



Greencross Limited

ABN 58 119 778 862

2014 Annual General Meeting and Explanatory Memorandum

MEETING DOCUMENTATION

Wednesday 29 October 2014

Commencing at 3:00pm (Brisbane time)

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of members of **Greencross Limited** ('**Greencross**' or '**Company**') will be held on Wednesday 29 October 2014 at Level 5, 123 Eagle Street, Brisbane commencing at 3:00pm (Brisbane time).

ITEMS OF BUSINESS

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Company's financial reports and the report of the Directors and the Auditor for the financial year ended 30 June 2014.

2. ELECTION OF MS CHRISTINA BOYCE

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

'That Ms Christina Boyce, who retires as a Director of the Company in accordance with ASX Listing Rule 14.4 and rule 8.1 of the Company's constitution, and being eligible, be elected as a Director of the Company.'

Information about the candidate appears in the accompanying Explanatory Memorandum.

3. RE-ELECTION OF MR ANDREW GEDDES

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

'That Andrew Geddes, who retires as a Director of the Company by rotation in accordance with rule 8.3 of the Company's constitution, and being eligible, be re-elected as a Director of the Company.'

Information about the candidate appears in the accompanying Explanatory Memorandum.

4. ELECTION OF MR CHRISTOPHER KNOBLANCHE AM

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

'That Mr Christopher Knoblanche AM, who retires as a Director of the Company in accordance with ASX Listing Rule 14.4 and rule 8.1 of the Company's constitution, and being eligible, be elected as a Director of the Company.'

Information about the candidate appears in the accompanying Explanatory Memorandum.

5. ELECTION OF DR GLEN RICHARDS

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

'That Dr Glen Richards, who retires as a Director of the Company by rotation in accordance with rule 8.3 of the Company's constitution, and being eligible, be elected as an Executive Director of the Company.'

Information about the candidate appears in the accompanying Explanatory Memorandum.

6. ELECTION OF MR PAUL WILSON

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

'That Mr Paul Wilson, who retires as a Director of the Company in accordance with ASX Listing Rule 14.4 and rule 8.1 of the Company's constitution, and being eligible, be elected as an Executive Director of the Company.'

Information about the candidate appears in the accompanying Explanatory Memorandum.

7. RATIFICATION OF ISSUE OF SECURITIES

To consider and, if thought fit, to pass the following as separate ordinary resolutions:

Resolution 7(a)

'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 554,468 fully paid ordinary shares in the Company previously issued at \$7.80 per share, as described in the Explanatory Memorandum.'

Resolution 7(b)

'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 5,555,557 fully paid ordinary shares in the Company previously issued at \$9.00 per share, as described in the Explanatory Memorandum.'

Resolution 7(c)

'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 8,144,443 fully paid ordinary shares in the Company previously issued at \$8.45 per share, as described in the Explanatory Memorandum.'

A voting exclusion statement applies to Resolutions 7(a), (b) and (c). Further details of this exclusion are set out in the accompanying Notes.

8. APPROVAL OF FINANCIAL ASSISTANCE

As previously disclosed to you, the Company has purchased the entire issued share capital of CF Group Holdings Pty Limited (“City Farmers”).

The acquisition was funded using a A\$64,500,000 increase to the Company’s financing arrangements. The Company and certain of its wholly owned subsidiaries in the group signed up to our loan documents in 1 April 2014.

The Company’s financing arrangements require that the lenders have guarantees and security from group companies accounting for at least 90% of the total assets of the group and 90% of the EBITDA of the group. Therefore, as a result of the acquisition of City Farmers, the Company is required to ensure that City Farmers and its subsidiaries become guarantors and security providers within the Company’s financing arrangements.

This is a standard process, however the Corporations Act requires approval of the Company’s shareholders before City Farmers is able to sign up to the loan documents. This arises because when City Farmers signs up it is providing what the Corporations Act terms ‘financial assistance’ to the Company (by indirectly helping the Company to borrow funds to buy it). This triggers the need for shareholder approval.

The board regards this as a technical requirement. Nevertheless it is important because if the approval is not obtained City Farmers and certain of its subsidiaries will not be able to sign up to the facilities and the Company will be in breach of its obligations to its financiers.

We have tried to set out above in simple terms the essence of what shareholders are being asked to vote on. The accompanying Explanatory Memorandum contains further information about the resolution proposed and the implications for the Company.

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

Resolution 8

‘For the purposes of section 260B(2) of the Corporations Act 2001 (Cth), approval is given for the financial assistance to be provided by CF Group Holdings Pty Limited ACN 164 457 523 and its subsidiaries from time to time in connection with the Acquisition as described in the Explanatory Memorandum accompanying the Notice of Annual General Meeting dated 22 September 2014.’

Shareholders are referred to the accompanying Explanatory Memorandum forming part of this notice of annual general meeting. Terms used in Resolution 8, unless otherwise defined, have the meaning as set out in the Explanatory Memorandum.

