



Notice of Annual General Meeting

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MILLENNIUM SERVICES GROUP LTD
ABN 11 607 926 787
(ASX:MIL)

Notice is given that the 2016 Annual General Meeting ('AGM') of
Millennium Services Group Limited
(the 'Company') will be held at
The Pullman Melbourne Albert Park,
65 Queens Road, Albert Park
on Monday, 28 November 2016 at 10:00 am
(Melbourne time).

The Explanatory Notes to Shareholders which 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 2016.

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 Ross Gavranich, 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. 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 2016 is adopted.'

Note: The Remuneration Report is set out on pages 9 to 13 of the Annual Report.

SPECIAL BUSINESS

4. Approval of Financial Assistance

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

'That the Company approve the transactions described in the Explanatory Notes accompanying this resolution (and 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 Notes as Target Group members for the purposes of section 260A of the Corporations Act 2001 (Cth), including (without limitation) that each Target Group member may:

- (a) execute, or accede to (as an obligor and co-borrower), a letter of offer from Australia and New Zealand Banking Group Limited to the Company and its subsidiaries in the Millennium group (**obligors**) dated 19 October 2016 (**Facilities Agreement**);
- (b) give 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:
 - (i) execute a general security agreement or agreements (however described) over its assets and undertaking, including any assets or undertaking it holds as trustee;
 - (ii) if required under the Facilities Agreement, execute a registrable real property mortgage or mortgages over its real property interests (if any); and
 - (iii) if required under the Facilities Agreement, execute a specific security agreement (however described) over shares and associated rights held by it in certain subsidiaries (if any); and
 - (iv) if required under the Facilities Agreement, execute a security sharing deed between the Company, various subsidiaries of the Company, ANZ, and ANZ Bank New Zealand Limited; and
- (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 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;
- (e) execute, or accede to, an inter-creditor deed or a subordination deed or a security trust deed (or any or all of them) as an obligor; and
- (f) 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.'

By order of the Board
Damien Gray

Company Secretary
25 October 2016

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 7.00pm (Melbourne time) on Saturday, 26 November 2016.

Voting exclusion statement (ASX Listing Rules and Corporations Act) applicable to resolution 3:

No vote may be cast on resolution 3 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 3 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).

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 3, you will be expressly authorising the Chairman of the AGM to exercise your proxy, even if the resolution is connected, directly or indirectly, with the remuneration of the KMP. The Chairman intends to vote undirected proxies in favour of resolution 3.

Voting by proxy

A shareholder, who is entitled to attend and vote at the AGM of the Company on 28 November 2016, 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 1300 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, by no later than 10:00am (Melbourne time) on Saturday, 26 November 2016 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:

- 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;
- delivering it to: Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067, Australia; or
- for Intermediary Online Subscribers only (Custodians) www.intermediaryonline.com

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 9:30am (Melbourne time) on the day of the meeting.

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EXPLANATORY NOTES TO SHAREHOLDERS

These Explanatory Notes have been prepared with a view to providing the shareholders of the Company 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 28 November 2016.

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 the Company.

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 21 November 2016** (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

Ross Gavranich

Ross Gavranich was appointed by the Board as an Executive Director on 25 October 2016 in accordance with Rule 61 of the Company's Constitution.

Mr. Gavranich is a veteran of the facility services industry with over 30 years of experience in the industry. Mr Gavranich has been Executive Chairman of the Airlite Group since 2012. Prior to that time, he has held various senior management roles at Airlite in operations and marketing.

Mr. Gavranich will remain as an employee of the Company in his capacity as Airlite Group Director. As Mr. Gavranich will be an employee of the Company, he is considered by the Board to not be independent. Notwithstanding his role, the Board considers that Mr. Gavranich will add significant value to Board deliberations given his experience and skills.

The Board recommends the election of Mr. Gavranich.

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 the Company's Constitution.

Item 3 – Remuneration Report

Shareholders will be given the opportunity to comment on and ask questions about the Remuneration Report which is included in the Company's Annual Report 2016.

The 2016 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 2016.

