PAYCE®

ASX ANNOUNCEMENT

7 March 2016

Notice of Circulating Resolution and Explanatory Memorandum regarding the proposed early redemption of the outstanding 9.5% Australian dollar notes

PAYCE Consolidated Limited ("**PAYCE**") [ASX:PAY] advises that it has issued the enclosed Notice of Circulating Resolution and Explanatory Memorandum in relation to the remaining outstanding 9.5% Australian dollar notes issued on 3 December 2013 ("**Notes**") to allow Noteholders to consider and vote on a Circulating Resolution to be put to Noteholders.

The purpose of the Circulating Resolution is to facilitate the early redemption by PAYCE of all Notes on the payment date of 31 March 2016.

The resolution is being put to Noteholders as PAYCE, as part of its current capital management strategy and having regard to its current cash flows, wishes to redeem all outstanding Notes.

On 4 November 2015, PAYCE advised the market of its intention to redeem the Notes by no later than the First Optional Redemption Date of 3 December 2016. PAYCE also advised of its intention to stand in the market and buy-back and cancel Notes. To date PAYCE has bought back and cancelled $37.97 million in principal amount of Notes, leaving $12.03 million in principal amount of Notes on issue.

To make the prospect of an early redemption of the Notes attractive to Noteholders, PAYCE proposes to redeem all outstanding Notes on the payment date of 31 March 2016 at a redemption price of 108.5% of the outstanding principal amount of each Note to be redeemed, which redemption price includes all accrued (but unpaid) interest to (but not including) 31 March 2016. Such amount represents a redemption price of 107.777% of the outstanding principal amount of each Note to be redeemed, plus accrued (but unpaid) interest to (but not including) 31 March 2016.

PAYCE will notify the market of the voting outcome of the Circulating Resolution and, if passed, notice of early redemption of the Notes.

ENDS
Brian Bailison
Company Secretary