9. REMUNERATION REPORT

To consider and, if thought fit, to pass the following in accordance with section 250R(2) of the Corporations Act:

'That the Remuneration Report for the year ended 30 June 2014 be adopted.'

NB: This resolution shall be determined as if it were an ordinary (majority) resolution, but under section 250R(3) of the Corporations Act, the vote does not bind the directors of the company.

A voting exclusion statement applies to Resolution 9. Further details of this exclusion are set out in the accompanying Notes.

Dated 22 September 2014

By order of the Board



Vincent Pollaers
Company Secretary

Notes

These Notes and the accompanying Explanatory Memorandum form part of the Notice of Meeting.

Shareholders of Greencross

1. Greencross has determined that for the purpose of voting at the meeting or adjourned meeting, shares will be taken to be held by those persons recorded on the Greencross register of shareholders as at 6:00 pm (Brisbane time) on 27 October 2014.

Appointment of Proxy

2. If you are a shareholder, and you are unable to attend and vote at the meeting, and wish to appoint a proxy, please complete and return the enclosed proxy form. A proxy need not be a shareholder of Greencross.

To vote by proxy, please either:

- A. lodge your proxy online at www.votingonline.com.au/greencrossagm2014 and follow the prompts, or
- B. complete and sign the relevant proxy form enclosed with this Notice of Meeting and return the proxy form either:
 - by post to Boardroom Limited, GPO Box 3993, Sydney, NSW 2001 or in person to **Boardroom Limited, Level 7, 207 Kent Street Sydney NSW 2000**; or
 - by facsimile to Boardroom Limited on facsimile number (612) 9290 9655,

so that it is received not later than **3:00pm (Brisbane time) on 27 October 2014**.

If the appointment is signed by an attorney, the power of attorney or a certified copy of it must be sent with the proxy form.

3. A shareholder entitled to attend and cast more than 2 votes at the meeting is entitled to appoint no more than 2 proxies to attend and vote in their stead. Where more than one proxy is appointed, each proxy should be appointed to represent a specified proportion of the shareholder's voting rights. Failure to apportion voting rights will result in each proxy being entitled to vote half of the shareholder's votes.
4. A corporation may elect to appoint a representative in accordance with s 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company before the meeting or at the registration desk on the day of the meeting.

5. A shareholder may appoint the Chairman of the meeting as their proxy by nominating him in the proxy form. If a shareholder returns their proxy form but does not nominate the identity of their proxy, the Chairman of the meeting will automatically be their proxy. If a shareholder returns their proxy form but their nominated proxy does not attend the meeting, then their proxy will revert to the Chairman of the meeting. For resolutions determined on a poll, if a shareholder's nominated proxy is either not recorded as attending the meeting or does not vote on the resolution in accordance with the shareholder's directions, the Chairman of the meeting is taken, before voting on the resolution closes, to have been appointed as the shareholder's proxy for the purposes of voting on the resolution.
6. If a shareholder appoints a member of the Company's key management personnel (**KMP**) (which includes each of the Directors) as proxy, the KMP will not be able to cast the shareholder's votes on Resolution 9 unless the shareholder directs them how to vote or the Chairman of the meeting is the shareholder's proxy. If a shareholder appoints the Chairman of the meeting as their proxy or the Chairman of the meeting is appointed as the shareholder's proxy by default, but the shareholder does not mark a voting box for Resolution 9, then by completing and submitting the proxy form the shareholder will be expressly authorising the Chairman of the meeting to exercise the proxy even though the relevant resolution is connected with the remuneration of the Company's KMP.
7. The Chairman of the meeting intends to vote all available proxies in favour of all resolutions.

Voting Exclusion Statement

Resolutions 7(a) – (c)

In accordance with the ASX Listing Rules the Company will disregard any votes cast by the following persons in respect of Resolutions 7(a) – (c):

- (1) any person who participated in the issue covered by the relevant resolution; or
- (2) any associate of those persons.

However, Greencross need not disregard a vote if:

- (1) it is cast by a person as a proxy for a person who is entitled to vote on the relevant resolution, in accordance with the directions on the proxy form; or
- (2) it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote on the relevant resolution, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 9 (Remuneration Report)

The Company will disregard any votes cast on the Resolution 9:

- (1) by or on behalf of members of the Company's KMP disclosed in the Remuneration Report for the financial year ended 30 June 2014, or their closely related parties, regardless of the capacity in which the vote is cast; or
- (2) as a proxy by a person who is a member of the Company's KMP at the date of the annual general meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on the relevant resolution:

- (1) in accordance with a direction on the proxy form; or
- (2) by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy, even though the relevant resolution is connected with the remuneration of the Company's KMP.

EXPLANATORY MEMORANDUM

Item 1 – Financial Statements and Reports

The Corporations Act requires that the report of the Directors, the report of the Auditor and the financial reports be presented to the annual general meeting. In addition the Company's constitution provides for such reports and statements to be received and considered at the meeting.