The vote on this item is advisory only and will not bind the Directors of the Company. 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 4 – Approval of Financial Assistance

This explanatory statement is given to members of the Company for the purpose of section 260B(4) of the Corporations Act. It contains information known to the Company material to deciding how to vote on the resolution set out in item 4 of the accompanying Notice of Meeting. The proposed resolution approves the giving of financial assistance by companies that will become subsidiaries of the Company.

The acquisition of Airlite

Under a Share and Unit Sale Agreement, the Company acquired the entire issued shares of Airlite Management Services Pty Ltd (ACN 088 255 412) and Airlite Cleaning Pty Ltd (ACN 008 817 310) and all of the issued units of the Airlite Unit Trust (together, the 'Target Group') (the 'Acquisition') and completion of the Acquisition occurred on 25 October 2016.

As such, on completion of the Acquisition, the corporate members of the Target Group became subsidiaries of the Company.

Sections 260A and 260B of the Corporations Act

Under section 260A(1) 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.

Under section 260B(1) of the Corporations Act, for a company to financially assist a person to acquire shares in itself, the financial assistance must be approved by its shareholders by:

- (a) a special resolution passed by at least 75% of the total votes cast by shareholders entitled to vote on the resolution at a general meeting of the company; or
- (b) a resolution agreed to, at a general meeting, by all ordinary shareholders.

Under section 260B(2) of the Corporations Act, if immediately after the acquisition, the company will have an Australian listed holding company, the financial assistance must also be approved by a special resolution of the listed holding company.

Upon completion of the Acquisition, the Company became the holding company of each corporate member of the Target Group. Accordingly, members of the Company are asked to consider and, if thought fit, resolve to approve resolution 4 to approve the proposed financial assistance to be provided by the members of the Target Group.

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 proposed financial assistance

As part of the arrangements to acquire the shares and units in the Target Group, the Company arranged term facilities of approximately \$42 million (including an acquisition facility, working capital and ancillary credit support facilities) under a letter of offer ('**Facilities Agreement**') issued by Australia and New Zealand Banking Group Limited ('**ANZ**') and accepted by the Company and various subsidiaries of the Company. The Company utilised part of the funding provided under the Facilities Agreement to fund part of the consideration payable for the Acquisition and related costs.

The Company and certain existing subsidiaries are the original co-borrowers under the Facilities Agreement. The Facilities Agreement charges interest on funds drawn down under the facilities and includes events of default and undertakings (including negative pledges and undertakings not to dispose of assets) and representations and warranties from the Company (and other obligors) consistent with facilities of the nature provided or as required by ANZ in the particular circumstances. The obligations of each co-borrower have been guaranteed by the Company and certain subsidiaries of the Company (**Original Guarantors**). Under the Facilities Agreement, the Original Guarantors give representations, warranties and undertakings that are substantially similar to those given by the Company and its co-borrowers. The Company and the Original Guarantors have secured their obligations under the Facilities Agreement by the granting of security interests (including, without limitation, general security over all of their assets and undertaking).

In order to secure and regulate the obligations of the Company and any applicable subsidiary obligor/ Original Guarantor in relation to the Facilities Agreement, the Company is required to ensure that each member of the Target Group:

- (a) execute, or accede to, the Facilities Agreement as an obligor;
- (b) give 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:
 - (i) execute a general security agreement or agreements (however described) over its assets and undertaking, including any assets or undertaking it holds as trustee;
 - (ii) if required under the Facilities Agreement, execute a registrable real property mortgage or mortgages over its real property interests (if any);
 - (iii) if required under the Facilities Agreement, execute a specific security agreement (however described) over shares and associated rights held by it in certain subsidiaries (if any); and
 - (iv) if required under the Facilities Agreement, a security sharing deed between the Company, various subsidiaries of the Company, ANZ, ANZ Bank New Zealand Limited;
- (d) execute, or accede to, any document ancillary to, or in connection with, the Facilities Agreement and any guarantee, indemnity or security interest given in connection with, or ancillary to, the Facilities Agreement and any related document.

The Company 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 Company and any applicable subsidiary or related entity of it in relation to any such new financing facilities, each member of the Target Group may, from time to time:

- (a) execute, or accede to, a new facilities agreement as an obligor:
 - (i) on substantially the same terms as the Facilities Agreement; 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.

