



Propel Funeral Partners Limited

Notice of 2019 Annual General Meeting

Letter from Chairman

18 October 2019

Dear Shareholder,

On behalf of the board of directors (**Board**) of Propel Funeral Partners Limited (ABN 41 616 909 310) (**Propel**), it is my pleasure to invite you to Propel's 2019 annual general meeting of shareholders (**Meeting**) to be held on Tuesday 19 November 2019 at 9.30am (AEDT) at the offices of Nexia Sydney, Level 16, 1 Market Street, Sydney NSW 2000.

The items of business will be as follows:

1. The Chairman's introduction;
2. Presentation from the Managing Director and Head of Investments;
3. Formal business and resolutions; and
4. Shareholders' questions.

My fellow directors and I encourage you to attend the Meeting, and welcome shareholders who may attend in person. If you cannot attend the Meeting physically, you may appoint a proxy provided you do so by no later than 9.30am (AEDT) on Sunday, 17 November 2019.

For details about attending the Meeting or appointing a proxy, please see the 'Background Information' section of the notice of meeting.

The Board welcomes your questions. If you attend the Meeting, you will have the opportunity to submit questions to the Board and Propel's auditors during the Meeting. If you would like to ask a question prior to the Meeting, please email fhenderson@propelinvestments.com.au by no later than 9.30am (AEDT) on Sunday, 17 November 2019. The Board will endeavour to address all appropriate questions at the Meeting.

It is noted that Propel's 2019 Annual Report (which includes the financial report, directors' report and auditor's report for the year ended 30 June 2019) is available via Propel's website, www.propelfuneralpartners.com.au.

I look forward to your attendance at Propel's 2019 annual general meeting, and thank you for your ongoing support.

Sincerely,



Brian Scullin
Chairman

Notice of annual general meeting

Propel Funeral Partners Limited
ABN 41 616 909 310

Notice is given that the 2019 annual general meeting of Propel Funeral Partners Limited (Company) will be held at the offices of Nexia Sydney, Level 16, 1 Market Street, Sydney NSW 2000 on Tuesday, 19 November 2019 at 9.30am (AEDT).

AGENDA ITEMS

1. Financial report, directors' report and auditor's report

To receive and consider the financial report, directors' report and auditor's report for the year ended 30 June 2019.

Note: There is no requirement for shareholders to approve these reports.

2. Resolution to re-elect Naomi Edwards as a director

Shareholders are asked to consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That Ms Naomi Edwards, being a director of the Company who retires by rotation under rule 6.7(b) of the Company's constitution, and being eligible, is re-elected as a director of the Company.”

3. Resolution to adopt the remuneration report

Shareholders are asked to consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That the remuneration report that forms part of the directors' report of the Company for the financial year ended 30 June 2019 be adopted.”

The remuneration report is set out on pages 20 to 23 (inclusive) of the 2019 annual report, a copy of which is available via the Company's website, www.propelfuneralpartners.com.au. Please note that the vote on this resolution is advisory only, and does not bind the directors of the Company.

Voting exclusion statement

The Corporations Act 2001 (Cth) (**Corporations Act**) restricts the Company's key management personnel (whose remuneration details are included in the remuneration report) and their closely related parties from voting in relation to the resolution proposed in item 3 in certain circumstances.

The terms 'key management personnel' and 'closely related party' are defined in the Corporations Act. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. A closely related party includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the key management personnel.

In accordance with the Corporations Act, the Company will disregard any votes cast on the resolution proposed in item 3:

- by or on behalf of a person who is a member of the Company's key management personnel named in the remuneration report or their closely related parties (regardless of the capacity in which the vote is cast); and
- as proxy by a person who is a member of the Company's key management personnel on the date of the annual general meeting or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on the resolution proposed in item 3:

- in accordance with a direction on the proxy form; or
- by the chair of the meeting in accordance with an express authorisation in the proxy form to exercise the proxy even though the resolution in item 3 is connected with the remuneration of the Company's key management personnel.

The chair of the meeting intends to vote all available proxies **IN FAVOUR** of each resolution (including the resolution proposed in item 3). If you wish to vote 'against' or 'abstain' you should mark the relevant box in the attached proxy form.

4. Resolution relating to financial assistance

Shareholders are asked to consider and, if thought fit, approve the following resolution as a special resolution:

"That the Company approve the transactions described in the Explanatory Statement (Financial Assistance) accompanying this resolution (which forms a part of this resolution) and all elements of those transactions that may constitute financial assistance by the companies referred to in the Explanatory Statement (Financial Assistance) as Acquired Entities for the purposes of section 260A of the *Corporations Act 2001* (Cth), including (without limitation) that each Acquired Entity may:

- (a) accede to (as an obligor) a facilities agreement between the Company and Westpac Banking Corporation and others (**Facilities Agreement**);
- (b) execute a guarantor assumption agreement under which each Acquired Entity will assume the obligations of a guarantor under an interlocking guarantee and indemnity (which may be contained in the Facilities Agreement) for the repayment of money that may become owing, and to secure (among other things) each obligor's obligations, under the Facilities Agreement and any related document;
- (c) to secure its obligations under the Facilities Agreement (including the guarantee and indemnity) and any related document, execute a general security agreement or agreements (however described) over its assets and undertaking;
- (d) if the Facilities Agreement (or any subsequent refinancing facility) needs to be refinanced at some time in the future, from time to time:
 - (i) execute, or accede to (as an obligor), a new facilities agreement:
 - (A) on substantially the same terms as the Facilities Agreement; or
 - (B) on terms as approved by the board of directors or the members (or both) at the relevant time; and

- (ii) give one or more of a guarantee, indemnity or security interest over its assets (whether by way of mortgage, general security agreement (however described), specific security agreement (however described) or otherwise) to secure each obligor's obligations under any new facilities agreement and any related document; and
- (e) execute, or accede to, any document ancillary to, or in connection with, the Facilities Agreement, any new facilities agreement and any guarantee, indemnity or security interest given in connection with the Facilities Agreement, any new facilities agreement and any related document.

In this resolution a reference to any document in this resolution is the document as amended, restated or replaced from time to time."

5. Resolution relating to the ratification of the issuance of ordinary shares (Morleys)

Shareholders are asked to consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, approval is given to ratify the prior issue of a total of 344,828 fully paid ordinary shares in the capital of the Company to Mr Raymond Joseph Valdeter, Ms Lynette Joyce Valdeter, Ms Margaret Anne Violet Maurice and Ms Robyn Anne Violet Richards on 1 May 2019 as described in the "Explanatory Memorandum to Shareholders."

Voting exclusion statement

The Company will disregard any votes cast in favour of the resolution proposed in item 5 by any of Mr Raymond Joseph Valdeter, Ms Lynette Joyce Valdeter, Ms Margaret Anne Violet Maurice or Ms Robyn Anne Violet Richards and / or any of their nominees, or any associates of those persons. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the chair of 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.

6. Resolution relating to the proposed issuance of ordinary shares (Dils Group)

Shareholders are asked to consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given to issue a total of 1,210,589 fully paid ordinary shares in the capital of the Company to Stephen Dil, Heidi Dil and Prince & Partners Trustee Company Limited (as trustees of the Dil Investment Trust) (in respect of 795,008 ordinary shares) and Lindsay Dil, Christine Dil and Prince & Partners Trustee Company Limited (as trustees of the After Africa Trust) (in respect of 415,581 ordinary shares) on completion of the transaction agreement relating to the sale and purchase of Dils Funeral Services Limited as described in the "Explanatory Memorandum to Shareholders"."

The Company intends to issue all of the above ordinary shares on completion of the relevant sale agreement, which is expected to occur no later than 3 months after the date of this meeting. If completion of the relevant sale agreement does not occur until after 3 months from the date of the

meeting, the shares will nonetheless be issued, but in accordance with Listing Rule 7.1, provided it is within the 15% placement capacity set out in Listing Rule 7.1.

Voting exclusion statement

The Company will disregard any votes cast in favour of the resolution proposed in item 6 by a person expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) including any of the persons or entities referred to in Resolution 6 and any of their nominees, or associates of those persons. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the chair of 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.

EXPLANATORY MEMORANDUM

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this notice of meeting.

By Order of the Board



Fraser Henderson

Company Secretary

18 October 2019

Background Information

The following information forms part of this notice of meeting.

Entitlement to vote and required majority

Snapshot time

The Company has determined, under Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that for the purposes of the annual general meeting, shares will be taken to be held by the persons who are registered holders at **7.00pm (AEDT) on Sunday, 17 November 2019** (noting that, in practical terms, this means that shares will be taken to be held by the persons who are registered holders as at market close on Friday, 15 November 2019). Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Required majority

The resolutions proposed in item 2 (resolution to re-elect a director), item 3 (resolution to adopt the remuneration report), item 5 (resolution relating to the ratification of the issue of ordinary shares) and item 6 (resolution relating to the proposed issue of ordinary shares) are ordinary resolutions and each will be passed if more than 50% of the votes cast by shareholders entitled to vote on the resolution are cast in favour of the resolution.

The resolution proposed in item 4 (resolution relating to the giving of financial assistance) is a special resolution and will be passed if more than 75% of the votes cast by shareholders entitled to vote on the resolution are cast in favour of the resolution.

In the interests of transparency and good governance, and so as to include proxy votes that have been lodged before the meeting, the vote on each resolution will be decided on a poll.

Each shareholder present in person or by proxy, attorney or representative has one vote for each fully paid ordinary share held.

Proxies, attorneys and corporate representatives

A shareholder entitled to attend and vote can do so either by:

- attending and voting in person, by appointing an attorney to attend and vote for the shareholder, or if the shareholder is a corporate shareholder, appointing a representative to attend and vote on the shareholder's behalf; or
- appointing not more than 2 proxies to attend and vote for the shareholder.

