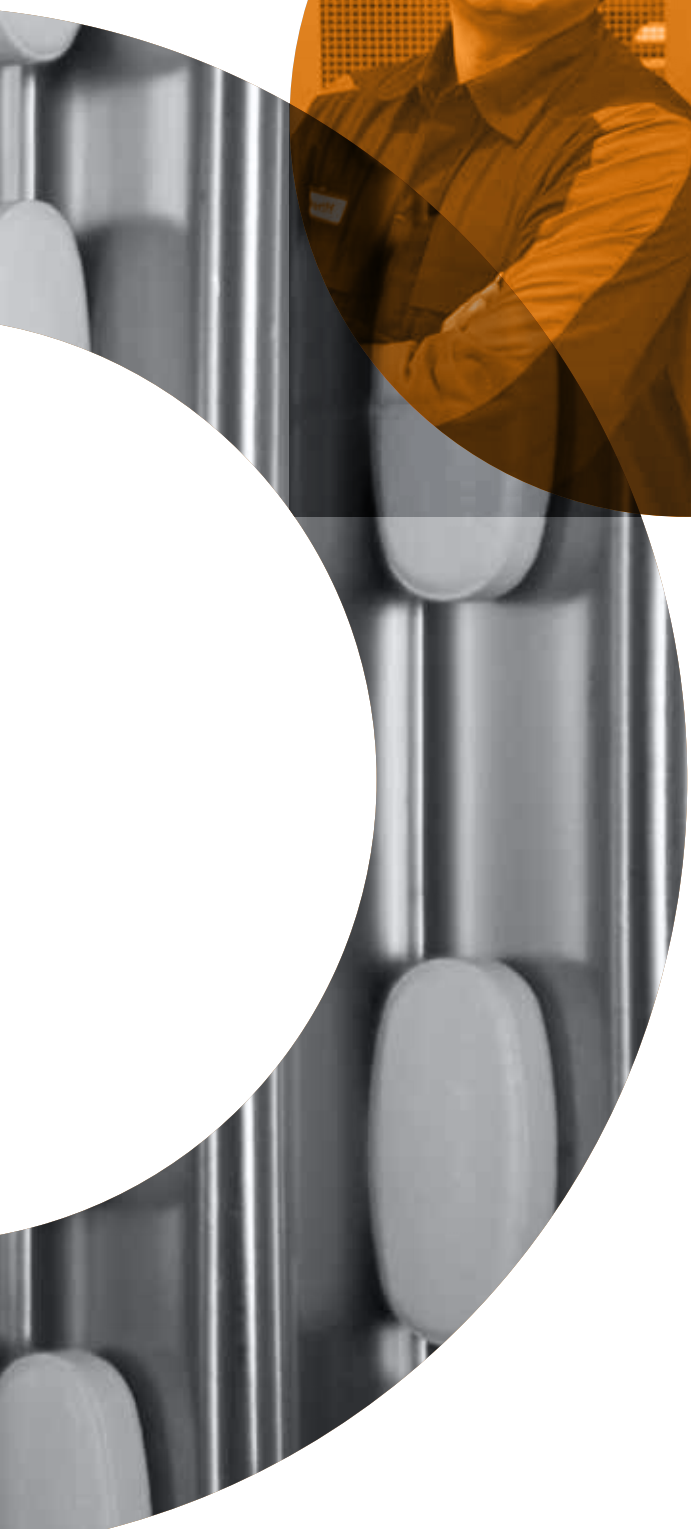




2017 NOTICE OF ANNUAL GENERAL MEETING



Pact Group Holdings Ltd
ABN: 55 145 989 644



13 October 2017

Dear Shareholder

It is with much pleasure that I invite you to the fourth Annual General Meeting (**AGM**) of Pact Group Holdings Ltd (**Company**) to be held on Wednesday, 15 November 2017 at 11.00am AEDT. The AGM will be held at the Company's Head Office, Building 6, 650 Church Street, Richmond, Victoria. A venue location map is on the back page of this Notice. Registration will commence at 10.00am AEDT and light refreshments will be available at the conclusion of the meeting.

If you are not able to attend the AGM, you are encouraged to vote your shares:

- by lodging an electronic proxy online by visiting www.investorvote.com.au; or
- by completing the enclosed personalised shareholder proxy form and returning it in the envelope provided.

In order for your vote to count by proxy, you must lodge your completed proxy form no later than 48 hours before the AGM (i.e. 11.00am AEDT Monday 13 November 2017) or any adjournment or postponement of the AGM. Further information about the appointment of proxies is set out on page 3 of this Notice.

Corporate shareholders wishing to appoint an individual representative to attend the meeting on their behalf will need to complete a 'Certificate of Appointment of Representative'. Further information about the appointment of corporate representatives is set out on page 3 of this Notice.

Shareholders can submit AGM questions by lodging them online at www.investorvote.com.au by the cut-off time for receipt of proxies. Alternatively, shareholders can ask questions by writing them on a separate sheet of paper and returning them with your proxy form in the enclosed reply-paid envelope. We will endeavour to respond to the more frequently asked questions at the AGM.

The AGM will be webcast live for those shareholders who are unable to attend in person. A link to the webcast will be accessible via our website at <https://pactgroup.com.au/investor/investor-communications/annual-general-meeting/>.