The Facilities Agreement and each of the documents mentioned in the preceding two paragraphs constitute Finance Documents.

Each member of the Target Group may also execute, or accede to:

- (a) an intercreditor deed;
- (b) a subordination deed; or
- (c) a security trust deed, to (among other things) regulate the rights of ANZ under, or deriving rights in connection with, the Finance Documents.

Each Target Group member's obligations under each Finance Document are significant. Those obligations could include:

- (a) unconditionally and irrevocably guaranteeing the performance of the obligations (including payment obligations) of the Company and any applicable co-borrower, Original Guarantor, subsidiary or related entity of it under the Finance Documents from time to time;
- (b) indemnifying ANZ against any liability, loss or cost incurred by it under, or in connection with, the Finance Documents; and
- (c) giving security interests over its assets to secure its obligations and the obligations of the Company or any applicable co-borrower, Original Guarantor, subsidiary or related entity of it under the Finance Documents from time to time.

By the members of the Target Group entering into, and performing obligations under, the Finance Documents will constitute the provision of financial assistance by the Target Group in relation to the acquisition of the shares in the Target Group members by the Company and accordingly requires the prior approval of the shareholders of the Company.

Reasons for the financial assistance

The Company requires finance under the Facilities Agreement to:

- (a) fund its purchase of the members of the Target Group;
- (b) to provide funds for working capital and general corporate purposes and obtain equipment leasing/financing for the business of the Company, the Target Group and related companies; and
- (c) to pay certain transaction costs and fees.

ANZ's agreement to provide the finance to the Company under the Facilities Agreement, which was used in part to fund the Acquisition, was conditional on the Company and its subsidiaries/Original Guarantors, as well as each member of the Target Group providing security to support the provision of the Facilities Agreement. Accordingly, the reason for the financial assistance is to enable the Company and its subsidiaries to comply with their obligations under the Facilities Agreement which was required, in part, in order to obtain funding for the Acquisition.

Consequences if the financial assistance is not approved

If the financial assistance is not approved by the Company's shareholders and the financial assistance is not given by the Target Group members, and the required guarantee and indemnity and related security and support is therefore not granted to ANZ by the Target Group, then the Company and its subsidiaries will not be in compliance with their obligations and an event of default will occur under the Facilities Agreement and, as a result, ANZ may:

- (a) cancel all or part of the total facilities under the Facilities Agreement;
- (b) require immediate repayment of all or part of the funds drawn down under the Facilities Agreement, together with accrued interest; and/or
- (c) exercise other rights, remedies, powers or discretions under the Finance Documents, including to enforce the security granted by the Company and its subsidiaries to ANZ.

The consequences of some or all of these rights being exercised by ANZ would have a material adverse impact on the Company and its subsidiaries. It is likely that the Company would have to refinance the Facilities Agreement and/or seek other sources of capital, including potentially seeking to raise additional equity via the issue of further shares to avoid the consequences of enforcement by ANZ. There is no certainty that any refinancing would be available when sought.

If the Company was not able to refinance the Facilities Agreement, ANZ may decide to enforce its rights and remedies under the Finance Documents (including by a call on a guarantee and indemnity or enforcement of security given by the Company and its subsidiaries (or both)). Accordingly, the Company and each subsidiary (other than the Target Group) will be liable for that default and to repay the financial accommodation provided under the Finance Documents.

Benefits from the Acquisition and approving the financial assistance

The Acquisition, which utilised the funding provided under the Facilities Agreement, delivers a number of other key benefits and allows the Company and each member of the Target Group to benefit from synergies and greater growth potential as a result of the integration through:

- (a) broadening the range of service offerings provided to customers;
- (b) increasing market share by expanding in key geographical regions; and
- (c) increasing competitive advantage.

In addition, by providing the proposed financial assistance:

- (a) the Target Group members will have greater access to funding in the bank and capital markets as a result of their integration with the Millennium group;
- (b) the Facilities Agreement will provide funds for working capital and general corporate purposes of the members of the Target Group;
- (c) in addition to their existing management expertise, the Target Group members will have access to new management expertise provided by the Company and its affiliates; and
- (d) the Target Group members will benefit from having a committed shareholder who will be focussed on their financial performance, operations and business.

