** A voting exclusion statement applies to this Resolution 6 and is set out in the Notice of Meeting. At the date of this Notice of Meeting, the Company has not invited any existing Shareholder to participate in the issue of Shares under ASX Listing Rule 7.1A. Therefore, no existing Shareholder's vote will be excluded under the voting exclusion in the Notice of Meeting.

The Board recommends that Shareholders vote in favour of Resolution 6.