In addition, an electronic version of the Annual Report for the year ended 30 June 2017 is available on our website <https://pactgroup.com.au/investor/investor-communications/reports-and-presentations/>.

My fellow Directors and I look forward to seeing you at the AGM and welcome your participation.

Yours sincerely



Raphael Geminder
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2017 Annual General Meeting of shareholders of Pact Group Holdings Ltd (Company) will be held at the Company's Head Office, Building 6, 650 Church Street, Richmond, Victoria on Wednesday, 15 November 2017 at 11.00am AEDT.

Items of business

1. Financial Statements and Reports

To receive and consider the annual Financial Report, the Directors' Report and the Auditor's Report for the Company and its controlled entities for the financial year ended 30 June 2017.

2. Adoption of the Remuneration Report

To consider the Company's Remuneration Report as it appears in the 2017 Annual Report of the Company and, if thought fit, pass the following non-binding resolution as an ordinary resolution in accordance with section 250R(2) of the *Corporations Act 2001* (Cth):

"That the Company's Remuneration Report for the financial year ended 30 June 2017 be adopted."

Voting Exclusion

Certain persons are prohibited from casting votes on this resolution. Details of the voting exclusions applicable to this resolution are set out under the heading "Voting Exclusions" on page 3 of this Notice.

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

3. Re-election of Director – Mr Jonathan Ling

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Jonathan Ling, who offers himself for re-election and being eligible, be re-elected as a Director of the Company."

4. Approval of FY18 long term incentive grant of performance rights to the CEO

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That approval be given for all purposes, including ASX Listing Rule 10.14 and s200B and s200E of the Corporations Act, for the grant of performance rights to Mr Malcolm Bunday, the Company's MD and CEO, as his annual long term incentive grant for the year ended 30 June 2018 on the terms described in the Explanatory Memorandum accompanying this Notice of meeting."

Voting Exclusion

Certain persons are prohibited from casting votes on this resolution. Details of the voting exclusions applicable to this resolution are set out under the heading "Voting Exclusions" on page 3 of this Notice.

5. Financial Assistance

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

"That the Company approve the transaction described in item 5 of the Explanatory Memorandum accompanying this resolution (which forms a part of this resolution) and all elements of that transaction that may constitute financial assistance by the following company:

- Pascoe's Pty Ltd (ABN 47 055 220463), Bidware Pty Ltd (ABN 39 057 753 330) and Middleton Asset Financing & Leasing Pty Ltd (ABN 25 143 929 668), for the purposes of sections 260A and 260B(2) of the Corporations Act 2001 (Cth)."*

The Explanatory Memorandum and Important Notes attached to this Notice is incorporated into and forms part of this Notice. A detailed explanation of the background and reasons for the proposed resolutions is set out in the Explanatory Memorandum.

By Order of the Board



Jonathon West

Company Secretary

Dated 6 October 2017

IMPORTANT NOTES

Voting methods

Shareholders may vote by attending the AGM in person, by proxy or by attorney. A body corporate shareholder may appoint an individual to act as its corporate representative in accordance with section 250D of the Corporations Act.

Voting entitlement

The Board has determined that persons holding fully paid ordinary shares in the capital of the Company at 7pm AEDT on Monday, 13 November 2017 will be eligible to vote at the AGM. This means that if you are not the registered holder of any fully paid ordinary shares in the capital of the Company at that time, you will not be entitled to vote.

Voting exclusions

The Corporations Act and ASX Listing Rules (as applicable) require that certain persons must not vote (under any capacity), and the Company must disregard votes cast by certain persons, on items 2 and 4 to be considered at the AGM.

For the purpose of these voting exclusions:

- The **Key Management Personnel (KMP)** of the Company are those persons having authority and responsibility for planning, directing and controlling the activities of the Company's consolidated group either directly or indirectly. It includes all Directors (executive and non-executive) and the Chief Financial Officer. The KMP are also listed in the Remuneration Report on page 31 of the Company's Annual Report.
- A **Closely Related Party (CRP)** of a member of the KMP means:
 - A spouse or child of the member;
 - A child of the member's spouse;
 - A dependent of the member or of the member's spouse;
 - Anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company's consolidated group; or
 - A company the member controls.
- An **Associate** has the meaning given in sections 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1)(a) included a reference to the Listing Rules and on the basis that the entity is the "designated body" for the purposes of that section.

Item 2

A vote must not be cast on item 2, and the Company must disregard votes cast on item 2:

- by or on behalf of a member of the Company's KMP named in the Company's Remuneration Report for the year ended 30 June 2017 or any of their Closely Related Parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person described above, unless either:
 - the person is appointed as a proxy in writing by a person eligible to vote on item 2 that specifies the way the proxy is to vote on the resolution; or
 - the person is the Chairman of the AGM and the proxy does not specify the way the proxy is to vote on the resolution, but only if the proxy expressly authorises the Chairman to exercise the proxy even though item 2 is connected with the remuneration of the KMP.

