



20 May 2015

Dear Shareholder

SHARE BUY-BACK - TOTAL CONSIDERATION OF \$9.80

Recently, PAYCE Consolidated Limited (**PAYCE**) sent you an Offer Document which gives you the **opportunity to participate in a \$9.80 'buy-back' of up to 9,915,075 Shares in PAYCE (Buy-Back) which closes on 1 June 2015.**

The consideration for the Buy-Back by PAYCE of each Share will be a **total consideration of \$9.80** paid to you as follows:

- \$0.80 cash paid upon cancellation of each Share;
- \$0.80 cash paid 12 months after the cancellation of each Share;
- \$0.70 cash paid 18 months after the cancellation of each Share and
- one Preference Share issued at \$7.50.

The Preference Shares are fully paid preference shares to be issued by PAYCE. They will not be listed on the Australian Securities Exchange (ASX). Subject to the terms outlined in the Offer Document, cumulative Dividends at an initial dividend rate of 6% per annum, increasing 1% annually to a maximum of 12% per annum, are proposed to be paid quarterly on the Dividend Payment Dates, subject to such Dividends being declared at the discretion of PAYCE.

The tables below set out the indicative payment amounts at various levels of Share ownership

		Consideration payable at varying levels of Ordinary Shares held			
		1	100	400	1,000
1 st Cash Instalment	Jun-15	\$0.80	\$80.00	\$320.00	\$800.00
Preference Share Issued	Jun-15	\$7.50	\$750.00	\$3,000.00	\$7,500.00
2 nd Cash Instalment	Jun-16	\$0.80	\$80.00	\$320.00	\$800.00
3 rd Cash Instalment	Dec-16	\$0.70	\$70.00	\$280.00	\$700.00
		\$9.80	\$980.00	\$3,920.00	\$9,800.00
		Annual Distribution paid Quarterly at varying levels of Ordinary Shares held			
		1	100	400	1,000
Year 1		\$0.45	\$45.00	\$180.00	\$450.00
Year 2		\$0.53	\$52.50	\$210.00	\$525.00
Year 3		\$0.60	\$60.00	\$240.00	\$600.00
Year 4		\$0.68	\$67.50	\$270.00	\$675.00
Year 5		\$0.75	\$75.00	\$300.00	\$750.00
Year 6		\$0.83	\$82.50	\$330.00	\$825.00
Year 7 and thereafter		\$0.90	\$90.00	\$360.00	\$900.00

Information regarding the Buy-Back was contained in the Notice of Meeting issued on 2 April 2015, which also included an **Independent Expert's Report**. The Report provided Shareholders with an independent opinion regarding the fairness and reasonableness of the proposed Buy-Back and the value of the consideration being offered. It concluded that **the consideration for the Buy-Back is fair and reasonable**.

Given the historical illiquid nature of PAYCE Shares, PAYCE encourages you to decide whether or not to participate in this liquidity offer, which **closes on 1 June 2015**.

Event	Date
Offer closes	1 June 2015
Transfer to PAYCE and cancellation of Shares bought back	On or before 3 June 2015
Payment of \$0.80 cash and issue of Preference Share as consideration for the Buy-Back of each Share	On or before 3 June 2015
Despatch of holding statements for Preference Shares	On or before 3 June 2015
Payment of \$0.80 cash	3 June 2016
Payment of \$0.70 cash	3 December 2016

If you have any questions about the Offer, please call +617 3009 9887. You should also seek professional guidance from your qualified professional adviser before deciding whether to participate.

The Directors believe that the Buy-Back offer is in the best interests of PAYCE going forward.

PAYCE Consolidated Limited