Resolutions 2 to 6 – Directors

Under the ASX Listing Rules, a director appointed by the Board shall only hold office until the end of the next annual general meeting following their appointment, but shall be eligible for re-election at that meeting. Paul Wilson, Chris Knoblanche and Christina Boyce retire at the end of the meeting in accordance with this rule and, being eligible, offer themselves for election.

Under clause 8.3(b) of the constitution of the Company at least one-third of the Directors or, if their number is not a multiple of 3, then the number nearest to but not exceeding one-third of the Directors shall retire from office. In determining the Directors to retire under this rule, the Directors longest in office since last being elected or re-elected must retire. Dr Glen Richards and Andrew Geddes retire at the end of the meeting in accordance with this rule and, being eligible, offer themselves for election and re-election, respectively.

The Board (with the relevant Director abstaining in respect of their own election or re-election) unanimously recommends that shareholders vote in favour of Resolutions 2 to 6.

The experience and qualifications and other details in relation to each Director seeking election or re-election are set out below.

MS CHRISTINA BOYCE

Title	Non-Executive Director
Qualifications	B.Ec. (University of Sydney), MBA (KGSM), GAICD
Date of appointment	22 September 2014
Independent	The Board considers Christina to be an independent Director
Experience and expertise	Christina ('Christy') has over 20 years strategic consulting and management experience. She is currently a director of Port Jackson Partners, a consulting firm providing strategic advice to Boards, CEOs and senior management. Prior to this, she worked at McKinsey & Co for 14 years, where she was a Partner. Christy has worked extensively with companies on growth, strategy development and business restructuring across a range of industries including retail and consumer services in Australia and overseas. She is currently a Non-Executive Director of Monash IVF Group and Cryosite Limited. She holds a Masters of Management (with distinction) from the Kellogg Graduate School of Management at Northwestern University and a Bachelor of Economics

	from the University of Sydney. She is Graduate member of the Australian Institute of Company Directors.
Other current directorships of public companies	Monash IVF Group, Cryosite Limited
Former directorships (last 3 years)	None
Committee Memberships	Member of the Remuneration and Nomination Committee

MR ANDREW GEDDES

Title	Non-Executive Director
Qualifications	B.Com, Dip. Fin. Mgt, M.Ec, FCPA, F.A.I.C.D.
Date of appointment	26 April 2007
Independent	The Board considers Andrew to be an independent Director.
Experience and expertise	Andrew specialises in professional service firm management and development. This involvement led to his position as non-executive director with Count Financial Limited since its listing on ASX in 2001, a company offering financial services through a national network of accounting firms. He has conducted management development programs for veterinarians in Australia and has gained valuable insight into Australian veterinary businesses through 25 years of consulting work with them. Andrew was past Chairman of Greencross Limited and is currently the Chairman of the Audit Committee and a member of the Remuneration Committee.
Other current directorships of public companies	None
Former directorships (last 3 years)	Count Financial Limited (COU) (delisted)
Committee Memberships	Chairperson of the Audit and Risk Management Committee and member of the Remuneration and Nomination Committee

MR CHRIS KNOBLANCHE AM

Title	Non-Executive Director
Qualifications	BCom, ACA, FCPA
Date of appointment	22 September 2014
Independent	The Board considers Chris to be an independent Director
Experience and expertise	Principal - Advisory & Capital Pty Ltd. Chris was Managing Director and Head of Citigroup Corporate and Investment Banking Australia & New Zealand (2005– 2012). He was previously CEO of Andersen Australia, CEO of Andersen Business Consulting Asia Pacific and Regional Managing

	<p>Director of Deloitte Management Solutions – Asia. Prior to Citigroup, Chris was a Partner in the boutique Investment bank, Caliburn Partnership now Greenhill Caliburn. Chris served as Board Member & Chair of the Australian Ballet (2001 – 2013). Chris was awarded the Centenary Medal by the Federal Government for service to business and the arts in 2003. He was appointed a Member of the Order of Australia for significant service to arts administration, to the community and to the business and finance sector in 2014.</p> <p>Other Directorships: Independent Board Member & Chair of Finance Audit Risk Committee of the Environment Protection Authority NSW, Board Member of Whistles Fund Management, Advisory Board Member of Norton Rose Fulbright – Lawyers, Board Member of Aussie Home Loans, Director of Soils for Life (Outcomes Australia) and Director of GE Capital/Money Australia (Hallmark companies).</p>
Other current directorships of public companies	None
Former directorships (last 3 years)	The Australian Ballet
Committee Memberships	Member of the Audit and Risk Management Committee