Voting by proxy

If a shareholder does not want to attend the meeting, but is entitled to attend and vote, the shareholder can appoint the chair of the meeting or another person as proxy to attend and vote for the shareholder. A proxy

need not be a shareholder of the Company and can be either an individual or a body corporate. The proxy can be appointed in respect of some or all of the votes held the shareholder. A shareholder that is entitled to cast two or more votes may appoint up to two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

If a shareholder appoints a body corporate as proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the meeting.

Completed proxy forms (together with any authority under which the proxy was signed or a certified copy of the authority) must be received by the Company's corporate registry, Link Market Services Limited, at least 48 hours before the meeting for the proxy to be effective (that is, no later than **9.30am (AEDT) on Sunday, 17 November 2019**), at the following address, facsimile number or website address:

Address:	By mail:	Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia	By Hand:	Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138 Australia
Facsimile:	+61 2 9287 0309			
Online:	www.linkmarketservices.com.au			

Voting by attorney

Where a shareholder appoints an attorney to act on their behalf at the meeting, the instrument appointing the attorney (together with any authority under which the instrument was signed or a certified copy of the authority) must be received by **9.30am (AEDT) on Sunday, 17 November 2019** by the Company's corporate registry, Link Market Services Limited, as set out above for proxy forms.

Voting by corporate representative

Any corporate shareholder or proxy must appoint a person to act as its representative. The representative must bring a formal notice of appointment signed pursuant to section 127 of the Corporations Act or the constitution of the Company. A form of notice of appointment can be obtained from the Company's corporate registry, Link Market Services Limited or downloaded from www.linkmarketservices.com.au/investor-forms.

Voting exclusions

Certain voting restrictions apply to item 3 (resolution to adopt the remuneration report), item 5 (resolution relating to the ratification of the issue of ordinary shares) and item 6 (resolution relating to the proposed issue of ordinary shares). If you wish to appoint a member of the Company's key management personnel or any of the persons named in items 5 or 6 (or any of their nominees or associates), as your proxy, please read the voting exclusion statement in this notice of meeting and the proxy form carefully. Shareholders are encouraged to direct their proxies how to vote.

How the chair will vote available proxies

The chair of the meeting intends to vote all available proxies **IN FAVOUR** of the resolutions set out in this notice of meeting.

Default to the chair

Any directed proxies that are not voted on a poll at the meeting will automatically default to the chair of the meeting, who is required to vote proxies as directed.

Admission to meeting

Shareholders or their proxies, attorneys or representatives who will be attending the meeting are asked to arrive 15 minutes before the start of the meeting and to bring their proxy form to help expedite admission to the meeting. Shareholders who appoint a proxy or attorney may still attend the meeting. However, if a shareholder votes on a resolution, the proxy or attorney is not entitled to vote as that shareholder's proxy or attorney on the resolution.

Shareholders who do not plan to attend the meeting are encouraged to complete and return a proxy form.

More information

If you have any questions or require further information about this notice of meeting, please contact the Company's company secretary, Fraser Henderson, at fhenderson@propelinvestments.com.au.

Explanatory Memorandum to shareholders

Propel Funeral Partners Limited

ABN 41 616 909 310

This Explanatory Memorandum has been prepared to assist shareholders to understand the business to be put to shareholders at the 2019 annual general meeting of Propel Funeral Partners Limited. It is an important document. Please read it carefully.

Agenda items

1. Financial report, directors' report and auditor's report

The Corporations Act requires:

- the reports of the directors and auditor; and
- the annual financial report, including the financial statements of the Company,

for the year ended 30 June 2019 to be laid before the annual general meeting. Neither the Corporations Act nor the Company's constitution requires a vote of shareholders on the reports or statements (other than the non-binding vote in respect of the remuneration report forming part of the director's report – see the resolution in item 3 below). However, shareholders will be given ample opportunity to raise questions or comments on the reports and statements at the meeting.

Also, a reasonable opportunity will be given to shareholders as a whole at the meeting to ask the Company's auditor questions relevant to the conduct of the audit and the preparation and content of the auditor's report. In addition, you can submit written questions to the auditor about the conduct of the audit and the auditor's report. Written questions must be received by no later than 9.30am (AEDT) on Sunday, 17 November 2019 by the Company's corporate registry, Link Market Services Limited (at the address or facsimile number for lodgement of proxies or via email at fhenderson@propelinvestments.com.au).

2. Resolution to re-elect Naomi Edwards as a director

Under rule 6.7(b) of the Company's constitution, at each general meeting one of the directors of the Company (excluding the managing director), and any other director who, if they do not retire, will at the conclusion of the meeting have been in office for 3 or more years and or 3 or more general meetings since they were last elected to office, must retire from office as a director.

Under rule 6.7(b) of the Company's constitution, the directors who must retire at an annual general meeting are those who have been longest in office since their last election but, as between persons who were last elected as directors on the same day, those to retire must be determined by agreement among

themselves or, in the absence of agreement, by lot. Accordingly, Ms Naomi Edwards retires by rotation in accordance with rule 6.7(b) of the Company's constitution and, being eligible, offers herself for re-election as a director of the Company in accordance with rule 6.7(b) of the Company's constitution.

