

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

SMS Management & Technology Limited

ABN

49 009 558 865

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--------------------|
| 1 | +Class of +securities issued or to be issued | Performance Rights |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 987,498 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | As set out below |

+ See chapter 19 for defined terms.

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SMS (the **Company**) has implemented a 2016 Executive Performance Rights Plan (**Plan**). Under the Plan, the conversion of performance rights into shares in SMS is subject to certain performance criteria within a prescribed performance period, being the three years from 1 July 2016 to 30 June 2019 (**Performance Period**). The allocation of performance rights are equally split, with 50% based on a relative total shareholder return (**TSR**) performance hurdle and 50% based on a relative earnings per share (**EPS**) performance hurdle.

Relative TSR

Relative TSR is defined as the return to shareholders measured by the Company's share price change over the Performance Period plus reinvestment of dividends, expressed as a percentage of investment and adjusted for changes in the entity's capital structure, when ranked relative to Australian Small Industrials Accumulation Index (**XSI**), with the Performance Period defined in this case as being three years from 1 July 2016 to 30 June 2019.

If the Company's TSR over the Performance Period measured against the XSI is:

- below the 51st percentile, the Performance Criteria for those Performance Rights which are defined by reference to the TSR hurdle (**TSR Performance Rights**) will not have been met and no TSR Performance Rights will be converted to shares;
- equal to the 51st percentile, 50% of the TSR Performance Rights will be converted to shares;
- higher than the 51st percentile but below the 75th percentile, between 50% and 100% of the TSR Performance Rights, calculated on a linear basis, will be converted to shares; or
- at or above the 75th percentile, 100% of the TSR Performance Rights will be converted to shares.

Absolute EPS

Absolute EPS is defined as the average compound annual growth rate (**CAGR**) of statutory EPS of the Company over the Performance Period.

If the Company's EPS CAGR over the Performance Period is:

- below 5%, the Performance Criteria for those Performance Rights which are defined by reference to the EPS hurdle (**EPS Performance Rights**) will not have been met and no EPS Performance Rights will be converted to shares;
- equal to 5%, 50% of the EPS Performance Rights will be converted to shares;
- higher than 5% but below 12%, between 50% and 100% of the EPS Performance Rights, calculated on a linear basis, will be converted to shares; or
- at or above 12%, 100% of the EPS Performance Rights will be converted to shares.

Where an Executive becomes entitled to shares under the Plan, the Company may issue out of unissued capital an equivalent number of fully paid ordinary shares in the Company at its own expense or, in the alternative, the Company may elect to purchase the equivalent number of shares on market at its own expense or pay cash in the amount equivalent to the market value of the ordinary shares as at the vesting date.

+ See chapter 19 for defined terms.

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	N/A
5	Issue price or consideration	NIL
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issued as a long-term incentive for executive employees
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	No
6b	The date the security holder resolution under rule 7.1A was passed	
6c	Number of +securities issued without security holder approval under rule 7.1	
6d	Number of +securities issued with security holder approval under rule 7.1A	

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6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)					
6f	Number of +securities issued under an exception in rule 7.2					
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.					
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements					
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements					
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	13 December 2016				
8	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="726 1444 1045 1489">Number</th> <th data-bbox="1045 1444 1361 1489">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="726 1489 1045 1639">68,536,340</td> <td data-bbox="1045 1489 1361 1639">Fully paid ordinary shares (ASX Code:SMX)</td> </tr> </tbody> </table>	Number	+Class	68,536,340	Fully paid ordinary shares (ASX Code:SMX)
Number	+Class					
68,536,340	Fully paid ordinary shares (ASX Code:SMX)					

+ See chapter 19 for defined terms.

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (<i>including</i> the +securities in section 2 if applicable)	1,831,716	Performance Rights (SMXAI)
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Nil. Any Performance Rights that meet the performance criteria with shares being issued as a result at the end of the performance period will rank equally with all other ordinary shares including with respect to any dividends with a record date after the conversion date	

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A

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20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities
(tick one)

(a) +Securities described in Part 1

(b) All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

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Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

N/A

39 +Class of +securities for which quotation is sought

N/A

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

 If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

N/A

41 Reason for request for quotation now

 Example: In the case of restricted securities, end of restriction period

 (if issued upon conversion of another +security, clearly identify that other +security)

N/A

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	N/A	N/A

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

 - There is no reason why those +securities should not be granted +quotation.

 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: 
Company secretary

Date: 15 December 2016

Print name: PENNY GRAU

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