DR GLEN RICHARDS

Title	Executive Director and Chief Veterinary Officer
Qualifications	B.V.Sc.(Hons), M.Sc., F.A.I.C.D.
Date of appointment	26 April 2007
Independent	Given Glen's executive role, the Board does not consider him to be an independent Director.
Experience and expertise	Glen is a veterinary honours graduate from University of Queensland and completed a Post Graduate Research Masters at James Cook University researching production and reproduction parameters in Bos Indicus Cattle. He practiced companion Animal medicine and surgery in Brisbane, Townsville and London before commencing practice ownership and establishing Greencross Vets in Townsville in 1994. He is the founding Managing Director of Greencross Limited. He was a cofounder and director of Mammoth Pet Holdings Pty Ltd (Petbarn and Animates) up until the time of merger. He is a past director of Lyppard Australia, one of Australia's leading Veterinary wholesalers. He established China's first western veterinary practice (Shanghai PAW) in 2001. He has been a Member of Australian Veterinary Association since 1988, with special interest groups in Small Animals and Practice Management.
Other current directorships of	None

public companies	
Former directorships (last 3 years)	None
Committee Memberships	None

MR PAUL WILSON

Title	Executive Director and Chief Commercial Officer
Qualifications	B.Bus, MBA, MAID
Date of appointment	6 February 2014
Independent	Given Paul's executive role, the Board does not consider him to be an independent Director.
Experience and expertise	Paul was a co-founder, director and shareholder of Mammoth Pet Holdings Pty Ltd prior to its acquisition by Greencross Limited and served as its Managing Director from inception in 2005. Paul holds a Bachelor of Business and a Masters of Business Administration from the University of Southern Queensland. Prior to Mammoth, Paul was the Chief Operating Officer of ShopFast, Australia's largest online grocery retailer (sold to Coles in 2003). Paul has worked in the retail industry for 26 years. He was with Caltex Australia from 1987 to 1999, in a number of roles including, National Fuels Pricing and Planning Manager, Retail Sales Manager for convenience retailing (500 locations), and General Manager of Caltex/Boral JV, Vitalgas. In addition, Paul is a director of the Petbarn Foundation and is a Director of Animates New Zealand Holdings Pty Ltd.
Other current directorships of public companies	None
Former directorships (last 3 years)	None
Committee Memberships	None

Item 7 – Ratification of issue of securities

The purpose of these resolutions is for shareholders to approve, pursuant to Listing Rule 7.4, share issues which have occurred which count towards the Company's 15% limit under Listing Rule 7.1.

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of shareholders is required for an issue of securities, if the securities will, when aggregated with the securities issued by a company during the last 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

The proposed allotment and issue of shares detailed in these resolutions will not exceed the 15% threshold, however future issues may.

The information to be provided to shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5.

In compliance with the information requirements of Listing Rule 7.5, members are advised of the following particulars in relation to the proposed allotment and issue:

Resolution Number	Number of Securities	Issue price of Securities	Terms of Securities	Name of allottees or the basis on which allottees were determine	Use of funds raised by the issue
7(a)	554,468	\$7.80	Ordinary shares	Institutional and sophisticated investors	Dividend Reinvestment Plan underwrite
7(b)	5,555,557	\$9.00	Ordinary shares (subject to escrow arrangements)	Vendors of City Farmers	Part consideration for the purchase of City Farmers
7(c)	8,144,443	\$8.45	Ordinary shares	Institutional and sophisticated investors	Part consideration for the purchase of City Farmers

Resolution 8 – Approval of financial assistance

Information about this resolution is set out in the Schedule, which forms part of the Notice of Meeting.

Resolution 9 – Remuneration Report

The Corporations Act requires that the section of the report of the Directors' Report dealing with the remuneration of Directors and other Key Management Personnel ('Remuneration Report') be put to shareholders for adoption by way of a non-binding vote.

The Remuneration Report may be found in the Annual Report.

Following consideration of the Remuneration Report, the Chairman will give shareholders a reasonable opportunity to ask questions about or make comments upon, the Remuneration Report.

The Board recommends that shareholders vote in favour of Resolution 9.

SCHEDULE

This Schedule has been prepared in connection with Resolution 8, which is proposed to be passed as a special resolution of the Company at the Company's annual general meeting to approve the giving of financial assistance within the meaning of section 260A of the Corporations Act by subsidiaries of the Company (the **Financial Assistance Resolution**).

This Schedule and the other attachments to the notice of annual general meeting (the **Notice**) which it accompanies are important documents. Please read them carefully.

1. Background to the requirement for Financial Assistance Resolution

1.1 Restrictions on companies giving financial assistance

Pursuant to section 260A(1) of the Corporations Act, a company may financially assist a person to acquire shares in the company or a holding company of the company only if:

- (a) giving the assistance does not materially prejudice:
 - (1) the interests of the company or its shareholders; or
 - (2) the company's ability to pay its creditors; or
- (b) the assistance is approved by shareholders under section 260B of the Corporations Act; or
- (c) the assistance is exempted under section 260C of the Corporations Act.

The requirements for shareholder approval of financial assistance are described in section 1.2.

1.2 Shareholder approval of financial assistance

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

- (a) a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by the person acquiring the shares (or units of shares) or by their associates; or
- (b) a resolution agreed to, at a general meeting, by all ordinary shareholders.