The directors of the Company are therefore of the view that the provision of finance under the Facilities Agreement will facilitate the successful continuation of the businesses and activities of both the Company (and its subsidiaries) and the members of the Target Group, and having the Target Group members provide the requested security and related commitments in favour of ANZ ensures the continued availability of the Facilities Agreement.

Effects of the financial assistance

As the Company (and each of its subsidiaries which have acceded to the Facilities Agreement) is already liable for the amounts payable under the Facilities Agreement, the giving of the financial assistance described in this explanatory statement by each of the Target Group members is unlikely to have any adverse effect on the Company.

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The giving of the guarantee and indemnity and any security in connection with the finance facilities, may impact on each Target Group member's ability to borrow money in the future, and it is possible that this could materially prejudice the interests of each member of the Target Group and its shareholders. This is because a lender may be deterred by the existence of the Finance Documents from making finance facilities available to each Target Group member. However, representatives of the Company participated in negotiations relating to the acquisition of the shares and units in the members of the Target Group, including in relation to the Company (and the other related companies) entering into the Finance Documents, and have agreed to those arrangements because they believe them to be in their best interests.

The assessment of material prejudice, including each Target Group member's ability to pay its creditors, 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.

The quantitative element involves an assessment of the impact of the Finance Documents on each Target Group member's balance sheet, future profits and future cash flows. The prejudice to each Target Group member's ability to pay its creditors relates to the guarantees and indemnities and security interests to be provided by each Target Group member under the Finance Documents. If the Company or any applicable co-borrower, Original Guarantor, subsidiary or related entity of it defaults under the Finance Documents, ANZ may decide to make a demand under the Finance Documents (including by a call on a guarantee and indemnity or enforcement of security given by the Company (or both)). Accordingly, each Target Group member will be liable for the default of the Company or any applicable co-borrower, Original Guarantor, subsidiary or related entity of it under the Finance Documents.

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 the Company consider that the Acquisition by the Company is to the benefit to the Target Group and promotes the interests of each Target Group member. This is on the basis that the Target Group members will, with the Company as its ultimate holding company, have an entity which intends to be focussed on the performance of the Target Group members and their business.

The directors of the Company do not currently have any reason to believe that the Company (or any applicable co-borrower, Original Guarantor, subsidiary or related entity of it) is likely to default in its obligations under the Finance Documents.

However, if ANZ becomes entitled to enforce any of its rights under a Finance Document because the Company or any applicable co-borrower, Original Guarantor, subsidiary or related entity of it defaults, the enforcement may materially prejudice the interests of each Target Group member or its shareholders or unitholders. On enforcement, among other rights, ANZ may become entitled to procure the sale of the assets of each Target Group member. The sale of assets on enforcement may yield a return to each Target Group member (and ultimately its shareholders or unitholders) significantly lower than could have been achieved by each Target Group member had those assets been otherwise sold. This may materially prejudice the interests of each member of the Target Group and its shareholders or unitholders.

Accordingly, the Company directors have decided to refer the proposal to shareholders for approval under section 260B of the Corporations Act in light of the co-borrowing, guarantee, indemnity and security and related arrangements and support that is to be provided by the members of the Target Group under the Finance Documents.

Recommendation of directors

The Company directors recommend that shareholders vote in favour of the resolution for the reasons in outlined under the sections '**Reasons for the Financial Assistance**', '**Benefits from the Acquisition and approving the financial assistance**' and '**Effects of the financial assistance**'.

Approval of financial assistance

Under section 260B(2) of the Corporations Act, shareholder approval for the proposed financial assistance by the Target Group members must be approved by special resolution passed at a general meeting of the Company. In accordance with the Corporations Act and the Company's constitution, a special resolution must be passed by at least 75% of the total votes cast by shareholders entitled to vote on the resolution (whether in person or by proxy, attorney or representative).

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.

Disclosure of information

The Company directors consider that this explanatory statement contains all material information known to the Company 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 the Company to disclose because the Company has previously disclosed the information to its members.

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.

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