Profile of Ms Naomi Edwards

Naomi is the current Chairwoman of Tasplan Super and is a professional company director who has chaired listed ASX companies, industry super funds and not-for-profits. An actuary by training, with an executive background in the financial services industry, Naomi has a strong reputation in the responsible investing industry, having sat on the boards of two ASX listed industry leaders – Australian Ethical Investments Limited and Hunter Hall Limited. She is a member of the Tasmanian Economic Development Board and is a Non-Executive Director of the Australian Institute of Superannuation Trustees, Nikko AM and the Australian Institute of Company Directors. Naomi is a former Partner of Deloitte and a former director of Trowbridge Consulting. Since the Company's listing in November 2017, as well as being a non-executive director, Naomi has also served as Chair of the Audit and Risk Committee.

Naomi has a first class honours degree in mathematics from the University of Canterbury and is a Fellow of the Institute of Actuaries (London) as well as a Fellow of the Australian and New Zealand Institutes of Actuaries.

Recommendation

Each of the directors (Ms Edwards abstaining given her interest in the resolution) believes that it is in the best interests of shareholders that Ms Edwards be re-elected as a director of the Company and unanimously (Ms Edwards excepted) recommends that shareholders vote in favour of the resolution to re-elect her as a director.

3. Resolution to adopt the remuneration report

Shareholders are asked to adopt the Company's remuneration report. The remuneration report is set out on pages 20 to 23 of the 2019 annual report which is available via the Company's website, www.propelfuneralpartners.com.au. The remuneration report:

- describes the policies behind, and structure of, the remuneration arrangements of the Company;
- sets out the remuneration details for the Company's key management personnel; and
- explains the differences between the bases for remunerating non-executives and executives.

A reasonable opportunity for discussion of the remuneration report will be provided at the annual general meeting. The vote on the resolution in item 3 is advisory only, and does not bind the directors or the Company. The Board will consider the outcome of the vote and comments made by shareholders on the remuneration report at this meeting when reviewing the Company's remuneration policies.

If 25% or more of the votes that are cast on this resolution are voted against the adoption of the remuneration report at two consecutive annual general meetings, shareholders will be required to vote at the second of those annual general meetings on a resolution (a 'spill resolution') that another meeting be held within 90 days at which all of the Company's directors must go up for election. The spill resolution is an ordinary resolution. In respect of the remuneration report resolution, key management personnel (whose remuneration details are included in the remuneration report) and their closely related parties must not cast a vote on the remuneration report, unless as holders of directed proxies for shareholders eligible to vote on the resolution in item 3 (see voting exclusion statement on page 2 for details).

Recommendation

The Board unanimously recommends that shareholders vote in favour of the resolution.

4. Resolution relating to the giving of financial assistance

Please see attached explanatory statement regarding the proposed financial assistance.

5. Resolutions relating to ratification and proposed issue of ordinary shares and refreshing of 15% limit

The proposed resolutions in items 5 and 6 seek shareholder approval to ratify or approve the following issue of shares:

- I. a total of 344,828 fully paid ordinary shares in the capital of the Company issued to Mr Raymond Joseph Valdeter, Ms Lynette Joyce Valdeter, Ms Margaret Anne Violet Maurice and Ms Robyn Anne Violet Richards on 1 May 2019; and
- II. a total of 1,210,589 ordinary shares to be issued to Stephen Dil, Heidi Dil and Prince & Partners Trustee Company Limited (as trustees of the Dil Investment Trust) (in respect of 795,008 ordinary shares) and Lindsay Dil, Christine Dil and Prince & Partners Trustee Company Limited (as trustees of the After Africa Trust) (in respect of 415,581 ordinary shares) on completion of the transaction agreement relating to the sale and purchase of Dils Funeral Services Limited.

Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of the ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 sets out the procedure and effect of shareholder approval of a prior issue of securities and provides that where shareholders in general meeting ratify a previous issue of securities made without approval under Listing Rule 7.1, provided that the previous issue of securities did not breach ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

The Company confirms that the total issue of 1,555,417 ordinary shares to the abovenamed parties did not breach ASX Listing Rule 7.1. By ratifying and/or approving the issue of these shares, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior shareholder approval.

Listing Rule 7.5 requires that the following information be provided to the Company's shareholders in relation to obtaining approval of the proposed resolutions in items 5 or 6 for the purposes of Listing Rule 7.3 and Listing Rule 7.4:

	Issue of a total of 344,828 shares to Mr Raymond Joseph Valdeter, Ms Lynette Joyce Valdeter, Ms Margaret Anne Violet Maurice and Ms Robyn Anne Violet Richards on 1 May 2019	Issue of a total of 1,210,589 shares to Stephen Dil, Heidi Dil and Prince & Partners Trustee Company Limited (as trustees of the Dil Investment Trust) (in respect of 795,008 ordinary shares) and Lindsay Dil, Christine Dil and Prince & Partners Trustee Company Limited (as trustees of the After Africa Trust) (in respect of 415,581 ordinary shares) on completion of the relevant sale agreement
Price at which shares issued:	\$2.90 per share	\$2.64 per share
Terms of Issue:	Same as the existing ordinary shares of the Company	Same as the existing ordinary shares of the Company
Names of persons to whom shares issued (or basis on which those persons were determined):	Mr Raymond Joseph Valdeter Ms Lynette Joyce Valdeter Ms Margaret Anne Violet Maurice Ms Robyn Anne Violet Richards	Stephen Dil, Heidi Dil and Prince & Partners Trustee Company Limited (as trustees of the Dil Investment Trust) Lindsay Dil, Christine Dil and Prince & Partners Trustee Company Limited (as trustees of the After Africa Trust)
Use (or intended use) of funds raised:	Not issued for cash. Issued in connection with the acquisition of Morleys Funerals Pty Ltd (ACN 063 939 908)	Not issued for cash. Issued in connection with the acquisition of Dils Funeral Services Limited

Recommendation

The Board unanimously recommends that shareholders vote in favour of the resolutions in items 5 and 6.

Propel Funeral Partners Limited - Explanatory Statement (Financial Assistance)

1. Directors' recommendation

The directors unanimously recommend that shareholders vote in favour of the resolutions for the reasons given below.

2. Introduction

2.1 As previously disclosed to shareholders:

- (a) a subsidiary of Propel, FV (NSW) Pty Ltd (ACN 169 496 342) (**NSW Purchaser**) acquired the entire issued share capital of Manning Great Lakes Memorial Gardens Pty Ltd (ACN 002 519 708) (previously known as Noxomo Pty Ltd) (**Manning Great Lakes**) pursuant to a share sale agreement made between, among others, the NSW Purchaser and Manning Great Lakes;
- (b) a subsidiary of Propel, FV (QLD) Pty Ltd (ACN 166 567 700) (**QLD Purchaser**), acquired the entire issued share capital of Morleys Funerals Pty Ltd (ACN 063 939 908) (**Morleys**) pursuant to a share sale agreement made between, among others, the QLD Purchaser and Morleys; and
- (c) a subsidiary of Propel, the QLD Purchaser, has agreed to acquire the entire issued share capital of Codfern Pty. Ltd. (ACN 010 869 959) (**Gregson & Weight**) pursuant to a conditional share sale agreement made between, among others the QLD Purchaser and Gregson & Weight,

(Manning Great Lakes and Morleys together, the **Acquired Entities**).

2.2 As previously disclosed, Propel is party to a facilities agreement (**Facilities Agreement**) with Westpac Banking Corporation (**Westpac**). Under the Facilities Agreement, subject to the Headroom set out below in paragraph 2.3, when an entity becomes part of the corporate group of which Propel is the holding company (**Propel Group**), that new entity is required to accede to the Facilities Agreement (which contains a guarantee and indemnity) by executing a guarantee assumption agreement and grant security over all its assets by executing a general security agreement (**GSA**). The execution of those documents and the doing of those things may be regarded as giving "financial assistance" for the purposes of Part 2J.3 of the Corporations Act 2001 (Cth) (**Corporations Act**), and prior to the giving of that financial assistance, the relevant companies would need to comply with the relevant provisions of that Part.

2.3 Under the terms of the Facilities Agreement, the aggregate total assets and EBITDA of the guarantors of the facilities must not be less than 90% of the consolidated total assets and EBITDA, respectively, of the Propel Group (**Headroom**). Each group company (other than the Acquired Entities) is party to the Facilities Agreement (by accession or otherwise) and has executed a GSA. When those group companies signed or acceded to the Facilities Agreement, it

was not in connection with the acquisition of shares, and therefore shareholder approval was not required under the Corporations Act.