If, immediately after the acquisition, the company will be a subsidiary of another:

- (a) domestic corporation that is listed in Australia (**Listed Australian Holding Company**); or
- (b) domestic corporation that is not listed in Australia and is not itself a subsidiary of another domestic corporation (**Ultimate Australian Holding Company**),

then the financial assistance must also be approved by a special resolution passed under section 260B(2) (in the case of a Listed Australian Holding Company) or section 260B(3) (in the case of an Ultimate Australian Holding Company) of the Corporations Act at a general meeting of that corporation.

1.3 Approval by shareholders of the Company under section 260B(2)

The purpose of this Schedule is to explain in further detail the proposed Financial Assistance Resolution set out in the Notice which must be passed under section 260B(2) of the Corporations Act to enable CF Group Holdings Pty Limited ACN 164 457 523 (the **Target**) and its subsidiaries

(respectively), in relation to which the Company is the Listed Australian Holding Company, to financially assist the Company in connection with the Acquisition (each as described below).

2. The Acquisition

The Company has purchased the entire issued share capital of the Target under the terms of the share purchase agreement (for shares in CF Group Holdings Pty Limited) dated 16 June 2014 between, among others, the Sellers (as defined therein) and the Company (the **Acquisition**).

On completion of the Acquisition, the Company became the Listed Australian Holding Company of the Target and its subsidiaries (**Target Group**).

3. Funding arrangements

3.1 Overview

In order to assist in the financing of the Acquisition, the Company entered into additional debt facilities, being a A\$64,500,000 increase to the Company's and certain of its subsidiaries' credit facilities provided by Commonwealth Bank of Australia ABN 48 123 123 124 (**Commonwealth Bank of Australia**) and National Australia Bank Limited ABN 12 004 044 937 (**National Australia Bank**). Such additional debt facilities brought the aggregate principal amount of these credit facilities to A\$244,500,000 (the **Facilities**). The Facilities are provided under the A\$ senior facilities agreement – Consolidated Greencross/Mammoth Group dated 1 April 2014 as varied and restated pursuant to the first variation deed dated 15 June 2014 (the **Facilities Agreement**) between, among others, the Company, Mammoth Pet Pty Limited ACN 116 248 849 (**Mammoth Pet**), Petbarn Pty Limited ACN 001 802 759 (**Petbarn**), and Commonwealth Bank of Australia and National Australia Bank.

3.2 Facilities

(a) Facility limit and term

The Facilities have a combined limit of A\$244,500,000 and are divided into four facilities:

- (1) the first facility (**Facility A**) is for an amount of up to A\$195,000,000 repayable on 17 July 2019, of which A\$60,000,000 was used to finance the Acquisition;
- (2) the second facility (**Facility B1**) is for an amount of up to A\$25,000,000 and is repayable on 17 July 2019;
- (3) the third facility (**Facility C1**) is for an amount of up to A\$12,500,000 and is repayable on 17 July 2019; and
- (4) the fourth facility (**Facility C2**) is for an amount of up to A\$12,000,000 and is repayable on 17 July 2019.

Facility A is a term loan and any amounts repaid may not be redrawn. Amounts repaid under Facility B1 may be redrawn during the term of that Facility. Facility C1 and Facility C2 are multi-option revolving credit facilities, which may be utilised by way of cash advances, overdrafts, bank guarantees, and transactional and other ancillary facilities.

The Facilities Agreement also provides for Facility B2, which is a re-drawable bullet accordion term loan facility. Facility B2 may be drawn to an aggregate of A\$30,000,000. Facility B2 has not yet been utilised.

(b) Purpose

The Facilities have been or may be drawn for the following purposes:

- (1) Facility A has been used and is available to refinance any existing debt of the Group, to finance any transaction and acquisition costs associated with the Greencross Transaction (as defined below), the Acquisition and the Finance Documents, and other approved purposes;
- (2) Facility B1 (and if utilised, Facility B2 will be) is available to finance capital expenditure, the establishment of “new to industry” stores and acquisitions (and to refinance debt of members of the Group which were so acquired), acquisition costs and all other costs, fees and expenses (and taxes on them) and all stamp duty, registration and other taxes incurred by or on behalf of any member of the Group in connection with any capital expenditure, establishment of “new to industry” stores or acquisitions, and other approved purposes; and
- (3) Facility C1 and Facility C2 are available to finance the general corporate purposes and working capital requirements of the Group (including the payment of all fees and expenses payable in connection with the Finance Documents and the provision of bank guarantees associated with the business of the Group), and other approved purposes.

(c) Borrower

The Facilities are provided to the Company and certain of its subsidiaries. Once they have joined the facility documentation as a guarantors and security providers, members of the Target Group may be entitled to use the Facilities.