Item 4

A vote must not be cast on item 4, and the Company will disregard any votes cast on item 4:

- by or on behalf of Mr Malcolm Bunday and any of his Associates or any member of the Company's KMP named in the Company's Remuneration Report for the year ended 30 June 2017, or a Closely Related Party of a member of the Company's KMP, regardless of the capacity in which the vote is cast; or
- as a proxy by a person described above, unless either:
 - the person is appointed as a proxy in writing by a person entitled to vote on item 4 that specifies the way the proxy is to vote on the resolution; or
 - the person is the Chairman of the AGM and the proxy does not specify the way the proxy is to vote on the resolution, but only if the proxy expressly authorises the Chairman to exercise the proxy even though item 4 is connected with the remuneration of the KMP.

Proxies

A shareholder entitled to attend and vote at the AGM is entitled to appoint any person to attend the AGM and vote as the shareholder's proxy. A proxy can be an individual or a body corporate. A proxy need not be a shareholder.

A proxy form for appointment of a proxy is enclosed with this Notice.

Unless the proxy is required by law to vote, the proxy may decide whether or not to vote on any particular item of business. If the appointment of a proxy directs the proxy to vote on an item of business in a particular way, the proxy may only vote on that item as directed. Any undirected proxies on a given resolution may be voted by the appointed proxy as they choose, subject to the voting exclusions described previously.

IMPORTANT NOTES (CONT.)

If a shareholder is entitled to cast two or more votes, they may appoint two proxies and specify the proportion or number of votes each proxy is appointed to exercise. If the shareholder appoints two proxies and the proportion or the number of the shareholder's votes each proxy may exercise is not specified, each proxy may exercise half the votes (disregarding fractions).

If more than one proxy for a shareholder is present at the meeting, neither may vote on a show of hands. A proxy need not vote on a show of hands nor a poll (except if the proxy is the Chairman of the meeting) but if the proxy does so, the proxy must vote as directed. All directed proxies that are not voted on at the meeting will automatically default to the Chairman of the meeting, who is required to vote proxies as directed in the event of a poll. If you require a second proxy form, please contact Computershare Investor Services Pty Limited from within Australia on 1300 850 505 and from outside Australia on +61 3 9415 4000.

If the Chairman is appointed, or taken to be appointed, as your proxy, you can direct the Chairman of the meeting to vote 'for' or 'against', or 'abstain' from voting on, items 2 and 4 on the proxy form. If you do not direct the Chairman how to vote on items 2 and 4, by completing and returning the relevant proxy form you will be expressly authorising the Chairman to exercise your undirected proxy on items 2 and 4 even though those items may be directly or indirectly connected with the remuneration of a member of Key Management Personnel.

If you appoint a member of Key Management Personnel of the Company (other than the Chairman) or any of their Closely Related Parties as your proxy, you must direct them how to vote on items 2 and 4. If you do not do so, you risk your vote not being cast.

Completion of proxy form

A proxy form for appointment of a proxy must be signed by the shareholder or the shareholder's attorney. In the case of shares held jointly by two or more persons, any joint holder may sign the proxy form. Where a proxy is lodged by more than one of the joint holders in respect of the same shares, it will be the proxy of the holder first named in the Register that will be accepted. Electronic proxy forms do not need to be signed as they will be authenticated electronically. Where a paper proxy form is executed by an attorney the relevant power of attorney (or a certified copy of the power of attorney) must be received by the Company's Share Registry or the Company not less than 48 hours before the commencement of the meeting or any adjournment or postponement of the meeting. A proxy form cannot be completed online if it is completed under power of attorney or similar authority.

Lodgement

To be valid, your voting instructions must be received by one of the following methods not less than 48 hours before the commencement of the AGM or any adjournment or postponement of the AGM, being 11.00am AEDT on Monday 13 November 2017:

- (a) electronically, by visiting www.investorvote.com.au and following the instructions provided;
- (b) by sending the proxy form by mail or lodging the proxy form in person at the registered office of the Company or to the Company's Share Registry, Computershare Investor Services Pty Limited at GPO Box 242, Melbourne, Victoria 3001, Australia;
- (c) by sending the proxy form by facsimile to the Company's Share Registry on 1800 783 447 within Australia or +61 3 9473 2555 from outside Australia; or
- (d) for certain intermediaries (such as custodians, nominees and broker participants) who subscribe to the intermediary online service – electronically, by visiting www.intermediaryonline.com and following the instructions provided.

Bodies corporate

Body corporate shareholders and proxies entitled to attend and vote at the AGM may appoint a person to act as their representative at the AGM by providing that appointee with a 'Certificate of Appointment of Representative'.

A pro forma of this certificate may be obtained by calling 1300 850 505 (within Australia), +61 3 9415 4000 (outside Australia), or online at www.investorcentre.com under the help tab 'Printable Forms'. A copy of the signed Certificate of Appointment of Representative, or other evidence satisfactory to the Chairman of the AGM, must be lodged with the Company before the meeting or at the registration desk on the day of the meeting. The Company will retain the certificate.

Resolutions

All items of business involving a vote by shareholders other than item 5 are ordinary resolutions. To be passed, each of these items need approval of a simple majority of the votes cast by shareholders entitled to vote on the resolution. Item 5 is a special resolution requiring the approval of 75% of the votes cast by shareholders entitled to vote on each of those resolutions.

This Explanatory Memorandum forms part of the notice convening the AGM of the Company (**Notice**).

Item 1 - Financial statements and reports

The Corporations Act requires the Financial Report, Directors' Report and Auditor's Report for the Company and its controlled entities for the financial year ended 30 June 2017 to be laid before the AGM.

There is no requirement in the Corporations Act or the Company's Constitution for shareholders to vote on, approve or adopt these reports. However, shareholders will have a reasonable opportunity at the AGM to ask questions and make comments on these reports and the management of the Company.

The auditor of the Company is required to attend the AGM and will be available to take shareholders' questions and comments about the conduct of the audit, preparation and the content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the content of the audit. Shareholders may also submit questions (no later than 5.00pm AEDT on Wednesday 8 November 2017) to the auditor on the conduct of the audit and the content of the Auditor's Report. To lodge questions online, visit www.investorvote.com.au. Alternatively, shareholders may forward written questions with their completed proxy form in the enclosed reply-paid envelope.

The Corporations Act requires the Company to forward all questions to the auditor and the auditor is required to prepare a list of questions that the auditor considers are relevant to the conduct of the audit and the content of the Auditor's Report. The auditor may omit questions that are the same in substance as other questions or 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. The list of questions prepared by the auditor will be available from the Company's website, <https://pactgroup.com.au/investor/investor-communications/annual-general-meeting/>, prior to the AGM. In addition, copies of the list of questions will be available at the AGM.

Item 2 – Adoption of the Remuneration Report

The Corporations Act requires a resolution in relation to the Remuneration Report to be included in the business of the AGM. There will be an opportunity for shareholders at the AGM to comment on, and ask questions about, the 2017 Remuneration Report. The Remuneration Report can be found on pages 31 to 39 of the Company's 2017 Annual Report and can also be accessed online at <https://pactgroup.com.au/investor/investor-communications/reports-and-presentations/>.

The Corporations Act states that a vote on the Remuneration Report is advisory only and will not bind the Directors or the Company. The Board will, however, take the outcome of the vote and comments made by shareholders on the Remuneration Report into consideration when reviewing the Company's remuneration practices and policies.

Voting exclusions apply to this resolution as specified in the Notice of AGM.

The Chairman of the meeting intends to vote all available proxies in favour of the adoption of the Remuneration Report. If you intend to appoint a member of the Company's Key Management Personnel (including any Director of the Company or the Chairman) or their Closely Related Parties as your proxy, please refer to the important information contained in the Notice under the heading "Proxies" on page 3.

Item 3 – Re-election of Director – Mr Jonathan Ling

Pursuant to ASX Listing Rule 14.4, a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer. Mr Jonathan Ling, being eligible, has offered himself for re-election.

Mr Ling, was appointed to the Board on 28 April 2014 and is Chairman of the Nomination and Remuneration committee. The Board considers Mr Ling to be an independent Director.

Mr Ling has extensive experience in complex manufacturing businesses. He is currently the Chief Executive Officer and Managing Director of GUD Holdings Limited. Prior to that Mr Ling held leadership roles with Fletcher Building Limited, Nylex, Visy and Pacifica.

Mr Ling has a Bachelor of Engineering (Mechanical) from the University of Melbourne and a Masters of Business Administration from the Royal Melbourne Institute of Technology.

Recommendation

A review of Mr Ling's performance during his directorship has been undertaken by the other Directors. As a result, the Board (with Mr Ling abstaining) unanimously recommends that shareholders vote in favour of item 3.

The Chairman of the meeting intends to vote all available proxies in favour of the re-election of Mr Ling.

EXPLANATORY MEMORANDUM (CONT.)

Item 4 – Approval of FY18 long term incentive grant of performance rights to the CEO

Pursuant to ASX Listing Rule 10.14, the Company is seeking shareholder approval for the third grant of performance rights to the MD and CEO, Mr Malcolm Bunday, under the Pact Group Holdings Ltd Long Term Incentive Plan (the **Plan**).

The Plan is designed to allow the Board to make grants of awards to employees which provide the opportunity to acquire shares to assist with:

- attracting, motivating and retaining employees;
- delivering rewards to employees for individual and Company performance; and
- aligning the interests of employees with those of shareholders.

Mr Bunday was employed by the Company on 1 December 2015. The first and second grants of performance rights under the Plan represents Mr Bunday's pro rata long term incentive (LTI) for the years ended 30 June 2016 and 30 June 2017 (**FY16 & FY17 LTI Grants**). The third grant of performance rights represents Mr Bunday's LTI for the full financial year ended 30 June 2018 (**FY18 LTI Grant**). Details of the third grant is set out below.

Subject to shareholder approval, the performance rights granted under item 4 will be issued under the Plan within 12 months of the meeting.

Terms of the FY18 LTI Grant

Subject to shareholder approval, Mr Bunday will be granted 228,705 performance rights as his FY18 LTI Grant (**FY18 Rights**). The number of FY18 Rights to be granted to Mr Bunday has been determined by dividing Mr Bunday's FY18 LTI opportunity (being 100% of his annual base salary of \$1,230,000) by the volume weighted average share price (**VWAP**) of the Company's shares traded on the ASX over the five trading days following the Company's announcement of its FY17 full year financial results (being \$5.3781), rounded up to the nearest whole number.