- 2.4 If any or all of the Acquired Entities acceded to the Facilities Agreement (by signing a guarantee assumption agreement) and/or executed a GSA at the time its shares were acquired, it would or may have been required to seek shareholder approval in accordance with the Corporations Act. Similarly, as the acquisition of Gregson & Weight will be funded by the Westpac facilities, if Gregson & Weight accedes to the Facilities Agreement (by signing a guarantee assumption agreement) and/or executes a GSA on settlement of that transaction, shareholder approval would be required pursuant to the Corporations Act.
- 2.5 Given the flexibility given to the Propel Group under the Facilities Agreement as described in paragraph 2.3, the directors of Propel decided to avoid the cost of convening an EGM that would or may have been required to approve the financial assistance that would or may have been given when each Acquired Entity became a member of the Propel Group, and instead put the resolution to its shareholders at the 2019 AGM. Similarly, to avoid the costs of convening an EGM after the acquisition of Gregson & Weight, it is proposed to seek shareholder approval now to enable Gregson & Weight to accede to the Facilities Agreement (by signing a guarantee assumption agreement) and/or execute a GSA on or around settlement of that transaction.
- 2.6 It is noted that, if the businesses of the Acquired Entities or Gregson & Weight were acquired by way of an asset sale (rather than a share sale), the companies established to complete those acquisitions would have acceded to the Facilities Agreement (by executing a guarantee assumption agreement) and executed a GSA at the time the acquisition completed. This would not have been considered “financial assistance” for the purposes of the Corporations Act as the assistance was not given in connection with the acquisition of shares.
- 2.7 This explanatory statement is given to members of Propel for the purpose of Part 2J.3 of the Corporations Act, which relates to the rules regarding the giving of “financial assistance” and, in particular, section 260B(4) of the Corporations Act (*information to accompany the notice of meeting*).
- 2.8 This explanatory statement contains information known to Propel which it considers material to deciding how to vote on the resolution set out in the accompanying notice to members relating to the giving of financial assistance.
- 2.9 One of the proposed resolutions approves the financial assistance described below that will or may be given by each Acquired Entity and Gregson & Weight. It is noted that, if the shareholders approve the resolution, each of the Acquired Entities and Gregson & Weight will accede to the Facilities Agreement by executing a guarantee assumption agreement and will execute a GSA (on or around settlement of the Gregson & Weight transaction in the case of Gregson & Weight).

3. The share acquisitions

- 3.1 Pursuant to:
 - (a) the relevant share sale agreement, Manning Great Lakes is now a member of the Propel Group and is a wholly owned subsidiary of one of Propel's subsidiaries, the NSW Purchaser;
 - (b) the relevant share sale agreement, Morleys is now a member of the Propel Group and is a wholly owned subsidiary of one of Propel's subsidiaries, the QLD Purchaser; and
 - (c) the relevant share sale agreement, Gregson & Weight will (subject to the relevant conditions precedent being satisfied or waived) become a member of the Propel Group and will become a wholly owned subsidiary of one of Propel's subsidiaries, the QLD Purchaser.
- 3.2 No security, or other financial assistance, was granted or given by the relevant Acquired Entity at the time of the relevant acquisition, and hence Part 2J.3 of the Corporations Act was not applicable at that time, and accordingly no approvals were required under the Corporations Act.

- 3.3 To reset the Headroom, it is proposed that each Acquired Entity and Gregson & Weight will accede to the Facilities Agreement by executing a guarantee assumption agreement and will execute a GSA shortly after the resolutions are passed or on or around settlement of the Gregson & Weight transaction in the case of Gregson & Weight.
- 3.4 The accession to the Facilities Agreement (which contains a guarantee and indemnity) by execution of the guarantee assumption agreement and the granting of the security contemplated by a GSA (**Security**) are or may be considered to be financial assistance for the purposes of Part 2J.3 of the Corporations Act.

4. Part 2J.3 and, in particular, sections 260A and 260B of the Corporations Act

- 4.1 Under section 260A of the Corporations Act, a company may financially assist a person to acquire shares (or units of shares) in the company or a holding company of the company only if:
- (a) giving the assistance does not materially prejudice:
 - (i) the interests of the company or its shareholders; or
 - (ii) the company's ability to pay its creditors; or
 - (b) the assistance is approved by shareholders under section 260B; or
 - (c) the assistance is exempted under section 260C.
- 4.2 Under section 260A(2) of the Corporations Act, financial assistance may be given before or (as would be the case here) after the acquisition of shares.
- 4.3 Under section 260B(1) of the Corporations Act, shareholder approval for financial assistance must be given by a special resolution passed at a general meeting of the company (i.e. each Acquired Entity or Gregson & Weight (as the case may be) in this instance) or a resolution agreed to, at a general meeting, by all ordinary shareholders. 100% of the issued share capital of:
- (a) Mannings Great Lakes is held by the NSW Purchaser;
 - (b) Morleys is held by the QLD Purchaser; and
 - (c) Gregson & Weight will be held by the QLD Purchaser if/when that transaction completes, and the approval of each such purchaser (in its capacity as the sole shareholder of the relevant Acquired Entity or Gregson & Weight (as the case may be)) is also being sought.
- 4.4 Under section 260B(2) of the Corporations Act, if the company will be a subsidiary of a listed domestic corporation immediately after the acquisition, the financial assistance must also be approved by a special resolution passed at a general meeting of that corporation. This is the reason why approval of the shareholders of Propel is being sought.
- 4.5 A company may be regarded as giving financial assistance if it gives something needed in order that a transaction be carried out or something in the nature of aid or help. Common examples of financial assistance include issuing a debenture, giving security over the company's assets, and giving a guarantee or indemnity in respect of another person's liability. The granting of the Security and the accession to the Facilities Agreement (which contains a guarantee and indemnity) by execution of a guarantee assumption agreement are or may be considered to be financial assistance.

5. The financial assistance

- 5.1 As above, under the terms of the Facilities Agreement, the aggregate total assets and EBITDA of the guarantors of the facilities must not be less than 90% of the consolidated total assets and EBITDA, respectively, of the Propel Group. To maintain the Headroom, each Acquired Entity and Gregson & Weight propose to accede to the Facilities Agreement by executing a guarantee assumption agreement and to execute a GSA shortly after the resolutions are passed (or on settlement of the transaction in the case of Gregson & Weight).

- 5.2 PFP Corporate Services Pty Ltd (ACN 623 445 330), being the borrower under the Facilities Agreement, (**Borrower**) may arrange refinancing and additional financing facilities (including working capital facilities) of an amount to be determined in the future, from time to time. In order to secure and regulate the obligations of the Borrower and any applicable subsidiary or related entity of it in relation to any new financing facilities, each Acquired Entity and Gregson & Weight may, from time to time:
- (a) execute, or accede to, new security documents:
 - (i) on substantially the same terms as the Facilities Agreement, guarantee assumption agreement and GSA; or
 - (ii) on terms approved by the board or members (or both) at the relevant time;
 - (b) give one or more of a guarantee, indemnity or security interest over its assets (whether by way of mortgage, general security agreement (however described), specific security agreement (however described or otherwise) to secure each obligor's obligations under any new facilities agreement and any related document; and
 - (c) execute, or accede to, any document in connection with, or ancillary to, any new facilities agreement or guarantee, indemnity or security interest given in connection with any new facilities agreement and any related document.
- 5.3 Consistent with obligations agreed to by other subsidiaries of the Propel Group, each Acquired Entity and Gregson & Weight will have obligations under the Facilities Agreement, guarantee assumption agreement and GSA and these obligations are significant. Those obligations could include:
- (a) unconditionally and irrevocably guaranteeing the performance of the obligations (including payment obligations) of the Borrower and any applicable subsidiary or related entity of it under the Facilities Agreement, guarantee assumption agreement or GSA from time to time;
 - (b) indemnifying Westpac and other parties against any liability, loss or cost incurred by them under, or in connection with, the Facilities Agreement, guarantee assumption agreement or GSA; and
 - (c) giving security interests over its assets to secure its obligations and the obligations of the Borrower or any applicable subsidiary or related entity of it under the Facilities Agreement, guarantee assumption agreement or GSA from time to time.
- 5.4 Entering into, and performing obligations under, the Facilities Agreement, the guarantee assumption agreement and a GSA will or may, in Propel's view, constitute financial assistance and therefore requires or may require the prior approval of members in accordance with Part 2J.3 of the Corporations Act.

6. Reasons for the financial assistance

- 6.1 The Propel Group was established for the purposes of investing in the funeral industry. A key part of the Propel Group's investment strategy is acquiring funeral businesses, assets, properties and related infrastructure, and many of its subsidiaries were established to make such acquisitions (or be a holding company of the target or the buying entity, as the case may be). By definition, this is a capital intensive investment strategy, and the Propel Group endeavours to have an appropriate level of leverage to fund the acquisitions.
- 6.2 As noted above, unlike most of the other previous acquisitions, the acquisition of each Acquired Entity and Gregson & Weight was (and will be, in the case of and Gregson & Weight) undertaken through an acquisition of shares (not assets), a key requirement of the sellers. Part 2J.3 of the Corporations Act only relates to the acquisition of shares (or units), and therefore approval of members of Propel (or any of its subsidiaries) was not required on the vast majority of previous acquisitions given the security was not granted in connection with the acquisition of shares, but rather the acquisition of assets.
- 6.3 It is proposed that all companies that become part of the Propel Group will accede to the Facilities Agreement by executing a guarantee assumption agreement. However, to avoid the unnecessary

costs of convening an extraordinary general meeting each time the shares of a target company are acquired (where such acquisition is funded by the Westpac facilities), Propel proposes to make use of the Headroom, so that when an acquisition involves the acquisition of shares funded by the Westpac facilities, the accession to the Facilities Agreement and execution of the guarantee assumption agreement and GSA will be deferred until shareholders are given the opportunity to approve the financial assistance, with such approval being sought at the next following annual general meeting.

7. Effects of the financial assistance

- 7.1 The accession by the Acquired Entities and Gregson & Weight to the Facilities Agreement (by execution of a guarantee assumption agreement) and execution of a GSA are or may be considered to be financial assistance. It is proposed that the Acquired Entities and Gregson & Weight will accede to the Facilities Agreement by executing the guarantee assumption agreement and will execute a GSA if/when the shareholders pass the resolutions (or on settlement of the relevant transaction, in the case of Gregson & Weight). If the resolutions are not passed, the Acquired Entities and Gregson & Weight will not accede to the Facilities Agreement and will not execute the guarantee assumption agreement or GSA. Propel will not be in breach of the Facilities Agreement, but it would, among other things, reduce Propel's flexibility in structuring transactions in the future. For example, Propel may have to insist on structuring a future transaction as an asset sale (which might not be accepted by a vendor) or make a future transaction (which is structured as a share sale) subject to approval by the shareholders (which might not be accepted by a vendor).
- 7.2 The directors are of the view that the Propel Group is in no worse position if the resolutions are passed (i.e. the Acquired Entities and Gregson & Weight are (or will be) part of the Propel Group, other members of which are bound by the terms of the Facilities Agreement) and the Acquired Entities and Gregson & Weight accede to the Facilities Agreement and execute the guarantee assumption agreement and GSA or don't do either of these things.
- 7.3 Under the Corporations Act, it is necessary to assess whether the 'financial assistance' is materially prejudicial to the Acquired Entities and Gregson & Weight, including each Acquired Entity's and Gregson & Weight's ability to pay their creditors. This assessment embraces the whole transaction and so brings into account its immediate consequences in terms of determining whether there is a material prejudice. The assessment of material prejudice has quantitative and qualitative elements.
- 7.4 The quantitative element involves an assessment of the impact of the relevant documents on each Acquired Entity's and Gregson & Weight's balance sheet, future profits and future cash flows. The prejudice to each Acquired Entity's and Gregson & Weight's ability to pay its creditors relates to the guarantees and indemnities and security interests to be provided by each Acquired Entity and Gregson & Weight under the relevant documents. If the Borrower or any applicable subsidiary or related entity of it defaults under the relevant documents, Westpac may decide to make a demand under the relevant documents (including by a call on a guarantee and indemnity or enforcement of security given by an Acquired Entity or Gregson & Weight). Accordingly, each Acquired Entity and Gregson & Weight will be liable for the default of the Borrower or any applicable subsidiary or related entity of it under the relevant documents.
- 7.5 The qualitative aspect requires an assessment of all the interlocking elements of the commercial transaction as a whole to determine where the net balance of financial advantage lies. The directors of Propel consider that accession to the Facilities Agreement and execution of the guarantee assumption agreement and GSA by the Acquired Entities and Gregson & Weight will reset the Headroom and provide flexibility to Propel in executing its investment strategy.
- 7.6 The directors of Propel do not currently have any reason to believe that the Borrower (or any applicable subsidiary or related entity of it) is likely to default in its obligations under the relevant documents.
- 7.7 However, if Westpac becomes entitled to enforce any of its rights under a relevant document because the Borrower (or any applicable subsidiary or related entity of it) defaults, the

enforcement may materially prejudice the interests of the Acquired Entities, Gregson & Weight or their shareholders. On enforcement, among other rights, Westpac may become entitled to procure the sale of the assets of each Acquired Entity and Gregson & Weight. The sale of assets on enforcement may yield a return to an Acquired Entity or Gregson & Weight (and ultimately its and Propel's shareholders) significantly lower than could have been achieved by the Acquired Entity or Gregson & Weight had those assets been otherwise sold. This may materially prejudice the interests of an Acquired Entity, Gregson & Weight and its and Propel's shareholders.

7.8 Accordingly, the directors have decided to refer the proposal to shareholders for approval under section 260B of the Corporations Act.

8. Recommendation of directors

For the reasons stated above, the directors unanimously recommend that members vote in favour of the various resolutions referred to in this explanatory statement.

9. Approval of financial assistance

9.1 Under section 260B(3) of the Corporations Act, shareholder approval for financial assistance by an Acquired Entity must be approved by special resolution passed at a general meeting of Propel.

9.2 Accordingly, to approve the proposed financial assistance, the members are being asked to pass the resolution accompanying this explanatory statement as a special resolution at a general meeting of Propel which has been convened for 19 November 2019.

10. Notice to ASIC

Copies of the notice to members of the proposed resolution and this explanatory statement were lodged with the Australian Securities and Investments Commission before being sent to the members, in accordance with section 260B(5) of the Corporations Act.

11. Disclosure of information

The directors consider that this explanatory statement contains all material information known to Propel that could reasonably be required by members in deciding how to vote on the proposed resolution, other than information that it would be unreasonable to require Propel to disclose because Propel has previously disclosed the information to its members.

12. Accompanying documents

A notice to members accompanies this explanatory statement.

13. Interpretation

In this explanatory statement, except where the context requires otherwise:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning; and
- (c) a reference to a document includes the document as novated, altered, restated or replaced from time to time.

14. Further information

If you have any questions or need more information, please contact the company secretary, Fraser Henderson, in the first instance.

By order of the board of directors

A handwritten signature in blue ink, appearing to read 'B. Scullin', with a stylized flourish at the end.

Brian Scullin
Chairman

Date: 18 October 2019

LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Propel Funeral Partners Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
Telephone: 1300 554 474 Overseas: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Propel Funeral Partners Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box) **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **9:30am on Tuesday, 19 November 2019 at the offices of Nexia Sydney, Level 16, 1 Market Street, Sydney NSW 2000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 2, 5 & 6: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 2, 5 & 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
2 Re-elect Naomi Edwards as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Proposed issuance of ordinary shares (Dils Group)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Adoption of the remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Financial assistance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Ratification of the issuance of ordinary shares (Morleys)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual) Joint Shareholder 2 (Individual) Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary Director/Company Secretary (Delete one) Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **9:30am on Sunday, 17 November 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Propel Funeral Partners Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**