(d) Other terms

The Facilities Agreement includes events of default, undertakings, representations and warranties from the borrower and guarantors consistent with a facility of this nature or as required by the lenders due to the particular circumstances of this transaction. The undertakings include:

- (1) a negative pledge;
- (2) undertakings not to acquire or dispose of assets;
- (3) undertakings not to incur financial obligations;
- (4) undertakings not to make distributions to shareholders; and
- (5) undertakings to use proceeds of insurance claims, warranty claims and disposals of assets to prepay amounts under the Facilities,

in each case subject to agreed exceptions.

3.3 Hedging Agreements

Mammoth Pet has entered into hedging arrangements with each of Commonwealth Bank of Australia and National Australia Bank to hedge a proportion of its interest rate exposure under Facility A (the **Hedging Agreements**).

3.4 Guarantees

The Facilities Agreement contains guarantees and indemnities in respect of the Facilities and related hedging. The initial guarantors include the Company. It is a condition of the Facilities Agreement that, subject to agreed exceptions, certain members of the Target Group (referred to herein as **Target Guarantors**) will accede to these documents as guarantors.

3.5 Security

The Company and the other initial guarantors have provided security over some or all of their assets to National Australia Bank as security trustee (Security Trustee) to hold on trust for the financiers under

the Facilities and related hedging pursuant to a security trust deed dated 1 April 2014 between, among others, National Australia Bank, the Company, Mammoth Pet and Petbarn (**Security Trust Deed**). It is a condition of the Facilities Agreement that the Target Guarantors accede to the Security Trust Deed and provide security over their assets to the Security Trustee upon accession to the guarantee arrangements described above.

4. Financial assistance

4.1 Accession to the Finance Documents

It is proposed that, pursuant to the terms of the Facilities Agreement, the Target Guarantors accede as guarantors to the Facilities Agreement and as security providers to the Security Trust Deed pursuant to:

- (a) an accession deed under the Facilities Agreement; and
- (b) an accession deed (Security Trust Deed) under the Security Trust Deed,

(each a **Subsidiary Deed of Accession**).

Upon execution of each of the Subsidiary Deeds of Accession, the Target Guarantors would (among other things) become bound by the guarantees, indemnities and undertakings and give the representations and warranties referred to above. In addition, it is proposed that the Target Guarantors will grant security over their assets and undertakings (subject to agreed exceptions) to the Security Trustee as security for the obligations of all borrowers and guarantors under the Finance Documents (the Security). The Security may take the form of a fixed and floating charge over all assets of the relevant Target Guarantor, a registered mortgage in respect of any land owned by the relevant Target Guarantor and/or such other form as may be agreed with the relevant financiers.

4.2 Other support

In addition, the Target Guarantors may, or may be required to:

- (1) subordinate intercompany claims;
- (2) transfer assets to, or assume other liabilities of, the Company or other subsidiaries or related parties of the Company;
- (3) make available directly or indirectly their cash flows (whether through dividends, capital distributions, intercompany loans or otherwise) or other resources in order to enable the Company and the other guarantors to comply with their payment and other obligations in respect of the Financing;
- (4) consent or agree to amendments to the Finance Documents, including amendments that make their obligations more onerous;
- (5) provide additional support which may include incurring additional obligations and/or providing additional guarantees, mortgages and/or charges on the same or different terms to the Security; and
- (6) provide other financial assistance in connection with the Acquisition including, without limitation, in connection with any refinancing.

Other subsidiaries of the Target may in the future also provide or be required to provide financial assistance in connection with the Acquisition in the same form as that to be provided by the Target Guarantors or in another form.

5. Financial Assistance Resolution

5.1 Financial assistance approvals

The entry by the Target Guarantors into, and the performance by each Target Guarantor of its rights and obligations under the Subsidiary Deeds of Accession and the Security and the participation by the Target Guarantors (and other subsidiaries of the Target) in the funding arrangements and other transactions, all as described above, constitutes the giving of financial assistance in connection with the Acquisition, within the meaning of Part 2J.3 of the Corporations Act.

Pursuant to section 260B of the Act, it is proposed that the giving by the Target Guarantors of the financial assistance be approved by:

- (a) a resolution agreed to by all ordinary shareholders of each Target Guarantor pursuant to section 260B(1) of the Corporations Act; and
- (b) the Financial Assistance Resolution pursuant to section 260B(2) of the Corporations Act.

Because, immediately following the Acquisition, the Company was the Listed Australian Holding Company of each of its subsidiaries, the approval referred to in paragraph 5.1(b) will also approve, for the purposes of section 260B(2) of the Corporations Act, the giving of financial assistance by other subsidiaries of the Target if required in the future.

The approval referred to in paragraph 5.1(a) will be sought from the shareholders of each Target Guarantor in accordance with section 260B(1) of the Corporations Act. Where financial assistance is required to be given by subsidiaries of the Target other than the Target Guarantors in the future, the approval of shareholders of the relevant subsidiaries under section 260B(1) of the Corporations Act will be sought at that time.