As the FY18 Rights form part of Mr Bunday's remuneration, they will be granted for nil consideration.

Performance period

The FY18 Rights will be tested based on performance over a period of 3 years, commencing on 1 December 2015 and ending on 30 November 2018.

Other terms of the FY18 LTI Grant

Each FY18 Right entitles Mr Bunday to one ordinary share in the Company on vesting. Prior to vesting, FY18 Rights do not entitle Mr Bunday to any dividends or voting rights. The Board retains a discretion to make a cash equivalent payment in lieu of an allocation of shares.

Performance conditions

The FY18 Rights issued to Mr Bunday under the Plan will vest subject to the satisfaction of a total shareholder return (**TSR**) performance condition, based on the Company's TSR performance over the relevant performance period compared to its peer group.

The percentage of the FY18 Rights that vest (if any) will be determined by the Pact Nomination and Remuneration Committee (**NRC**) with reference to the percentile ranking achieved by the Company over the relevant performance period, compared to the other entities in the relative TSR comparator group, as follows:

TSR relative to peer group	FY18 Rights that vest (%)
At or above the 75th percentile	100%
Between the 50th and 75th percentile	Pro rata vesting between 50% to 100% (i.e. on a straight line basis)
At the 50th percentile	50%
Below the 50th percentile	Nil

Testing of the performance conditions

The Company's TSR performance is tested by measuring the Company's TSR performance against the TSR performance of a peer group of companies over the relevant performance period. The peer group will consist of S&P / ASX 200 companies excluding Metals & Mining and Financials.

The comparator group may, at the discretion of the Board, be adjusted to take into account events during the relevant performance period including, but not limited to takeovers, mergers, de-mergers or de-listings.

The Board retains discretion to adjust the relative TSR hurdle in exceptional circumstances to ensure that the MD and CEO is neither advantaged nor disadvantaged by matters outside management's control that materially affect achievement of the performance condition.

Testing of the performance condition will occur shortly after the end of the relevant performance period and release of the Company's full year results for FY20, and the number of FY18 Rights that vest (if any) will be determined by the NRC. Any FY18 Rights that remain unvested will lapse immediately.

Cessation of employment

If Mr Bunday ceases employment before the relevant vesting date due to:

- resignation;
- summary dismissal; or
- in circumstances where the Company could have dismissed Mr Bunday summarily prior to the relevant vesting date, all unvested FY18 Rights will be forfeited.

If Mr Bunday ceases employment for any other reason before the FY18 Rights vest, a pro-rata amount of the unvested FY18 Rights (reflecting the portion of the relevant performance period served) may remain “on-foot” post cessation and will be tested against the performance condition at the end of the relevant performance period (subject to the Board’s discretion to determine another treatment).

Change of control

In the event of a change in control of the Company, the Board has a discretion to determine that some or all of Mr Bunday’s FY18 Rights will vest.

If a change of control occurs before the Board exercises its discretion, the unvested FY18 Rights will vest based on the extent to which any applicable performance conditions have been satisfied (or are estimated to have been satisfied). The service related condition will be deemed to have been satisfied.

Claw back

The Board has broad ‘claw back’ powers to determine that FY18 Rights lapse or any shares are forfeited or that amounts are to be repaid in certain circumstances (for example, in the case of serious misconduct).

Restrictions on dealing

Mr Bunday must not transfer, hedge or deal with (except with Board approval or by force of law upon death or bankruptcy) FY18 Rights. Mr Bunday will be free to deal with the shares allocated on vesting of FY18 Rights, subject to the requirements of the Company’s Policy for Dealing in Securities.

Additional information for item 4 required by the ASX Listing Rules

Mr Bunday is the only Director entitled to receive performance rights under the Plan.

No loan will be made by the Company in relation to the acquisition of performance rights.

For the purpose of ASX Listing Rule 10.15.4, the only securities granted under the Plan since the date of the last approval (2016 AGM) to persons referred to in ASX Listing Rule 10.14 were 338,820 performance rights granted to Mr Bunday in November 2016 for nil financial consideration. Mr Bunday also acquired 209,205 performance rights as a one-off entitlement as part of his initial employment arrangements. This initial grant was approved by shareholders at the Company’s 2016 AGM.

If approval is given, it will also serve as approval for ASX Listing Rule 7.1 purposes so that the FY18 Rights granted to Mr Bunday and any shares issued pursuant to this approval will not reduce the capacity of the Company to issue securities under ASX Listing Rule 7.1. Accordingly, approval under ASX Listing Rule 7.1 is not required.

Additional information for item 4 required by the Corporations Act

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company or a related body corporate if it is approved by shareholders (or if an exemption applies). This restriction applies to managerial or executive officers of the Company or any of its subsidiaries, which includes Mr Bunday.

The term “benefit” has a wide operation for these purposes and relevantly for the Company, could include the Board exercising its discretion under the rules of the Plan to permit the early vesting of performance rights granted under the Plan. Circumstances in which the Board may allow early vesting of Mr Bunday’s FY18 Rights include where Mr Bunday ceases to be an employee of the Company.

It is therefore proposed that this resolution will approve, under section 200E of the Corporations Act, any “termination benefit” that may be provided to Mr Bunday under the Plan in relation to the FY18 Rights (including where the Board exercises its discretion to determine to vest some or all of Mr Bunday’s unvested FY18 Rights in the event he ceases to be employed by the Company), in addition to any other termination benefits that may be provided to Mr Bunday under the Corporations Act.

The Company is seeking this approval to assist it in meeting its existing obligations to Mr Bunday, and to provide the Company with the flexibility to continue to remunerate Mr Bunday appropriately and responsibly. Details of Mr Bunday’s remuneration is set out in the Company’s 2017 Annual Report.

EXPLANATORY MEMORANDUM (CONT.)

The value of any such termination benefits cannot currently be ascertained. However, the matters, events and circumstances that will, or are likely to, affect the calculation of that value include:

- Mr Bunday's length of service and the portion of any relevant performance periods that have expired at the time he leaves employment;
- Mr Bunday's total fixed remuneration at the time he leaves employment; and
- the number of unvested FY18 Rights that Mr Bunday holds at the time he leaves employment and the extent to which any conditions attaching to those FY18 Rights have been satisfied.

Recommendation

The Board (with Mr Bunday abstaining) unanimously recommends that shareholders vote in favour of item 4.

The Chairman of the meeting intends to vote all available proxies in favour of the grant of performance rights to the CEO as his FY18 LTI. If you intend to appoint a member of the Company's Key Management Personnel (including any Director of the Company or the Chairman) or their Closely Related Parties as your proxy, please refer to the important information contained in the Notice under the heading "Proxies" on page 3.

Item 5 – Financial Assistance

1. Introduction

- 1.1. This section of the Explanatory Memorandum relating to proposed Item 5 ("Financial Assistance") (the **Resolution**) contained in the accompanying Notice is given to shareholders of the Company for the purpose of section 260B(4) of the Corporations Act.
- 1.2. It contains all of the information known to the Company or the Directors of the Company that is material to deciding how to vote on the proposed Resolution contained in the accompanying Notice. The proposed Resolution approves the giving of financial assistance by companies that are subsidiaries of the Company pursuant to section 260B(2) of the Corporations Act.
- 1.3. Certain terms and expressions used in this section of the Explanatory Memorandum relating to item 5 are defined in paragraph 14 of this item.

2. The share acquisitions

- 2.1. Pact Group Holdings (Australia) Pty Ltd ACN 107 959 900 (Purchaser) has acquired the entire issued ordinary share capital of Pascoe's Pty Ltd (ABN 47 055 220 463), Bidware Pty Ltd (ABN 39 057 753 330) and Middleton Asset Financing & Leasing Pty Ltd (ABN 25 143 929 668), pursuant to the Pascoe's Group Share Sale Agreement.
- 2.2. The Purchaser is a wholly owned subsidiary of the Company.
- 2.3. The Target Group Companies are subsidiaries of the Company.

3. Requirement for Shareholder approval

- 3.1. 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 if the assistance is approved by the shareholders of the Company pursuant to section 260B of the Corporations Act.
- 3.2. Approval of this financial assistance has or will be given by the shareholders of each of the Target Group Companies. Additionally, under section 260B 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 shareholders of that listed holding company. Because the Company is the listed holding company of the Target Group Companies, shareholders of the Company are asked to approve the financial assistance.
- 3.3. 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.

4. Particulars of the financial assistance

- 4.1. As part of the arrangements to finance the Pascoe's Group Acquisition, the Company funded part of the purchase price for that acquisition by drawing down on its existing debt facilities, which are provided pursuant to the Facilities Agreement.

- 4.2. Under the terms of the Facilities Agreement, the Company is required to ensure that each Target Group Company:
- (a) accedes to the Facilities Agreement by entering into an accession letter to become an "Additional Guarantor" and an "Obligor" (each as defined in the Facilities Agreement);
 - (b) give an interlocking guarantee and indemnity (which is contained in the Facilities Agreement) for the repayment of money that may become owing, and to secure (among other things) each other Obligor's obligations, under the Facilities Agreement and any related document; and
 - (c) 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.
- 4.3. The Company may also from time to time arrange refinancing and additional financing facilities (including working capital facilities) of an amount to be determined in the future. In order to secure and regulate the obligations of the Company and any applicable subsidiary or related entity of it in relation to new financing facilities, each Target Group Company 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 shareholders (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.
- 4.4. Each Target Group Company's obligations under each Finance Document are significant. Those obligations include:
- (a) unconditionally and irrevocably guaranteeing the performance of the obligations (including payment obligations) of the Company and any applicable subsidiary or related entity of it under the Finance Documents from time to time; and
 - (b) indemnifying each Finance Party and other parties against any liability, loss or cost incurred by them under, or in connection with, the Finance Documents.
- 4.5. Entering into, and performing obligations under, the Finance Documents will constitute or involve the Target Group Companies giving financial assistance in connection with the Pascoe's Group Acquisition for the purposes of section 260A of the Corporations Act and therefore requires the prior approval of shareholders under section 260B of the Corporations Act.

5. Approval of financial assistance

Under section 260B(2) of the Corporations Act, shareholder approval for financial assistance by the Target Group Companies 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).

6. Reasons for the financial assistance

- 6.1. The Purchasers used funds made available under the Facilities Agreement to finance part of the consideration payable for the Pascoe's Group Acquisition, to provide working capital for the business of the Target Group Companies and related companies and to pay certain transactions costs and fees associated with each acquisition.
- 6.2. The financiers' agreement to provide the finance made available to the Company and the Purchasers under the Facilities Agreement was conditional on the Company, the Purchasers and each of their subsidiaries which have acceded to the Facilities Agreement being bound by certain obligations included in the Facilities Agreement, including the obligation to ensure that:

EXPLANATORY MEMORANDUM (CONT.)

- (a) each of the Target Group Companies assumes the obligations and gives the guarantee and indemnity described in paragraph 4.2 above; and
 - (b) the Company's shareholders approve the financial assistance to be given by the Target Group Companies.
- 6.3 Accordingly, the reason for the giving by the Target Group Companies of the financial assistance described above is to enable the Company, the Purchasers and their applicable subsidiaries to comply with their obligations under the Facilities Agreement.

7. Effects of the financial assistance

- 7.1 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 Memorandum by each of the Target Group Companies is unlikely to have any adverse effect on the Company.
- 7.2 The substantial effect of the financial assistance on the Target Group Companies is that, following their respective accession under the Facilities Agreement, each Target Group Company will have:
- (a) guaranteed all amounts payable under the Facilities Agreement and related finance documents; and
 - (b) indemnified each Finance Party and other parties against any liability, loss or cost incurred by them under, or in connection with, the Facilities Agreement and related finance documents.

The operations of the Target Group Companies will also be restricted by the representations and undertakings given by them when they accede to the Facilities Agreement. However, the Company is already required to procure that the Target Group Companies comply with most of these undertakings and the Company is required to provide such representations, even though the Target Group Companies have not yet acceded to the Facilities Agreement.

- 7.3 The Directors of the Company do not currently have any reason to believe that the Company or any of its subsidiaries which have acceded to the Facilities Agreement is likely to default in its obligations under the Finance Documents.

- 7.4 However, if the Company or any applicable subsidiary defaults under the Finance Documents, any one or more of the Finance Parties may decide to take enforcement action such as making a demand under the Finance Documents (including by a call on the guarantee and indemnity given by each Target Group Company). Accordingly, each Target Group Company will be liable for the default of the Company or any applicable subsidiary under the Finance Documents, with the result that all of the assets of each Target Group Company will be available to satisfy the claims of the Finance Parties.

On enforcement, among other rights, a Finance Party may become entitled to procure the sale of the assets of each Target Group Company or to cause the winding up of that company. The sale of assets on enforcement or winding up may yield a return to each Target Group Company (and ultimately its shareholders) significantly lower than could have been achieved by each Target Group Company had those assets been otherwise sold and may therefore have an adverse effect on the financial position of the Target Group Companies and their ability to pay creditors.

8. Advantages of approving the Resolution

- 8.1. The advantages to the Company of its shareholders approving the Resolution are that:
- (a) the Target Group Companies will be able to accede to the Facilities Agreement and so allow the Company to meet its obligations under the Facilities Agreement described in paragraph 4.2 above and avoid the occurrence of an event of default. If an event of default occurs, the financiers may require immediate repayment of the amounts due under the Facilities Agreement and related finance documents. The Directors of the Company believe that the utilisation of the existing facilities under the Facilities Agreement was the most efficient form of financing available to fund, in part, the Pascoe's Group Acquisition; and
 - (b) the Company will be able to benefit from synergies, cost savings and greater growth potential through the integration of the Target Group Companies.

8.2. The Directors of the Company believe that the principal advantage to the Target Group Companies of their respective shareholders approving the Resolution is that it enables the Company to comply with its obligations under the Finance Documents and avoids a default occurring under the Facilities Agreement. Any default under the Facilities Agreement would have a potentially destabilizing effect on the Company, which could in turn adversely affect the Target Group Companies. In addition, the continuation of the Facilities Agreement benefits the Target Group Companies because the Facilities Agreement will provide funds for the working capital and general corporate purposes of the Target Group Companies.

9. Disadvantages of approving the Resolution

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 and related finance documents, the Directors of the Company do not believe there are any disadvantages to the Company of its shareholders approving the Resolution.

Nevertheless, the disadvantages to the Target Group Companies of their shareholders approving the Resolution may be considered to include the following:

- (a) the Target Group Companies will become liable for the amounts payable under the Facilities Agreement and related finance documents;
- (b) the operations of the Target Group Companies will be restricted by the representations and undertakings given by them by acceding to the Facilities Agreement. However, the Company is already required to procure that the Target Group Companies comply with most of these undertakings and the Company is required to provide such representations, even though the Target Group Companies have not yet acceded to the Facilities Agreement;
- (c) although the Directors consider this unlikely, the Company or any subsidiary may default under the Facilities Agreement. Following an event of default, the Finance Parties may make a demand under the guarantees provided by the Target Group Companies requiring immediate repayment of the amounts due under the Finance Documents, which may result (among other things) in the Finance Parties enforcing their rights to sell assets of the Target Group Companies to satisfy their claims or the winding up of an Target Group Company; and

- (d) the giving of the financial assistance may impact on each Target Group Company's ability to borrow money in the future. This is because a lender may be deterred by the existence of the Finance Documents from making finance facilities available to any Target Group Company. However, the Company is already required under the Facilities Agreement to procure that each Target Group Company does not borrow money other than in a manner permitted by the Facilities Agreement.

10. Approval and Recommendation

The Directors of the Company have unanimously approved this Explanatory Memorandum and the Notice and recommend that the shareholders of the Company vote in favour of the Resolution to approve the giving of financial assistance as they believe that approval of the resolution is in the best interests of the Company.

The Chairman of the meeting intends to vote all available proxies in favour of item 5.

11. Notice to ASIC

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

12. Disclosure of information

The Directors of the Company consider that the Notice and this Explanatory Memorandum contains all material information known to the Company that could reasonably be required by the shareholders of the Company 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 shareholders.

13. Accompanying documents

The Notice accompanies this Explanatory Memorandum.

EXPLANATORY MEMORANDUM (CONT.)

14. Defined terms and interpretation

14.1. In this Explanatory Memorandum relating to item 5:

Corporations Act means the *Corporations Act 2001* (Cth).

Facilities Agreement means the syndicated facility agreement dated 27 November 2013 between, among others, the Company, the Purchasers and a syndicate of banks, as amended from time to time, including by amendment and restatement deeds dated 22 June 2015 and 29 July 2016.

Finance Documents means the Facilities Agreement and each document referred to in, or contemplated by paragraph 4.2 and paragraph 4.3.

Finance Party means each financier, arranger, agent, hedging lender, trustee or security trustee under the Finance Documents.

Pascoe's Group Acquisition means the acquisition of the issued shares in Pascoe's Pty Ltd (ABN 47 055 220 463), Bidware Pty Ltd (ABN 39 057 753 330) and Middleton Asset Financing & Leasing Pty Ltd (ABN 25 143 929 668) pursuant to the Pascoe's Group Share Sale Agreement.

Pascoe's Group Share Sale Agreement means the share sale agreement between Pact Group Holdings (Australia) Pty Ltd ACN 107 959 900, David Schwartz, Ian Schwartz, Marc Schwartz and Barry Fasser and others, dated 28 February 2017.

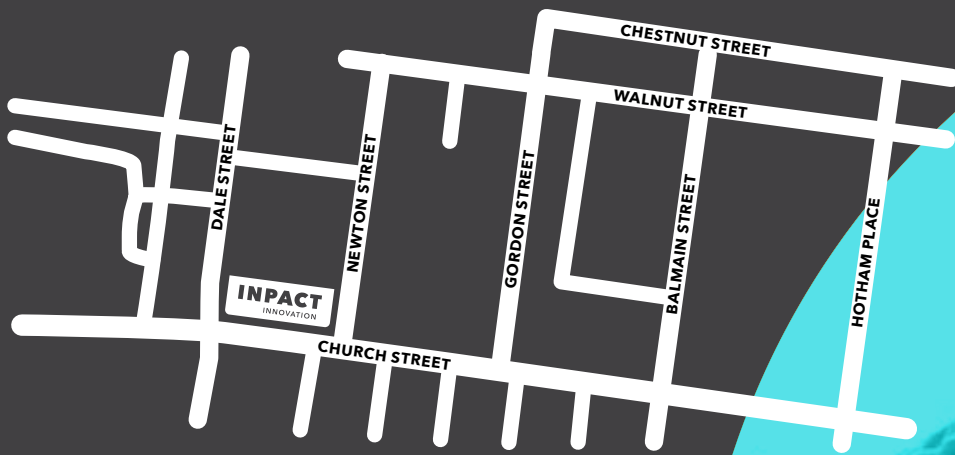
Purchasers means Pact Group Holdings (Australia) Pty Ltd ACN 107 959 900.

Target Group Company means Pascoe's Pty Ltd (ABN 47 055 220 463), Bidware Pty Ltd (ABN 39 057 753 330) and Middleton Asset Financing & Leasing Pty Ltd (ABN 25 143 929 668).

14.2 In this Explanatory Memorandum for the purposes of item 5, 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.





Location

Pact Group Head Office (Inpact Innovation)

Building 6, 650 Church Street, Richmond VIC 3121

T: 03 8825 4100

www.pactgroup.com.au

Parking

Parking is available at Vogue Plaza located at 670 Chapel Street, South Yarra. Enter the car park from Malcolm Street.

Parking charges are \$12.00 for early bird (in before 10am), \$3.00 for 0–1 hour, \$4.00 for 1–2 hours, \$10.00 for 2–3 hours or \$14.00 for 3–4 hours. Coins or credit cards are accepted.

It is an approx. 600m walk from Vogue Plaza to Pact Group.

Tram Services

No. 78 – North Richmond – Balaclava via Prahran

We suggest disembarking at tram stop 53 (Howard Street), which is the stop closest to the venue.

Train Station

The closest train station is East Richmond Station located on the Alamein, Belgrave, Glen Waverley and Lilydale lines.

It is an approx. 600m walk from East Richmond Station to Pact Group.

Access

Access is via the Church Street entrance.

www.pactgroup.com.au

6/650 Church Street, Richmond VIC 3121 Australia

Telephone +61 3 8825 4100