Immediately following the Acquisition, no Target Guarantor had an Ultimate Australian Holding Company and accordingly no approval under section 260B(3) of the Corporations Act is required.

5.2 Reasons for giving financial assistance

The reason for the giving of the financial assistance described above is to enable the Company to comply with certain of its obligations under the Finance Documents.

If such obligations are not complied with a “Default” will occur under the Finance Documents and the funding under the Finance Documents may be required to be repaid.

5.3 Effect of financial assistance

As the Company is already liable for the amounts payable under the Finance Documents, the giving of the financial assistance described in this memorandum by the Target and its subsidiaries is unlikely to have any adverse effect on the Company, except that the operations of the Target Guarantors will be restricted by the representations and undertakings given by them under the Finance Documents.

The substantial effect of the financial assistance on the Target Guarantors is that each Target Guarantor will have guaranteed all amounts payable under the Finance Documents and granted security for such obligations over its assets and undertaking. The operations of the Target Guarantors will also be restricted by the representations and undertakings given by them under the Finance Documents. This equally applies to any company which is a subsidiary of the Target from time to time that is not a Target Guarantor but later provides financial assistance by acceding as a guarantor to the

Facilities Agreement and as a security provider to the Security Trust Deed pursuant to a Subsidiary Deed of Accession and providing Security, as set out in paragraphs 4.

The directors of the Company do not currently believe that either the Company or any of the Target Guarantors are likely to default in their obligations under the Finance Documents.

5.4 Advantages of the proposed resolution

The advantage to the Company of the proposed resolution is that the Target Guarantors will be able to accede to the Finance Documents and so avoid a Default occurring under the Finance Documents. If a Default occurs, the financiers may require immediate repayment of the amounts due under the Finance Documents and the Security Trustee would be able to enforce the security it holds over the assets of the Company and its subsidiaries. This may include a disposal of the shares acquired by the Company in the Target at less than the value that the Company would otherwise expect to be achieved.

The advantages of the proposed resolution to the Target Guarantors include:

- (a) the Company will be able to maintain its ownership of the Target Group. The directors of the Company believe that this is in the interests of the Target Guarantors because:
 - (1) the Target Guarantors will have greater access to funding in the bank and capital markets as a result of integration in the Group;
 - (2) the Target Guarantors will benefit from synergies, cost savings and greater growth potential through that integration with the Group; and
 - (3) the Target Guarantors will be able to retain existing management expertise and will have access to new management expertise provided by the Company and its affiliates.
- (b) the directors of the Company believe that the Financing is the most efficient form of financing available to the Group including to finance the Acquisition; and
- (c) the Target Guarantors will have access to additional working capital facilities by becoming a borrower under Facility C1 and Facility C2.

This equally applies to any company which is a subsidiary of the Target from time to time that is not a Target Guarantor but later provides financial assistance by acceding as a guarantor to the Facilities Agreement and as a security provider to the Security Trust Deed pursuant to a Subsidiary Deed of Accession and providing Security, as set out in paragraphs 4.

The directors of the Company believe that approving the transactions contemplated by this Schedule is in the interests of the Company.

5.5 Disadvantages of the proposed resolution

As the Company is already liable for and has provided security over its assets to secure the amounts due under the Finance Documents, the directors of the Company do not believe there are any disadvantages to the Company of the proposed resolution, except that the operations of the Target and its subsidiaries will be restricted by the representations and undertakings given by them under the Finance Documents.

The disadvantages of the proposed resolution for the Target Guarantors include the following:

- (a) they will become liable for the amounts due under the Finance Documents;

- (b) their assets will be subject to security and their operations will be restricted by the representations and undertakings given by them under the Finance Documents;
- (c) the borrowers may default under the Facilities and/or the Hedge Agreements;
- (d) the financiers may make a demand under the guarantees provided by the Target Guarantors requiring immediate repayment of the amounts due under the Finance Documents; and
- (e) the Security Trustee may enforce the guarantee and/or security granted by the Target Guarantors to recover the amounts due.

A demand made under the guarantees may result in the winding up of the Target Guarantors and a sale of the Target Guarantors' assets by the Security Trustee upon an enforcement of the Security. These actions may result in a return to the Company (and ultimately its shareholders) significantly lower than could have been achieved by the Company had those assets been sold in the ordinary course of business or had the Target Guarantors continued trading.

This equally applies to any company which is a subsidiary of the Target from time to time that is not a Target Guarantor but later provides financial assistance by acceding as a guarantor to the Facilities Agreement and as a security provider to the Security Trust Deed pursuant to a Subsidiary Deed of Accession and providing Security, as set out in paragraph 4.

5.6 Passing the Financial Assistance Resolution

The Financial Assistance Resolution is set out in the Notice that accompanies this Schedule.

The Financial Assistance Resolution will be passed if 75% of the Shareholders vote in favour of the resolution.

The shareholders may vote either for or against the Financial Assistance Resolution.

6. Recommendation

The directors unanimously recommend that the Shareholders vote in favour of the Financial Assistance Resolution to approve the giving of financial assistance.

7. Prior notice to Australian Securities & Investments Commission

As required by section 260B(5) of the Corporations Act, copies of the Notice and this Schedule as sent to the Shareholders were lodged with the Australian Securities & Investments Commission prior to their dispatch to the Shareholders.

8. Disclosure

The directors consider that this Schedule contains all information known to the Company that would be material to the Shareholders in deciding how to vote on the proposed resolution other than information which it would be unreasonable to require the Company to include because it has been previously disclosed to the shareholders of the Company.

9. Glossary

In this Schedule, unless defined otherwise:

Term	Meaning
Acquisition	is defined in section 2.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Facilities	is defined in section 3.1.
Facilities Agreement	is defined in section 3.1
Finance Documents	the Facilities Agreement, the Hedging Agreements, the Security Trust Deed, related security documents and all other related documents which are a “Finance Document” for the purposes of the Facilities Agreement.
Financial Assistance Resolution	is defined at the commencement of this Schedule.
Financing	the funding arrangements provided to the Company and the Group under the Finance Documents.
Greencross Transaction	the acquisition of the entire share capital in Mammoth Pet Holdings Pty Limited ABN 29 146 505 848 by the Company in exchange for the issuing of scrip in the Company to holders of shares in Mammoth Pet Holdings Pty Limited ABN 29 146 505 848.
Group	the Company and its subsidiaries.
Hedging Agreement	is defined in section 3.3.
Schedule	this Schedule
Security Trustee	is defined in section 3.5.
Security Trust Deed	is defined in section 3.5.
Shareholder	each person who is registered in the register of members as the holder of fully paid ordinary shares in the capital of the Company, from time to time.
Target	is defined in section 2.
Target Group	the Target and its subsidiaries.
Target Guarantor	is defined in section 3.4 and includes each of: <ul style="list-style-type: none"> (a) the Target; (b) CF Intermediate Holdings Pty Limited ACN 164 462 837; (c) City Farmers Finance Pty Limited ACN 164 468 802; (d) City Farmers Investments Pty Ltd ACN 128 160 421; (e) City Farmers Retail Pty Ltd ACN 083 012 211; (f) City Farmers Holdings Pty Ltd ACN 112 098 478; and (g) City Farmers Services Pty Ltd ACN 133 225 386.



All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your Proxy Form to be effective it must be received **before 3:00pm (Brisbane Time) on Monday 27th October 2014**

🖥 **TO LODGE YOUR PROXY VOTE ONLINE**

📱 **BY SMARTPHONE**

STEP 1: VISIT www.votingonline.com.au/greencrossagm2014

STEP 2: Enter your holding/investment type:

STEP 3: Enter your Reference Number:

STEP 4: Enter your VAC:

PLEASE NOTE: For security reasons it is important you keep the above information confidential.



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities 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.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Default to the Chair of the Meeting: 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.

Proxy voting by key management personnel: The key management personnel and their closely related parties will not be able to vote your proxy on Item 9 unless you tell them how to vote (except in the case of the Chair). If you intend to appoint a member of the key management personnel (other than the Chair) or one of their closely related

parties as your proxy, please ensure that you direct them how to vote on Item 9 by marking a box opposite that item.

If you have appointed the Chair as your proxy (or the Chair becomes your proxy by default), and you do not mark a voting box for Item 9, then by signing and submitting the Proxy Form you are expressly authorising the Chair of the Meeting to cast your vote as he sees fit (in which case the Chair of the meeting intends to vote in favour of this item of business).

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **3:00pm (Brisbane Time), Monday 27th October 2014**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 **Online** www.votingonline.com.au/greencrossagm2014

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Level 7, 207 Kent Street, Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Greencross Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the **Annual General Meeting** of the Company to be held at the **Level 5, 123 Eagle Street, BRISBANE QLD on Wednesday 29th October 2014 at 3:00pm (Brisbane Time)** and at any adjournment or postponement of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Item 9, by signing and submitting this form I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this resolution even though Item 9 is connected with the remuneration of a member of key management personnel for Greencross Limited.

The Chair of the Meeting intends to vote all undirected proxies in favour of all resolutions (including Item 9). If the Chair of the Meeting is or becomes your proxy and you wish to give the Chair specific voting directions, you should mark the appropriate voting box/es below.

STEP 2 VOTING DIRECTIONS
 * 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Item 2	Election of Christina Boyce as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Re-election of Andrew Geddes as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Election of Christopher Knoblanche AM as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Election of Dr Glen Richards as an Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Election of Paul Wilson as an Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7 (a)	Approval of prior issue of 554,468 Fully Paid Ordinary Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7 (b)	Approval of prior issue of 5,555,557 Fully Paid Ordinary Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7 (c)	Approval of prior issue of 8,144,443 Fully Paid Ordinary Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8	Approval of financial assistance (special resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 9	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS
 This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary