

PROSPECTUS

INITIAL PUBLIC OFFERING OF
ORDINARY SHARES

PFP | PROPEL
FUNERAL
PARTNERS

Issuer
PROPEL FUNERAL PARTNERS LIMITED (ACN 616 909 310)

LEAD MANAGER AND UNDERWRITER:

BELL POTTER

Important Notices

Offer

This Prospectus is issued by Propel Funeral Partners Limited (ACN 616 909 310) (**Company**) for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) (**Corporations Act**). This Prospectus contains an invitation for you to apply for fully paid ordinary shares (**Shares**) in the Company (**Offer**). Refer to Section 8 of this Prospectus for further information.

Lodgement and listing

This Prospectus is dated 25 October 2017 (**Prospectus Date**) and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The Company will apply to the Australian Securities Exchange (**ASX**) within seven days after the Prospectus Date for admission of the Company to the Official List and quotation of its Shares on ASX. None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**). No Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date.

Not investment advice

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether or not to invest in the Company.

In particular, you should consider the assumptions underlying the Forecast Financial Information and the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether or not to invest in the Company. Some of the key risk factors that should be considered by prospective investors are set out in Section 6. There may be other risk factors in addition to the risks in Section 6 that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital by the Company or any return on investment in Shares made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company, the Directors, the Lead Manager or any other person in connection with the Offer. You should rely only on information contained in this Prospectus.

Financial information presentation

Section 5 sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

All references to FY2015, FY2016, FY2017 and FY2018 appearing in this Prospectus are to the financial years ended 30 June 2015, 30 June 2016, 30 June 2017 and 30 June 2018, respectively, unless otherwise indicated.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards, except where otherwise stated. The Forecast Financial Information included in this Prospectus is unaudited and is based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial

Information is, to the extent applicable and unless stated otherwise, consistent with the basis of preparation and presentation of the Historical Financial Information.

Forward looking statements

This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. The Forecast Financial Information included in Section 5 of this Prospectus is an example of forward looking statements. Any forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the control of the Company. The Forecast Financial Information and the forward looking statements should be read in conjunction with, and qualified by reference to, the risk factors as set out in Section 6, the specific and general assumptions set out in Section 5.8, the sensitivity analysis set out in Section 5.9 and other information contained in this Prospectus.

The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward looking statements. The Company does not intend to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

This Prospectus, including the industry overview in Section 2 and business overview in Section 3, uses market data and third party estimates and projections. The Company has obtained significant parts of this information from market research prepared by third parties. There is no assurance that any of the third party estimates or projections contained in this information will be achieved. The Company has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 6.

Statements of past performance

This Prospectus includes information regarding past performance of Propel. Investors should be aware that past performance is not, and should not be relied upon as being indicative of future performance.

Information about the Manager

This Prospectus contains certain information about Propel Investments Pty Limited (ACN 117 536 357) (**Manager**) and its senior executives. It also contains details of the Manager's investment approach, strategy and philosophy. To the extent that this Prospectus includes statements by the Manager or includes statements based on any statement of, or information provided by, the Manager, the Manager consents to each such statement being included in this Prospectus in the form and context in which it is included and has not withdrawn that consent at any time prior to the lodgement of this Prospectus.

Disclaimers

Bell Potter Securities Limited has acted as Lead Manager to the Offer. Bell Potter Securities Limited has not authorised, permitted or caused the issue or lodgement, submission, despatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by it or by any of its affiliates, officers or employees. To the maximum extent permitted by law, Bell Potter Securities Limited and its affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, and make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to its name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Offer to New Zealand investor Warning

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Selling restrictions

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would be unlawful to make such offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia.

The taxation treatment of Australian securities may not be the same as those for securities in foreign jurisdictions.

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, or relied upon by, persons in the United States. The Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended

(US Securities Act) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States unless the Shares have been registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable securities laws.

For details of selling restrictions that apply to the Offer and the sale of Shares in certain jurisdictions outside of Australia, please refer to Section 10.16.

Exposure Period

The Corporations Act prohibits the Company from processing Applications in the seven day period after the Prospectus Date (**Exposure Period**). ASIC may extend this period by up to a further seven days (that is, up to a total of 14 days). The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of the funds.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be given to Applications received during the Exposure Period.

Prospectus availability

During the Offer period, a paper copy of this Prospectus is available free of charge to any person in Australia or New Zealand by calling the Propel IPO Information Line on 1800 550 560 (within Australia) and +61 1800 550 560 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday (excluding public holidays). This Prospectus is also available to persons who are Australian or New Zealand residents in electronic form at the Offer website www.propelfuneralpartners.com.au.

The Offer constituted by this Prospectus in electronic form is available only to persons downloading or printing it within Australia or New Zealand. Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus. For details relating to the availability of this Prospectus in certain jurisdictions outside of Australia, please refer to Section 10.16.

Applications

Applications may be made only during the Offer period on the Broker Firm Application Form or Priority Offer Application Form (whichever is relevant to you) (in general referred to as **Application Form**) attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form which must be downloaded in its entirety from www.propelfuneralpartners.com.au. By making an Application, you represent and warrant that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

Offer management

The Offer is being arranged, managed and underwritten by Bell Potter Securities Limited.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Defined terms and abbreviations

Some words and expressions used in this Prospectus have the meanings defined in the Glossary or are defined in the context in which they appear. Unless otherwise stated or implied, references to times in this Prospectus is to Sydney time. Unless otherwise stated or implied, references to dates or years are calendar year references. All financial amounts contained in this Prospectus are expressed in AUD unless otherwise stated. Any discrepancies between totals and the sum of components in tables contained in this Prospectus are due to rounding.

Privacy

By completing an Application Form to apply for Shares, you are providing personal information to the Company, through its service provider, Link Market Services Limited (**Share Registry**), which is contracted by or on behalf of the Company to manage Applications. The Company and the Share Registry on the Company's behalf, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of the Company. If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time-to-time to inform you about other products and services offered by the Company, which it considers may be of interest to you. Your personal information may also be provided to the Company's members, agents and services providers on the basis that they deal with such information in accordance with the Company's privacy policy and applicable laws. The members, agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as afforded under Australian law.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Company's register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Company's shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by or on behalf of the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Share Registry if any of the details you provide from time to time change. In accordance with the Corporations Act, information on the Company's members register (including name, address and details of any Shares held) will be accessible to the public. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry through the following means:

Website: www.linkmarketservices.com.au

Telephone: +61 1800 502 355 between 9:00am–5:00pm (Sydney time), Monday to Friday (excluding public holidays).

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Company Website

The Company maintains a website at www.propelfuneralpartners.com.au. Any references to documents included on the Company's website are for convenience only, and information contained in or otherwise accessible through this or a related website is not a part of this Prospectus.

Investigative Accountant's Report and Financial Services Guide

The provider of the Investigating Accountant's Report is required to provide Australian retail investors with a financial services guide in relation to its independent review under the Corporations Act (**Financial Services Guide**). The Investigative Accountant's Report and the Financial Services Guide is provided in Section 9.

Questions

If you have any questions about how to apply for Shares, please call your Broker. Instructions on how to apply for Shares are set out in Section 8 of this Prospectus and on the back of the Application Form. Alternatively, call the Propel Offer Information Line on 1800 550 560 (within Australia) and +61 1800 550 560 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays).

If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, Broker, lawyer or other professional adviser before deciding whether or not to invest in the Company.

This Prospectus is important and should be read in its entirety.

Contents

Important Notices	IFC
Key Offer Information	2
Chairman's Letter	4
1. Investment Overview	6
2. Industry Overview	18
3. Company Overview	24
4. The Manager	32
5. Financial Information	35
6. Risks	63
7. Key People, Interests and Benefits	69
8. Details of the Offer	75
9. Investigating Accountant's Report	86
10. Additional Information	95
Appendix A Significant Accounting Policies	111
Appendix B Glossary	117
Corporate Directory	IBC

Key Offer Information

Offer Statistics

Offer Price	\$2.70 per Share
Total proceeds from the Offer	\$131.2 million
Number of Shares offered to New Shareholders under the Offer	48.6 million
Other Shares on issue on Completion of the Offer ¹	49.6 million
Total number of Shares on issue on Completion of the Offer	98.2 million
Market capitalisation at the Offer Price ²	\$265.0 million
Estimated net cash on Completion of the Offer	\$50.0 million
Enterprise Value ³	\$215.0 million
Enterprise Value/pro forma forecast FY2018 Operating EBITDA ^{3, 4}	11.7x
Offer Price/pro forma forecast FY2018 NPAT per Share ^{4, 5}	25.5x
Annualised FY2018 forecast dividend yield at the Offer Price ^{4, 6}	3.5%

Key Dates

Prospectus Date	Wednesday, 25 October 2017
Retail Offer opens	Thursday, 2 November 2017
Retail Offer closes and Applications due	Tuesday, 14 November 2017
Settlement of the Offer	Thursday, 16 November 2017
Issue of Shares under the Offer (Completion of the Offer)	Friday, 17 November 2017
Expected despatch of holding statements	Monday, 20 November 2017
Shares expected to begin trading on ASX on a normal settlement basis	Thursday, 23 November 2017

Dates may change

The dates above are indicative only and may change. Unless indicated otherwise, all dates are Sydney time. The Company (with consent of the Lead Manager) reserves the right to vary the dates of the Offer without prior notice (including, subject to the ASX Listing Rules, the Corporations Act and other applicable laws), to close the Offer early, extend the date the Offer closes, to accept late Applications or to cancel the Offer before Completion of the Offer. If the Offer is cancelled before the issue of Shares, then all monies received in respect of the Offer will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Applicants are encouraged to submit their Application Forms as soon as possible after the Offer opens. No cooling-off rights apply to the Offer. The admission of the Company to the Official List and the quotation and commencement of trading of the Shares is subject to confirmation from ASX.

How to invest

Applications for Shares can be made in accordance with the procedures described in this Prospectus. Instructions on how to apply for Shares are set out in Sections 8.3 and 8.4 and on the back of the Application Form.

1. The majority of the Shares held by Management Shareholders will be subject to voluntary escrow arrangements as described in Section 8.9.

2. Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares at Completion of the Offer.

3. Enterprise Value is equal to the market capitalisation of the Company less the expected net cash on Completion of the Offer.

4. The Forecast Financial Information is based on assumptions and accounting policies set out in Section 5.8 and is subject to the key risks set out in Section 6. There is no guarantee that forecasts will be achieved. Certain Financial Information included in this Prospectus is described as pro forma for the reasons described in Section 5.2.

5. This ratio is commonly referred to as a price to earnings, or PE, ratio. A PE ratio is a company's share price divided by its earnings per Share. The Forecast Financial Information is based on the assumptions and accounting policies set out in Section 5 and Appendix A, and is subject to the key risks set out in Section 6. There is no guarantee that the Forecast Financial Information will be achieved.

6. Annualised dividend yield for the period from 17 November 2017 until 30 June 2018 is calculated as the implied dividend per Share based on the midpoint of the Company's target dividend payout ratio range of 75% to 85% of pro forma forecast FY2018 Distributable Earnings, divided by the Offer Price. For more information on the Company's dividend policy, see Section 5.10.



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“Propel has delivered a five year track record of strong financial performance and growth. From FY2012 to FY2017, the Company achieved a compound annual growth rate in pro forma revenue and Operating EBITDA of 107% and 128% respectively, driven by a combination of targeted strategic acquisitions and organic growth.”

Chairman's Letter



Dear Investor,

On behalf of the Board, it gives me great pleasure to offer you the opportunity to become a shareholder of Propel Funeral Partners Limited, the second largest private provider of death care services in Australia and New Zealand.

The death care industry provides essential services to individuals and families dealing with, or preparing for, death and bereavement. This includes the collection and transfer of the deceased, mortuary services, embalming, arranging and conducting a funeral, cremation, burial and memorialisation. Death care industry revenue is currently estimated to be \$1.1 billion¹ in Australia and NZ\$0.26 billion² in New Zealand. Demand for death care services is expected to grow in both countries because of increasing death volumes due to population growth and ageing of the "baby boomers".

Propel was founded in FY2012 with one funeral home and has since experienced significant growth, successfully expanding its geographic presence and diversifying its operations through the completion and integration of 24 profitable acquisitions. Propel's portfolio now comprises 80 locations (46 freehold and 34 leasehold) in Australia and New Zealand, including 19 crematoria and 5 cemeteries. Propel's location footprint is difficult to replicate and many of its funeral homes have been operating since the late 1800s and early 1900s.

Propel has delivered a five year track record of strong financial performance and growth. From FY2012 to FY2017, the Company achieved a compound annual growth rate in pro forma revenue and Operating EBITDA of 107% and 128% respectively, driven by a combination of targeted strategic acquisitions and organic growth. Propel is expecting continued growth, forecasting pro forma FY2018 Operating EBITDA growth of 49.5% to \$18.4 million. See Section 5.8 for the underlying forecast assumptions.

The death care industry is highly fragmented with approximately 1,200 establishments in Australia. The Company believes there is significant opportunity for further consolidation in Australia and New Zealand and Propel is well positioned to capitalise on the acquisition opportunities. Following Completion of the Offer, Propel will remain focussed on continued growth in-line with a clearly defined investment strategy. The Company's investment strategy is to acquire assets which operate within the death care industry in Australia and New Zealand such as:

- private funeral home operators;
- funeral related properties and infrastructure; and
- cemeteries and crematoria.

As Propel continues to grow, there should be opportunities to realise further operational efficiencies through:

- establishing greenfield locations;
- extracting procurement synergies and greater purchasing power through economies of scale;
- sharing of human resources, assets and information such as key performance indicators; and
- providing staff with career progression opportunities.

1. IBISWorld Industry Report S9520, Funeral Directors, Crematoria and Cemeteries in Australia, November 2016, IBIS World Pty Ltd. IBIS has not consented to the use of the information in the form or context in which it is included in this Prospectus.

2. NZ Funeral Services Industry Insights Report, Funeral Directors Association of NZ 2016.

Propel was founded and is managed by Propel Investments Pty Ltd (**Manager**), an experienced investment manager which commenced operations in 2007. The Manager has delivered investor returns of approximately 26%³ per annum for over 10 years from transactions in the death care industry with combined enterprise values of approximately \$300 million³. To date, all of Propel's acquisitions have been identified, negotiated, completed and managed by the Manager on its behalf. The Manager will continue to execute the Investment Strategy, on an exclusive basis and in accordance with the Management Agreement.

An offer of 48.6 million Shares at the Offer Price of \$2.70 per Share is being made to New Shareholders under this Prospectus, to raise \$131.2 million. Upon Completion of the Offer:

- New Shareholders will hold approximately 49.5% of the Shares;
- Existing Shareholders and Noteholders (other than Management Shareholders and Non-Executive Directors) will hold 29.0% of the Shares;
- Management Shareholders will hold approximately 20.7% of the Shares and have agreed to voluntary escrow the majority of these Shares for 10 years from Completion of the Offer; and
- Non-Executive Directors will hold approximately 0.8% of the Shares and have agreed to voluntary escrow these Shares until the release of Propel's FY2018 audited accounts.

The purpose of the Offer is to strengthen the Company's balance sheet and create a net cash position of approximately \$50.0 million to provide Propel with financial flexibility to pursue further growth opportunities in-line with the Investment Strategy. In addition, it is expected that the Offer will provide Propel with access to capital markets, create a liquid market for its Shares and provide an opportunity for others to invest in Propel.

This Prospectus contains detailed information about the Offer, the industry in which the Company operates, the Manager and financial information (including historical and forecast financial information) relating to Propel. It also includes a description of material risks associated with an investment in the Company in Section 6 such as changes to death volumes, reliance on the Manager, competition and risks associated with acquisitions. I encourage you to read this Prospectus carefully and in its entirety before making your investment decision.

My fellow Directors and I look forward to welcoming you as a shareholder of Propel.

Yours faithfully,



Brian Scullin
Chairman

3. The Company believes that the disclosure of the historical performance of the Manager's investments in the death care industry is helpful to investors to become aware of the knowledge, experience and track record of the Manager in completing and managing death care investments over an extended time frame. The Company therefore believes that the disclosure should assist investors and their advisers in deciding whether or not to invest in the Company. The information on past performance of the Manager's investments included in this Prospectus is not a forecast and should not be considered as a reliable indication of future performance of the Company.

I. Investment Overview



North West Funerals is one of Propel's funeral service providers, located in Victoria.

This Prospectus should be read in full before making any decision to apply for Shares.

Topic	Summary	More information
I.1 INTRODUCTION		
Who is Propel?	<p>Propel was established in FY2012. It is now the second largest private provider of death care services in Australia and New Zealand. Propel's property portfolio currently comprises 80 locations (46 freehold and 34 leasehold) in Australia and New Zealand, including 19 crematoria and 5 cemeteries.</p> <p>Propel has a strong presence in regional areas of New South Wales, Victoria, Queensland, Tasmania, South Australia and New Zealand and an emerging metropolitan presence. Propel operates under a multi-brand strategy. Its location footprint is difficult to replicate given the majority of its funeral homes have been operating for many decades. For example:</p> <ul style="list-style-type: none"> - Davis Funerals has been operating since 1875; - FW Barnes & Son has been operating since 1895; - WT Howards has been operating since 1922; - Millingtons has been operating since 1925; - Gympie Funeral Services has been operating since 1931; and - Virgo Funeral Services has been operating since 1939. 	Section 3
What industry does Propel operate in?	<p>Propel operates in the Australian and New Zealand death care industry. The death care industry provides essential services to individuals and families dealing with or preparing for, death and bereavement. This includes the collection and transfer of the deceased, mortuary services, embalming, arranging and conducting a funeral, cremation, burial and memorialisation.</p> <p>Death care industry revenue is currently estimated to be \$1.1 billion¹ in Australia and NZ\$0.26 billion² in New Zealand. The death care industry is highly fragmented, with the majority of funeral homes independently owned in both countries.</p> <p>Demand for death care services is expected to grow in Australia and New Zealand because of increasing death volumes due to population growth and ageing of the "baby boomers". According to projections made by the Australian Bureau of Statistics (ABS) and Stats New Zealand the number of deaths:</p> <ul style="list-style-type: none"> - in Australia is expected to increase by 1.4% per annum between 2016 and 2025; and - in New Zealand is expected to increase by 1.1% per annum between 2016 and 2025. 	Section 2
What is Propel's vision?	<p>Propel's vision is to further consolidate the fragmented death care industry in Australia and New Zealand in a strategic and measured way, by:</p> <ul style="list-style-type: none"> - being an attractive succession planning solution for remaining independent funeral home and crematoria vendors who want the legacy of their family business to remain successful in their local communities; - operating a decentralised, partnership model with a lean, supportive and non-bureaucratic management structure; - expanding into geographies with favourable demographics and/or market structures, through organic and inorganic initiatives; - treating stakeholders with professionalism, dignity and respect; and - being recognised as the industry leading aggregator, operator and shareholder value creation platform. 	Section 3.1

1. IBISWorld Industry Report S9520, Funeral Directors, Crematoria and Cemeteries in Australia, November 2016, IBIS World Pty Ltd. IBIS has not consented to the use of the information in the form or context in which it is included in this Prospectus.

2. NZ Funeral Services Industry Insights Report, Funeral Directors Association of NZ 2016.

I. Investment Overview

Topic	Summary	More information
Why is the Offer being conducted?	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> – provide Propel access to capital markets which it expects will provide additional financial flexibility to pursue further growth opportunities in-line with the Investment Strategy; – achieve a listing on ASX to broaden the Company's shareholder base and provide a liquid market for its Shares; – provide an opportunity for Existing Shareholders to realise part or all of their investment in Propel; – assist Propel in attracting and retaining staff; and – repay Propel's existing debt facilities and create a net cash position of approximately \$50.0 million on Completion of the Offer. 	Section 8.1.1
I.2 KEY FEATURES OF PROPEL'S BUSINESS MODEL		
How does Propel generate revenue?	<p>Propel provides a broad range of services and products across the death care industry to meet the needs of its customers which can be tailored to personal, religious or ethnic preferences. Propel generates revenue from:</p> <ul style="list-style-type: none"> – Funeral operations: which includes revenue from services such as collection, transfer and preparation of the deceased, arranging and conducting a burial or cremation, attending to the necessary documentation, arranging and staffing a funeral as well as product sales such as coffins, flowers and catering. Approximately 88.3% of pro forma FY2017 revenue was generated from funeral operations. – Cemeteries and memorial gardens: which includes revenue from the sale of burial plots and memorialisations (headstones, crypts, urns and plaques). Approximately 9.6% of pro forma FY2017 revenue was generated from cemeteries and memorial gardens. – Other sources: which includes revenue from coroner's contracts and cremations performed for other funeral directors. Approximately 2.1% of pro forma FY2017 revenue was generated from other sources. 	Section 3.3
What is Propel's investment strategy?	<p>Propel's investment strategy is to acquire assets which operate within the death care industry in Australia and New Zealand such as:</p> <ul style="list-style-type: none"> – private funeral home operators; – funeral related properties and infrastructure; and – cemeteries and crematoria. 	Section 4.2
Who are Propel's competitors?	<p>Propel operates in a highly fragmented market with one large corporate operator in Australia and New Zealand. Propel is the second largest operator in both countries and estimates it currently has:</p> <ul style="list-style-type: none"> – 4.1% market share in Australia based on estimated annual industry revenue of \$1.1 billion³; and – 6.7% market share in New Zealand based on estimated annual industry revenue of NZ\$0.26 billion⁴. 	Section 2.6
What is Propel's growth strategy?	<p>Propel's strategy is to continue to grow both organically and via acquisition:</p> <p>I. Continuing to execute a proven and disciplined acquisition strategy</p> <p>Propel intends to continue to build on its strong history of making and integrating profitable acquisitions of private businesses, properties, infrastructure and related assets which operate within the death care industry in Australia and New Zealand.</p>	Section 3.8

3. IBISWorld Industry Report S9520, Funeral Directors, Crematoria and Cemeteries in Australia, November 2016, IBIS World Pty Ltd. IBIS has not consented to the use of the information in the form or context in which it is included in this Prospectus.

4. NZ Funeral Services Industry Insights Report, Funeral Directors Association of NZ 2016.

Topic	Summary	More information																																																						
<p>What is Propel's growth strategy? <i>continued</i></p>	<p>2. Organic growth initiatives</p> <p>The Company intends to consider organic expansion opportunities such as selectively identifying potential sites in new locations and expanding (and/or refurbishing) existing locations. Propel's portfolio also includes land and buildings adjacent to existing funeral homes that can potentially provide brownfield expansion opportunities.</p> <p>As Propel continues to grow, there should be opportunities to realise further operational efficiencies through:</p> <ul style="list-style-type: none"> - extracting procurement synergies and greater purchasing power through economies of scale; - sharing of human resources, assets and information such as key performance indicators; and - providing staff with career progression opportunities. 	<p>Section 3.8</p>																																																						
<p>How does Propel expect to fund its operations?</p>	<p>Upon Completion of the Offer, Propel will have no bank debt and expects to fund its ongoing activities through an estimated net cash balance of approximately \$50.0 million, cash flows from operations and future debt facilities.</p> <p>Propel generates strong cash flow from operations. In FY2017, pro forma Operating Cash Flow was \$12.2 million and the Company's pro forma EBITDA to pro forma Operating Cash Flow conversion was 98.9%. Operating Cash Flow conversion is the percentage of Operating EBITDA converted to operating cash flows excluding interest and tax during a period.</p>	<p>Section 5.4.3</p>																																																						
<p>What is Propel's pro forma historical and forecast financial performance?</p>	<table border="1" data-bbox="472 1003 1275 1417"> <thead> <tr> <th></th> <th colspan="3">Pro Forma Historical</th> <th>Pro Forma Forecast</th> <th>Statutory Forecast</th> </tr> <tr> <th>\$ million</th> <th>FY2015</th> <th>FY2016</th> <th>FY2017</th> <th>FY2018</th> <th>FY2018</th> </tr> </thead> <tbody> <tr> <td>Total revenue</td> <td>10.9</td> <td>22.4</td> <td>46.1</td> <td>73.7</td> <td>73.7</td> </tr> <tr> <td>Operating EBITDA</td> <td>3.1</td> <td>5.8</td> <td>12.3</td> <td>18.4</td> <td>18.4</td> </tr> <tr> <td>Operating EBIT*</td> <td>2.2</td> <td>4.4</td> <td>10.0</td> <td>15.9</td> <td>13.1</td> </tr> <tr> <td>EBIT</td> <td>2.2</td> <td>4.4</td> <td>10.0</td> <td>15.9</td> <td>(8.7)</td> </tr> <tr> <td>Operating NPAT*</td> <td>1.5</td> <td>2.9</td> <td>5.5</td> <td>10.4</td> <td>7.1</td> </tr> <tr> <td>NPAT</td> <td>1.5</td> <td>2.9</td> <td>5.5</td> <td>10.4</td> <td>(14.8)</td> </tr> <tr> <td>Operating cash flow</td> <td>3.2</td> <td>5.4</td> <td>12.2</td> <td>18.2</td> <td>18.2</td> </tr> </tbody> </table> <p>* Statutory Forecast FY2018 excluding the impact of the one-off non-cash expense set out in Section 5.3.</p> <p>See Section 5.8 for the underlying assumptions.</p>		Pro Forma Historical			Pro Forma Forecast	Statutory Forecast	\$ million	FY2015	FY2016	FY2017	FY2018	FY2018	Total revenue	10.9	22.4	46.1	73.7	73.7	Operating EBITDA	3.1	5.8	12.3	18.4	18.4	Operating EBIT*	2.2	4.4	10.0	15.9	13.1	EBIT	2.2	4.4	10.0	15.9	(8.7)	Operating NPAT*	1.5	2.9	5.5	10.4	7.1	NPAT	1.5	2.9	5.5	10.4	(14.8)	Operating cash flow	3.2	5.4	12.2	18.2	18.2	<p>Sections 5.3, 5.5 and 5.8</p>
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<p>What is the Company's dividend policy?</p>	<p>The payment of a dividend by the Company is at the discretion of the Board and will be a function of a number of factors including the operating results, cash flows, the Company's financial condition, future funding requirements, taxation considerations (including the level of franking credits available) and any other factors the Board may consider relevant at the time.</p> <p>The Company's dividend policy is to target a dividend payout ratio in the range of 75% to 85% of Distributable Earnings. However, the level of payout ratio may vary between periods depending on, among other things, the factors stated above.</p> <p>The Board's intention is to pay dividends on a semi-annual basis, with the first dividend expected to be paid after release of the FY2018 results. The Board expects that dividends will be franked to the maximum extent possible.</p> <p>The annualised FY2018 forecast dividend yield at the Offer Price (based on a dividend payout ratio of 80%) is 3.5%.</p> <p>The annualised dividend yield is calculated as the proposed final dividend per Share of 5.8 cents for the period from 17 November 2017 to 30 June 2018, divided by the Offer Price, and is presented to illustrate a full 12 month dividend yield.</p> <p>No assurances can be given by any person, including the Directors, about the payment of any future dividend and the level of franking on any such dividend.</p>	<p>Section 5.10</p>																																																						

I. Investment Overview

Topic	Summary	More information
I.3 THE MANAGER		
Who is responsible for managing Propel?	<p>The Company has appointed the Manager to exclusively manage the affairs of Propel pursuant to the Management Agreement. Propel has been developed by the Manager and, to date, all of Propel's acquisitions have been identified, negotiated, completed and managed by the Manager on its behalf.</p> <p>The Manager is focussed on, and has a long successful track record of investing in, the death care industry having generated investor returns of approximately 26%⁵ per annum for over 10 years from transactions in the industry with combined enterprise values of approximately \$300 million⁵.</p> <p>Management Shareholders will own approximately 20.7% of the Company following Completion of the Offer, the majority of which will be escrowed for 10 years from Completion of the Offer. As a result, the Management Shareholders will be strongly aligned with the Company and its other Shareholders.</p> <p>The Manager holds an Australian Financial Services Licence (AFSL number 312032) and has over 10 years' experience in funds management having previously managed over \$600 million in capital for domestic and international professional and sophisticated investors.</p>	Section 4
What are the key terms of the Management Agreement?	<p>The Manager has agreed to provide investment management services to the Company on an exclusive basis for the Initial Term, with further renewals of five-year terms on the expiry of the Initial Term.</p> <p>The Manager will, among other things, continue to be responsible for managing the affairs of Propel and implementing the Investment Strategy.</p> <p>During the term of the Management Agreement, the Manager is entitled to nominate Directors from time to time, provided the total number of its nominees at any point in time is less than half of the total number of Directors then appointed. Subject to applicable laws, the Company has agreed to take all steps necessary to ensure the appointment and continuation in office of any Directors nominated by the Manager. In addition, the Manager may nominate one of its nominees to be the Managing Director of the Company. The persons nominated by the Manager as Directors shall not be paid a director fee by the Company.</p> <p>If the Management Agreement is terminated by the Company after the Initial Term as a result of Shareholders passing a resolution to remove the Manager at a general meeting, the Company must pay the Manager a fee equal to the sum of all Fees paid to the Manager in the 12 month period up to the date of termination and any accrued but unpaid Fees as at the date of termination. See Section 10.5 for further details.</p>	Section 10.5
What will the Manager be paid?	<p>The Manager will be entitled to receive fees for its management of Propel which during the Initial Term will comprise an administration fee and a performance fee:</p> <ul style="list-style-type: none"> – Administration Fee of \$60,000 per quarter plus GST, escalated by CPI annually; and – Performance Fee, calculated on each anniversary of Completion of the Offer on the following basis (subject to the recoupment of any prior underperformance): <ul style="list-style-type: none"> – if the annualised Total Shareholder Return (including dividends) is less than or equal to the Benchmark, the performance fee will be zero; and – if the annualised Total Shareholder Return (including dividends) is greater than the Benchmark, the performance fee will be 20% of the absolute dollar value that the Total Shareholder Return outperforms the Benchmark. 	Section 10.5

5. The Company believes that the disclosure of the historical performance of the Manager's investments in the death care industry is helpful to investors to become aware of the knowledge, experience and track record of the Manager in completing and managing death care investments over an extended time frame. The Company therefore believes that the disclosure should assist investors and their advisers in deciding whether or not to invest in the Company. The information on past performance of the Manager's investments included in this Prospectus is not a forecast and should not be considered as a reliable indication of future performance of the Company.

Topic	Summary	More information
<p>What will the Manager be paid? <i>continued</i></p>	<p>As an example, assuming an opening market capitalisation of \$265.0 million on Completion of the Offer and a Total Shareholder Return of 10% in the first Calculation Period, the outperformance amount would be \$5.3 million and the performance fee payable to the Manager would be 20% of the outperformance amount being \$1.1 million (ex GST). Further worked examples are provided in Section 10.5.</p> <p>The Manager may, by notice to the Company and subject to any regulatory approvals or ASX waivers, require the Company to pay up to a maximum of 50% of the Performance Fee in Shares. The issue price for the Shares shall be the 10 day VWAP of the Company's shares up to and including the last day of the calculation of the Performance Fee.</p> <p>During the Initial Term, no management fee is payable to the Manager. After the Initial Term, the Company will pay the Manager a quarterly management fee of 0.375% plus GST of the market capitalisation of the Company, payable in arrears. After the Initial Term, the cash management fee will be payable in addition to the Administration Fee and the Performance Fee outlined above.</p>	Section 10.5
1.4. KEY STRENGTHS		
<p>Essential service industry with compelling fundamentals and scale</p>	<p>Increasing death volumes influenced by population growth and ageing of the "baby boomers".</p> <p>Death care industry revenue of \$1.1 billion in Australia⁶ and NZ\$0.26 billion in New Zealand.⁷</p>	Sections 2.1, 2.4 and 2.5
<p>Fragmentation and competitive landscape provide consolidation opportunities</p>	<p>Most funeral homes in Australia and New Zealand are independently owned and many face generational change.</p> <p>The largest operator in both countries has stated it cannot rely on acquisitions in core markets to drive growth to the same extent it has done so traditionally.</p>	Section 2.6
<p>Established portfolio that is difficult to replicate</p>	<p>Second largest private provider of funeral services in Australia and New Zealand.</p> <p>Operates from 80 locations including 19 crematoria and 5 cemeteries in Australia and New Zealand.</p> <p>Established brands, some of which have operated since the late 1800s and early 1900s.</p>	Sections 3.2 and 3.4
<p>Proven growth strategy</p>	<p>Strong track record of making and integrating profitable acquisitions, having grown from a single funeral home in FY2012, to currently operating from 80 locations.</p> <p>Propel has been profitable every year since inception.</p> <p>Established platform to make further acquisitions, implement organic growth initiatives and realise scale benefits.</p> <p>Propel has a pipeline of future potential acquisition opportunities.</p> <p>No acquisitions have been included in the FY2018 forecast.</p>	Sections 3.2, 3.4 and 3.8
<p>Financial track record with significant cash flow generation</p>	<p>Strong track record of financial performance and growth.</p> <p>Attractive margins and cashflow generation provides financial flexibility to support future dividends and growth initiatives, including acquisitions.</p>	Section 5
<p>Experienced, aligned and committed management team</p>	<p>The Manager has been investing in the death care industry for over 10 years and has been responsible for driving Propel's financial performance.</p> <p>Management Shareholders to retain significant ongoing equity ownership post IPO, the majority of which will be escrowed for 10 years following Completion of the Offer.</p>	Sections 4 and 8.9

6. IBISWorld Industry Report S9520, Funeral Directors, Crematoria and Cemeteries in Australia, November 2016, IBIS World Pty Ltd. IBIS has not consented to the use of the information in the form or context in which it is included in this Prospectus.

7. NZ Funeral Services Industry Insights Report, Funeral Directors Association of NZ 2016.

I. Investment Overview

Topic	Summary	More information
I.5. KEY RISKS		
Death volumes	The number of deaths is a key driver of the level of activity in the death care industry. The activity of funeral homes, cemeteries, crematoria and related service providers are significantly influenced by the number of deaths in a specific geographical region and, therefore, a sustained or unexpected decline in death volumes in a geographical region in which Propel operates or invests may have a negative impact on the Company.	Section 6.2.1
The Manager	The success and profitability of the Company in part will depend upon the ability of the Manager to successfully implement the Investment Strategy. There can be no assurance that the Company will achieve its investment objectives and there can be no guarantee the Manager will achieve any particular investment return or that its future performance will match or exceed its past performance. The ability of the Manager to continue to manage the Company in accordance with the Management Agreement is dependent on its continued solvency. The Manager has the ability to terminate the Management Agreement only in limited circumstances. Skilled and experienced staff of the Manager may resign. There is no guarantee that the Manager will be able to attract and retain personnel with sufficient experience and expertise to manage Propel. The Management Agreement has an Initial Term of 10 years and there are only limited circumstances in which the Company may terminate that agreement before the expiration of the Initial Term. Even if the Company does not perform well, it may be difficult to remove the Manager. A summary of the Management Agreement is set out in Section 10.5.	Section 6.2.2
Acquisition strategy may not be successful	Propel intends to pursue acquisitions to complement its organic growth. However, there can be no assurance that Propel will be able to identify suitable acquisition targets at acceptable prices or complete and integrate acquisitions successfully. Even if successfully executed and integrated, there can be no guarantee of continued successful performance of those acquisitions. To the extent that Propel's acquisition strategy is not successful, its operational and financial performance may be adversely affected.	Section 6.2.3
Failure to execute acquisition opportunities	There is a risk that Propel is unable to identify and/or execute suitable opportunities, and a failure to do so could have an adverse impact on the value of the Shares.	Section 6.2.4
Competition in the death care industry	The death care industry in Australia and New Zealand is highly fragmented and competitive. Propel faces competition in all market sectors in which it operates. Any increase in competition (for example a new competitor launching similar products and services) may lead to a loss of market share or decreased profitability.	Section 6.2.5
Reliance on key management personnel	Propel's performance depends significantly on its personnel, and its ability to attract and retain experienced personnel. The unexpected loss of any management personnel, or the inability of Propel to attract personnel, may adversely affect its future financial performance.	Section 6.2.6
Pre-paid funerals contracts risk	Pre-paid funeral contracts expose Propel to potential escalation in costs in the period between execution and performance of the contract. There is no guarantee the pre-paid funds invested will generate positive returns, with the possible result that realised cash flows could fall below the cost of the future service delivery obligation contained in the pre-paid funeral contract. If the cost of the future service delivery obligation increases at a higher rate than the return on pre-paid funds, this could result in an economic or accounting loss on a pre-paid funeral contract.	Section 6.2.7
Reliance on customer relationships	Propel's ability to maintain successful relationships with existing customers or gain new customers is important to its business, growth and profitability. Failure to successfully maintain relationships with existing and new customers (for example, by failing to react to changes in customer preferences) could negatively impact Propel's future financial performance.	Section 6.2.8

Topic	Summary	More information
Brand and reputation damage	Maintaining the strength of the reputation and branding of Propel and its underlying brands is integral to Propel's ability to maintain relationships with existing customers, appeal to vendors and new customers, maintain sales growth and attract employees. Factors which may adversely affect Propel's reputation including many of those outlined in Section 6, may impact Propel's competitiveness, growth and profitability.	Section 6.2.9
Foreign exchange exposure	<p>An investment in the Company will include direct exposure to currency fluctuations as some of Propel's revenues, expenses and cash flows are generated or incurred in NZD.</p> <p>The impact of foreign exchange rate fluctuations may be reduced by employing a number of strategies including the use of foreign exchange forward contracts, purchasing in different currencies, carrying appropriate levels of inventory and passing through increases to customers via price adjustments. If Propel's hedging strategies are not successful, Propel may experience financial loss.</p>	Section 6.2.10
Availability of inputs and input costs	<p>Propel relies on various procurement relationships for the steady supply of raw materials, finished goods and services such as coffins, caskets, energy and utilities services. Significant supply disruptions could result in a material reduction in the availability of inputs required to support Propel's operations.</p> <p>Many of these inputs have a limited number of alternative suppliers and it is possible that one or more of Propel's suppliers will be unable to fulfill their operating obligations in the future. There is a risk that Propel is unable to secure or renew supplier contracts on the same or similar terms.</p>	Section 6.2.11
Management Shareholders will retain significant stakes in the Company following the Offer	<p>Following Completion of the Offer, Management Shareholders will have a relevant interest in approximately 20.7% of the issued share capital of the Company. The interests and benefits of Management Shareholders are outlined in Section 8.1.3.</p> <p>Management Shareholders will have the potential to exert a significant degree of influence over Propel's management and affairs, and over matters requiring Shareholder approval.</p> <p>Whilst escrow restrictions will apply to the majority of the Shares held by or on behalf of the Management Shareholders at Completion of the Offer for the periods disclosed in Section 8.9, there will be no restrictions on the sale of any Shares on and from the date on which those escrow restrictions are released. A significant sale of Shares by some or all of the Management Shareholders, or the perception that such sales may occur, could adversely affect the market price of Shares.</p>	Section 6.2.12
Protection of confidential customer information	<p>Through the ordinary course of business, Propel is supplied or collects a range of personal and financial data from customers.</p> <p>It is possible that the measures taken by Propel to protect customer data will not be sufficient to detect or prevent unauthorised access to, or disclosure of, confidential personal information.</p> <p>Any successful cyber-attack or other breach of security could result in loss of information, breaches of Propel's obligations under applicable laws or customer agreements, each of which could adversely impact on Propel's reputation, retention of customers, ability to attract new customers and financial performance.</p>	Section 6.2.13
Core technologies and systems failure	Propel relies on its IT and equipment infrastructure and systems, and its business depends on the efficient and uninterrupted operation of its core technologies and equipment. Propel's core technologies, facilities, equipment, machinery and other systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber-attacks, power or telecommunication providers' failure, fire, natural disasters, terrorist acts, war or human error. These events may cause an interruption to operations which could result in business interruption, the loss of customers and revenue, reputational damage and weakening of Propel's competitive position and financial performance.	Section 6.2.14

I. Investment Overview

Topic	Summary	More information
Propel may be adversely affected by legal and regulatory matters	Propel is subject to a number of laws and regulations, and the regulatory burden on Propel will increase as a listed company. These regulations are largely in relation to disclosure, reporting and record-keeping, fair trading and consumer protection, employment, property, customs, taxation and customs and tariffs. Changes to laws and regulations in these areas may adversely affect Propel's future financial performance, and failure by Propel to comply with applicable laws and regulations may subject Propel to significant penalties, payment of compensation, damage to its reputation and to its business.	Section 6.2.15
Lease arrangements	Some properties are and will be operated on land leased from third parties. Each lease or proposed lease requires Propel to comply with various obligations including the payment of rent and other monies due. In the event of default by Propel under a lease, the landlord may terminate the lease if the default is not remedied. There is also no guarantee that leases will be renewed at the end of their term. Termination or expiry (particularly of key operating sites) could have an adverse effect on Propel's profitability. A substantial change in rent under any of the property leases that cannot be quickly recouped through fee increases or other efficiencies will have an impact on Propel's profitability.	Section 6.2.16
Other key risks	A number of other key risks relating specifically to an investment in Propel and generally to an investment in the Shares are included in Section 6.	Section 6

I.6. SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

Who are the shareholders before the Offer and what will be their interest in the Company post Completion of the Offer?	PFP Midco Shares held at the Prospectus Date		Shares held at Completion of the Offer ⁵		Sections 8.1.3 and 10.4
	No. of PFP Midco Shares ¹	%	No. of Shares	%	
	Existing Shareholders (excluding Management Shareholders and Non-Executive Directors) ¹	23,372,133	76.8%	17,524,551	
Noteholders (excluding Notes held by Management Shareholders and Non-Executive Directors) ²	–	–	10,919,383	11.1%	
Management Shareholders ¹	6,531,785	21.5%	20,339,847 ³	20.7%	
Non-Executive Directors ¹	528,568	1.7%	803,025 ⁴	0.8%	
New Shareholders	–	–	48,576,283	49.5%	
Total	30,432,486	100.0%	98,163,089	100.0%	

1. Under the constitution of PFP Midco, the shareholders of PFP Midco (being the Existing Shareholders) are required to sell a minimum of 20% of their shares in PFP Midco for cash on Completion of the Offer, at which time:

- Existing Shareholders (excluding Management Shareholders and Non-Executive Directors) will sell 100% of their ordinary shares in PFP Midco to the Company and will be issued 17,524,551 Shares (as part of the Restructure);
- Management Shareholders will sell 100% of their ordinary shares in PFP Midco to the Company and will be issued 5,225,428 Shares (as part of the Restructure); and
- Non-Executive Directors will sell 100% of their ordinary shares in PFP Midco to the Company and will be issued 422,855 Shares (as part of the Restructure).

2. As part of the Restructure, the Noteholders have the right (but not the obligation) to elect to subscribe for Shares upon the face value of their Notes being repaid. The issue price of the Shares issued to Noteholders will be the Offer Price.

3. This includes Shares subscribed for by the Management Shareholders upon the face value of their Notes being repaid.

4. This includes Shares subscribed for by the Non-Executive Directors upon the face value of their Notes being repaid.

5. This does not include any Shares acquired by the Management Shareholders and the Non-Executive Directors (or their associated entities) as part of the Priority Offer.

Topic	Summary	More information																											
<p>What significant benefits and interests are payable to Directors and what significant interests do they hold?</p>	<p>On Completion of the Offer, the relevant interests in Shares held by the Directors is expected to be as follows:</p> <table border="1" data-bbox="472 371 1273 719"> <thead> <tr> <th colspan="3" data-bbox="983 371 1273 423">Relevant interests in Shares at Completion of the Offer^{1,2}</th> </tr> <tr> <th data-bbox="472 427 1002 488">Director</th> <th data-bbox="1002 427 1118 488">Number of Shares</th> <th data-bbox="1118 427 1273 488">%</th> </tr> </thead> <tbody> <tr> <td data-bbox="472 495 1002 533">Brian Scullin</td> <td data-bbox="1002 495 1118 533">388,652</td> <td data-bbox="1118 495 1273 533">0.4%</td> </tr> <tr> <td data-bbox="472 539 1002 577">Naomi Edwards</td> <td data-bbox="1002 539 1118 577">32,878</td> <td data-bbox="1118 539 1273 577">0.0%</td> </tr> <tr> <td data-bbox="472 584 1002 622">Jonathan Trollip</td> <td data-bbox="1002 584 1118 622">381,495</td> <td data-bbox="1118 584 1273 622">0.4%</td> </tr> <tr> <td data-bbox="472 629 1002 667">Albin Kurti</td> <td data-bbox="1002 629 1118 667">9,839,211</td> <td data-bbox="1118 629 1273 667">10.0%</td> </tr> <tr> <td data-bbox="472 674 1002 712">Fraser Henderson</td> <td data-bbox="1002 674 1118 712">6,887,302</td> <td data-bbox="1118 674 1273 712">7.0%</td> </tr> </tbody> </table> <p data-bbox="472 730 1254 797">1. Directors may hold their interests in the Shares shown above directly, or through holdings by companies or trusts. 2. This does not include any Shares acquired by the Management Shareholders and the Non-Executive Directors (or their associated entities) as part of the Priority Offer.</p> <p data-bbox="472 815 1273 1016">Non-Executive Directors are entitled to remuneration and fees on commercial terms as set out in Section 7.3.2. Salaries paid to the Non-Executive Directors are detailed in Section 7.3.2.1. Albin Kurti and Fraser Henderson will not receive any director fees from Propel but they may receive remuneration from the Manager. The Manager and the Company have entered into the Management Agreement pursuant to which the Company is obligated to pay certain fees to the Manager as summarised in Section 10.5.</p>	Relevant interests in Shares at Completion of the Offer ^{1,2}			Director	Number of Shares	%	Brian Scullin	388,652	0.4%	Naomi Edwards	32,878	0.0%	Jonathan Trollip	381,495	0.4%	Albin Kurti	9,839,211	10.0%	Fraser Henderson	6,887,302	7.0%	<p>Section 7.3.2</p>						
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Albin Kurti	9,839,211	10.0%																											
Fraser Henderson	6,887,302	7.0%																											
<p>Will any Shares be subject to restrictions on disposal following Completion of the Offer?</p>	<p>The following individuals have agreed to enter into voluntary escrow arrangements in relation to 19,622,801 Shares in which they (or their associated entities) will hold a relevant interest on Completion of the Offer, as summarised below:</p> <table border="1" data-bbox="472 1149 1273 1576"> <thead> <tr> <th data-bbox="472 1149 1002 1209"></th> <th data-bbox="1002 1149 1118 1209">Number of Escrowed Shares</th> <th data-bbox="1118 1149 1273 1209">% of Shares on issue</th> </tr> </thead> <tbody> <tr> <td data-bbox="472 1216 1002 1254">Brian Scullin¹</td> <td data-bbox="1002 1216 1118 1254">388,652</td> <td data-bbox="1118 1216 1273 1254">0.40%</td> </tr> <tr> <td data-bbox="472 1261 1002 1299">Naomi Edwards¹</td> <td data-bbox="1002 1261 1118 1299">32,878</td> <td data-bbox="1118 1261 1273 1299">0.03%</td> </tr> <tr> <td data-bbox="472 1305 1002 1344">Jonathan Trollip¹</td> <td data-bbox="1002 1305 1118 1344">381,495</td> <td data-bbox="1118 1305 1273 1344">0.39%</td> </tr> <tr> <td data-bbox="472 1350 1002 1388">Albin Kurti²</td> <td data-bbox="1002 1350 1118 1388">9,143,629</td> <td data-bbox="1118 1350 1273 1388">9.31%</td> </tr> <tr> <td data-bbox="472 1395 1002 1433">Fraser Henderson²</td> <td data-bbox="1002 1395 1118 1433">6,607,639</td> <td data-bbox="1118 1395 1273 1433">6.73%</td> </tr> <tr> <td data-bbox="472 1440 1002 1478">Peter Dowding²</td> <td data-bbox="1002 1440 1118 1478">3,011,366</td> <td data-bbox="1118 1440 1273 1478">3.07%</td> </tr> <tr> <td data-bbox="472 1485 1002 1523">Lilli Gladstone¹</td> <td data-bbox="1002 1485 1118 1523">57,142</td> <td data-bbox="1118 1485 1273 1523">0.06%</td> </tr> <tr> <td data-bbox="472 1529 1002 1576">Total</td> <td data-bbox="1002 1529 1118 1576">19,622,801</td> <td data-bbox="1118 1529 1273 1576">19.99%</td> </tr> </tbody> </table> <p data-bbox="472 1594 1273 1823">1. Escrowed Shares held by or on behalf of these individuals (or their associated entities) on Completion of the Offer, being 860,167 Shares, will be subject to the escrow restrictions and, subject to certain exceptions, may not be disposed of prior to release of the Company's FY2018 audited accounts. 2. Escrowed Shares held by or on behalf of these individuals (or their associated entities) on Completion of the Offer will be subject to the following escrow restrictions and, subject to certain exceptions, may not be disposed of during the relevant Escrow Period: – 4,029,967 Shares will be subject to escrow until release of the Company's FY2018 audited accounts; and – 14,732,667 Shares will be subject to escrow until the tenth anniversary of Completion of the Offer. To the extent the Escrowed Shareholders (or their associated entities) acquire additional Shares other than pursuant to the Restructure or acquire Shares subsequent to Completion of the Offer, those additional Shares will not be subject to any escrow arrangements.</p>		Number of Escrowed Shares	% of Shares on issue	Brian Scullin ¹	388,652	0.40%	Naomi Edwards ¹	32,878	0.03%	Jonathan Trollip ¹	381,495	0.39%	Albin Kurti ²	9,143,629	9.31%	Fraser Henderson ²	6,607,639	6.73%	Peter Dowding ²	3,011,366	3.07%	Lilli Gladstone ¹	57,142	0.06%	Total	19,622,801	19.99%	<p>Sections 8.9 and 10.4</p>
	Number of Escrowed Shares	% of Shares on issue																											
Brian Scullin ¹	388,652	0.40%																											
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Peter Dowding ²	3,011,366	3.07%																											
Lilli Gladstone ¹	57,142	0.06%																											
Total	19,622,801	19.99%																											

I. Investment Overview

Topic	Summary	More information																		
I.7. PROPOSED USE OF FUNDS AND KEY TERMS AND CONDITIONS OF THE OFFER																				
What is the Offer?	The Offer is an initial public offering of 83.4 million Shares at the Offer Price of \$2.70 per Share. Of these Shares, 48.6 million Shares are being offered to New Shareholders at the Offer Price to raise \$131.2 million. The Offer comprises the Broker Firm Offer, the Priority Offer and the Institutional Offer. The Shares being offered to New Shareholders under the Offer will represent approximately 49% of the Shares on issue at Completion of the Offer. The free float will be approximately 78.5% of the Shares on issue on Completion of the Offer.	Sections 8.1 and 8.1.3																		
Who is the issuer of this Prospectus?	Propel Funeral Partners Limited (ACN 616 909 310), a company incorporated in Victoria, Australia.	Section 10.1																		
What is the proposed use of the funds raised under the Offer?	<p>A reconciliation of the Offer proceeds to the estimated cash position of the Company following Completion of the Offer is set out below:</p> <table border="1"> <thead> <tr> <th>Use of Funds</th> <th>\$ million</th> <th>% of Offer proceeds</th> </tr> </thead> <tbody> <tr> <td>Payment of cash proceeds to Existing Shareholders</td> <td>19.6</td> <td>14.9%</td> </tr> <tr> <td>Repayment of Debt</td> <td>55.2</td> <td>42.1%</td> </tr> <tr> <td>Payment of costs of the Offer</td> <td>6.4</td> <td>4.9%</td> </tr> <tr> <td>Estimated net cash position</td> <td>50.0</td> <td>38.1%</td> </tr> <tr> <td>Total uses</td> <td>131.2</td> <td>100.0%</td> </tr> </tbody> </table>	Use of Funds	\$ million	% of Offer proceeds	Payment of cash proceeds to Existing Shareholders	19.6	14.9%	Repayment of Debt	55.2	42.1%	Payment of costs of the Offer	6.4	4.9%	Estimated net cash position	50.0	38.1%	Total uses	131.2	100.0%	Section 8.1.1
Use of Funds	\$ million	% of Offer proceeds																		
Payment of cash proceeds to Existing Shareholders	19.6	14.9%																		
Repayment of Debt	55.2	42.1%																		
Payment of costs of the Offer	6.4	4.9%																		
Estimated net cash position	50.0	38.1%																		
Total uses	131.2	100.0%																		
What will happen on or around Completion of the Offer?	<p>On or by Completion of the Offer:</p> <ul style="list-style-type: none"> – the Company will acquire 100% of the issued share capital of PFP Midco. This includes applying part of the proceeds of the Offer towards payment to the Existing Shareholders and issuing Shares to them, as described in Section 10.4; – the Company will issue Shares to successful Applicants under the Offer; – PFP Midco will repay Debt and the relevant associated security interests will be released; – the Pre-IPO Dividend will be paid to the Existing Shareholders; – the Company will pay the costs associated with the Offer; and – the Company will have a conservative balance sheet position, with no bank debt and net cash of approximately \$50.0 million. 	Section 10.4																		
Will the Shares be quoted on ASX?	<p>Propel will apply to ASX within seven days after the Prospectus Date for its admission to the Official List, and quotation of Shares by, ASX under the code "PFP".</p> <p>Completion of the Offer is conditional on ASX approving that application and granting permission for the Shares to be quoted on ASX on terms acceptable to the Company. If this approval is not given within three months of the Prospectus Date (or any longer period permitted by law), the Offer will be withdrawn and all monies received from Applicants will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p>	Section 8.13.1																		
How is the Offer structured and who is eligible to participate in the Offer?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> – the Retail Offer consisting of the: <ul style="list-style-type: none"> – Broker Firm Offer; and – Priority Offer; and – the Institutional Offer. <p>No general public offer of Shares will be made under the Offer.</p>	Sections 8.3, 8.4 and 8.6																		
Is the Offer underwritten?	Yes. The Shares offered to New Shareholders under the Offer is fully underwritten by the Lead Manager.	Section 10.6																		

Topic	Summary	More information
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer, the Priority Offer and the Institutional Offer will be determined by the Lead Manager in consultation with the Company having regard to the allocation policies outlined in Sections 8.3.4, 8.4.5 and 8.6.2.</p> <p>The allocation of Shares among Applicants in the Institutional Offer was determined by the Lead Manager in consultation with the Company.</p> <p>The allocation of Shares among Applicants in the Priority Offer will be determined by the Company in consultation with the Lead Manager.</p> <p>With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among their retail clients.</p>	Sections 8.3.4, 8.4.5 and 8.6.2
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty will be payable by Applicants on the acquisition of Shares under the Offer.	Section 8.10
What are the tax implications of investing in the Shares?	A summary of certain Australian tax consequences of participating in the Offer and investing in Shares is set out in Section 10.10. The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether or not to invest.	Section 10.10
When will an Applicant receive confirmation that an Application has been successful?	It is expected that holding statements will be despatched by standard post on or around 20 November 2017.	Section 8.2
How can an Applicant apply for Shares?	<p>Broker Firm Offer Applicants Broker Firm Offer Applicants may apply for Shares by completing a valid Broker Firm Application Form attached to or accompanying this Prospectus and following the instructions of their Broker who invited them to participate in the Broker Firm Offer.</p> <p>Priority Offer Applicants Applicants under the Priority Offer must apply in accordance with the relevant instructions provided in their Priority Offer invitation made under this Prospectus. Existing Shareholders and Noteholders are treated as Priority Offer Applicants.</p> <p>Institutional Offer Applicants The Lead Manager has separately advised Institutional Investors of the application procedure under the Institutional Offer.</p>	Sections 8.3.2, 8.4.2 and 8.6.1
What is the minimum Application size?	The minimum Application size under the Broker Firm Offer and the Priority Offer is \$2,700 (which is equivalent to 1,000 Shares in aggregate).	Section 8.2
Can the Offer be withdrawn?	The Company may withdraw the Offer at any time before the issue of Shares to Applicants under the Offer. If the Offer, or any part of it, does not proceed, all monies received from Applicants will be refunded (without interest) in accordance with the Corporations Act.	Section 8.12
Where can I find out more information about the Offer?	<p>All enquiries in relation to this Prospectus should be directed to the Propel IPO Offer Information Line on:</p> <ul style="list-style-type: none"> - within Australia 1800 550 560; or - outside Australia: +61 1800 550 560, <p>from 8.30am to 5.30pm (Sydney time), Monday to Friday (excluding public holidays).</p> <p>If you have any questions about whether or not to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, tax adviser, lawyer or other professional adviser before deciding whether or not to invest.</p>	Section 8.2

2. Industry Overview



Williams Funeral Services is one of Propel's funeral service providers, located in South Australia.

2.1 OVERVIEW OF THE DEATH CARE INDUSTRY

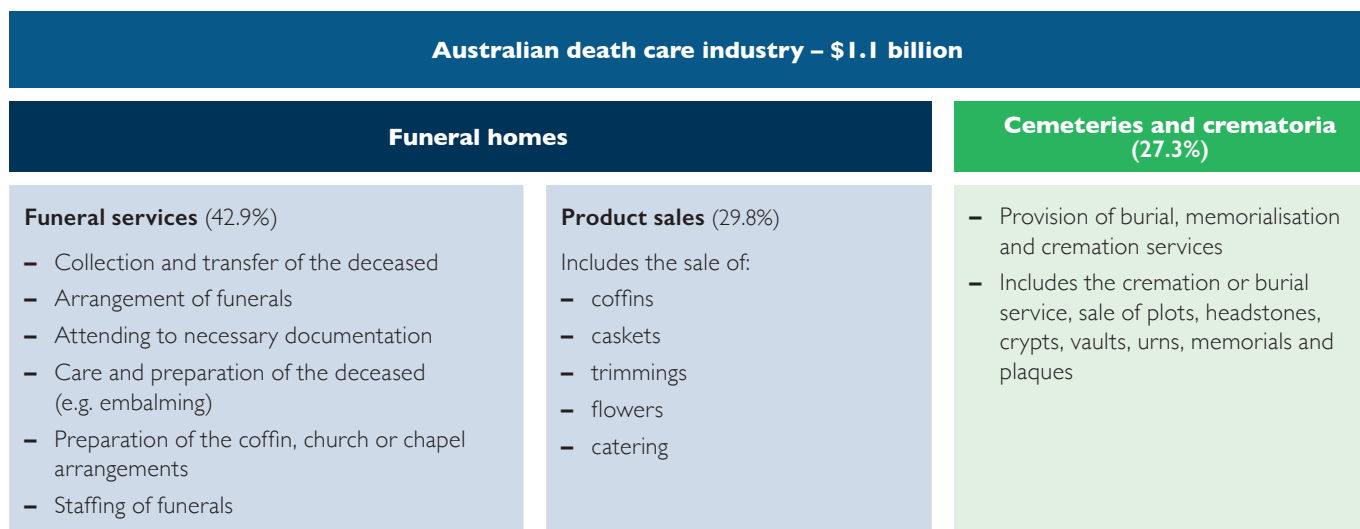
The death care industry provides essential services to individuals and families dealing with or preparing for, death and bereavement. This includes the collection and transfer of the deceased, mortuary services, embalming, arranging and conducting a funeral, cremation, burial and memorialisation.

The death care industry in Australia is estimated to have generated approximately \$1.1 billion¹ in revenue in FY2017. The death care industry in New Zealand is estimated to have generated NZ\$0.26 billion in revenue in CY2016². Death care industry revenues are expected to grow in Australia and New Zealand primarily due to increasing death volumes, which is influenced by population growth and ageing of the “baby boomers” into the 65 years and over age category.

The death care industry is comprised of two main segments which are further described in Figure 2.1 and Sections 2.2 and 2.3 below:

- Funeral homes; and
- Cemeteries and crematoria.

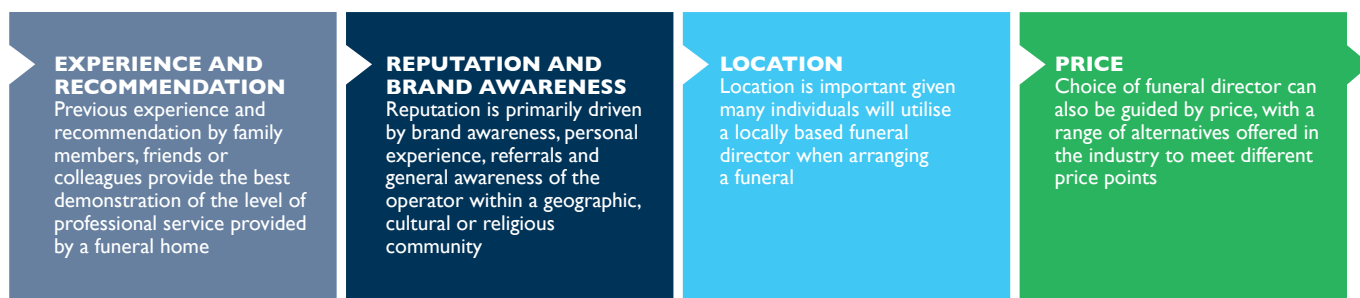
Figure 2.1: Overview of the Australian death care industry



2.2 FUNERAL HOMES SEGMENT

2.2.1 Selecting a funeral service provider

Various factors influence the selection of a funeral service provider, including:



2.2.2 ‘At-need’ and ‘pre-paid’ funerals

Funeral services can be classified as ‘at-need’ or ‘pre-paid’:

- ‘at-need’ funerals involve a funeral being arranged for a deceased person at or near the time of death. Family and friends of the deceased consult with the funeral director to arrange the funeral service.
- ‘pre-paid’ funerals involve individuals arranging and paying for a funeral service in advance of the need. Pre-paid funerals allow individuals to arrange funerals under the current pricing framework, simplify the decision-making and reduce the financial and emotional burden for families and friends. Pre-paid funerals are arranged directly with funeral directors, who are required to hold on trust monies for the funeral service for release at the time the service is performed pursuant to applicable laws.

1. IBISWorld Industry Report S9520, Funeral Directors, Crematoria and Cemeteries in Australia, November 2016, IBIS World Pty Ltd. IBIS has not consented to the use of the information in the form or context in which it is included in this Prospectus.

2. NZ Funeral Services Industry Insights Report, Funeral Directors Association of NZ 2016.

2. Industry Overview

2.2.3 Suppliers

The key suppliers for funeral homes are coffin and casket manufacturers. There are a number of coffin and casket manufacturers in Australia and New Zealand, with funeral service providers also sourcing coffins and caskets from other countries such as China and the United States. While some coffin and casket manufacturers are aligned with funeral home operators, the majority are independent operators.

2.3 CEMETERIES AND CREMATORIA

2.3.1 Ownership

The majority of cemeteries and crematoria in Australia are owned and operated by state or territory governments, local councils or religious organisations. In some states such as Victoria and Western Australia, cemeteries and crematoria are effectively prevented from being privately owned. In New Zealand and some states, such as New South Wales, Queensland, Tasmania and South Australia, cemeteries and crematoria can be run by private operators.

Private operators in New South Wales are required to go through a planning process and apply to the local government authority and the NSW Department of Health to operate in the cemeteries and crematoria industry. Availability of suitable land and the required capital investment have acted as barriers to new entrants in metropolitan and major regional areas.

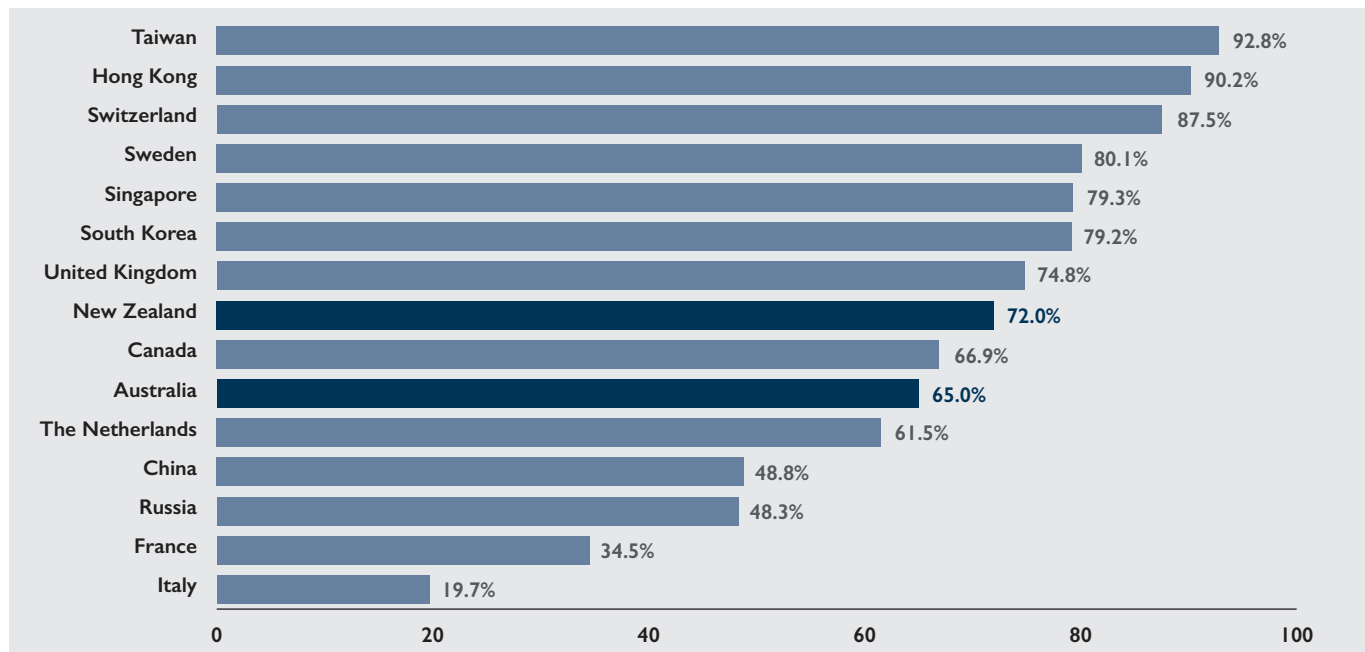
In Queensland, cemeteries, and crematoria established on Crown land are subject to requirements under the Land Act 1999 (Qld) and associated regulations. Cemeteries and crematoria on private land are not subject to these requirements and may be operated subject to compliance with local government and environmental requirements.

In New Zealand, the majority of crematoria are run by private providers, with the remainder operated by local authorities. Some private providers operate as a standalone business supplying cremation services to the funeral services sector. Others operate within funeral homes and offer a full suite of services to the bereaved.

2.3.2 Cremation versus Burial

As shown in Figure 2.2 below, cremations outweigh burials by approximately two to one in Australia (65% of funerals are cremations) and New Zealand (72% of funerals are cremations). This compares to other countries as illustrated below:

Figure 2.2: Cremation statistics



Source: The 2015 NFDA Cremation and Burial Report: Research, Statistics and Projections (July 2015) and The Cremation Society of Great Britain (International Cremation Statistics 2014).

Funeral homes offer two types of cremation services:

- traditional cremations, which can be similar to a traditional burial service and include a viewing prior to the cremation, a funeral or memorial service, and an interment service of the cremated remains; and
- direct cremations, which involve transporting the deceased to the funeral home, cremating the body and then returning the remains to the family.

The popularity of cremation has risen due to:

- a lack of suitable land (for burials);
- cost considerations (a cremation is generally cheaper than a burial); and
- increased community acceptance.

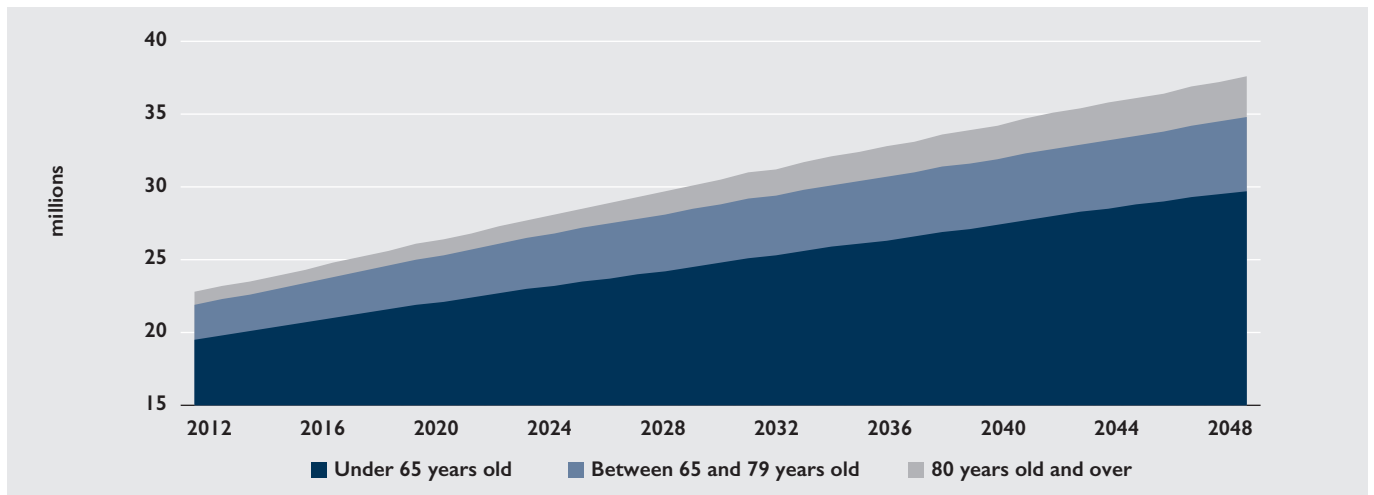
2.4 DRIVERS OF DEATH CARE SERVICES IN AUSTRALIA

2.4.1 Population growth and ageing of the ‘baby boomers’

A significant long-term driver of the number of deaths in Australia will be the increase in population and ageing of the ‘baby boomers’ (those born between 1946 and 1965), who began reaching 65 in 2011. Australia’s population grew 1.6% during the calendar year ended 31 December 2016 to approximately 24.4 million³. According to ABS estimates, Australia’s population is expected to continue to grow at a compound annual growth rate (CAGR) of 1.3% between 2016 and 2050 due to natural occurrences and net overseas immigration.

As set out in Figure 2.3 below, the number of Australians aged 65 or over is forecast to more than double from 3.2 million in 2012 to 7.9 million in 2050, an increase of approximately 2.4% per annum. It is projected that by 2050, over one in five Australians will be aged 65 or over. The number of Australians aged over 80 is forecast to more than triple from 0.9 million in 2012 to 2.8 million in 2050, an increase of 3.1% per annum.

Figure 2.3: Australia population growth



Source: ABS (3222.0 Population Projections, Australia).

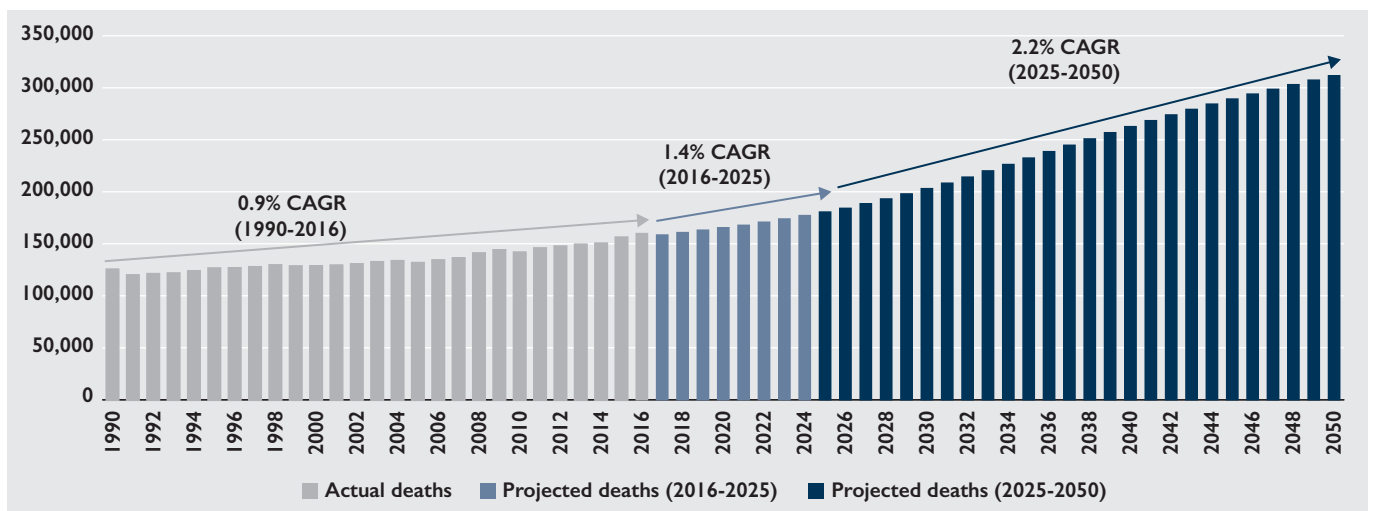
2.4.2 Mortality rate

The number of deaths is the most significant driver of revenue in the death care industry. Between 1990 and 2016 (using June mid-year data points), the number of recorded deaths in Australia increased from 125,100 to 159,900⁴, reflecting a CAGR of 0.9%. As set out in Figure 2.4 below, according to projections made by the ABS the number of deaths in Australia is expected to increase by:

- 1.4% per annum from 2016 to 2025; and
- 2.2% per annum from 2025 to 2050,

as a result of an ageing population and the progression of the ‘baby boomers’ into the 65 and over age group.

Figure 2.4: Mortality rates in Australia



Source: ABS (3101.0 Australian Demographic Statistics, Dec 2016) for Actual deaths and ABS (3222.0 Population Projections, Australia, 2012 (base) to 2010) for Projected deaths.

3. ABS (3101.0 Australian Demographic Statistics, Dec 2016).

4. ABS (3101.0 Australian Demographic Statistics, Dec 2016).

2. Industry Overview

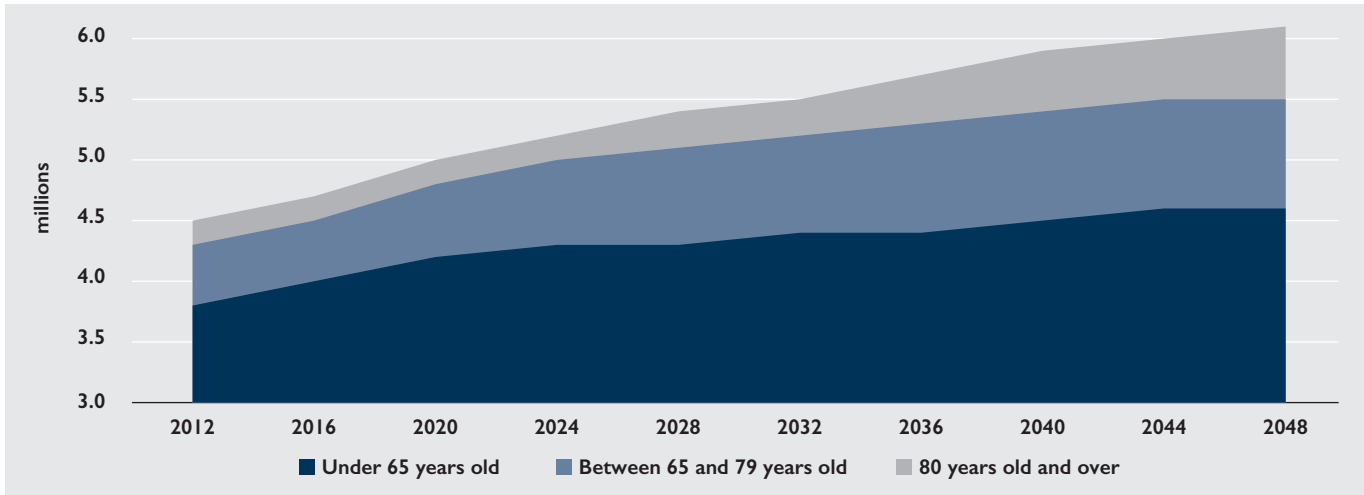
2.5 DRIVERS OF DEATH CARE SERVICES IN NEW ZEALAND

2.5.1 Population growth and an ageing population

New Zealand's population grew 2.1% during the calendar year ended 31 December 2016 to approximately 4.7 million⁵. According to Stats NZ estimates, New Zealand's population is expected to continue to grow at a CAGR of 0.7% between 2016 and 2050 due to natural occurrences and net overseas immigration.

The number of people aged 65 or over in New Zealand is forecast to double from 0.71 million in 2016 to 1.45 million in 2050, at which time almost one in four New Zealanders will be aged 65 or over. The number of people in New Zealand aged over 80 is forecast to increase more than threefold from 0.17 million in 2012 to 0.59 million in 2050, an increase of 3.7% per annum.

Figure 2.5: New Zealand population growth



Source: This work is based on/includes Stats NZ's data which are licensed by Stats NZ for re-use under the Creative Commons Attribution 4.0 International licence. Table Reference: DPE058AA for 2012 to 2016 and Statistics New Zealand (Dataset: National population projections, by age and sex, 2016(base)-2068) for 2017 to 2050.

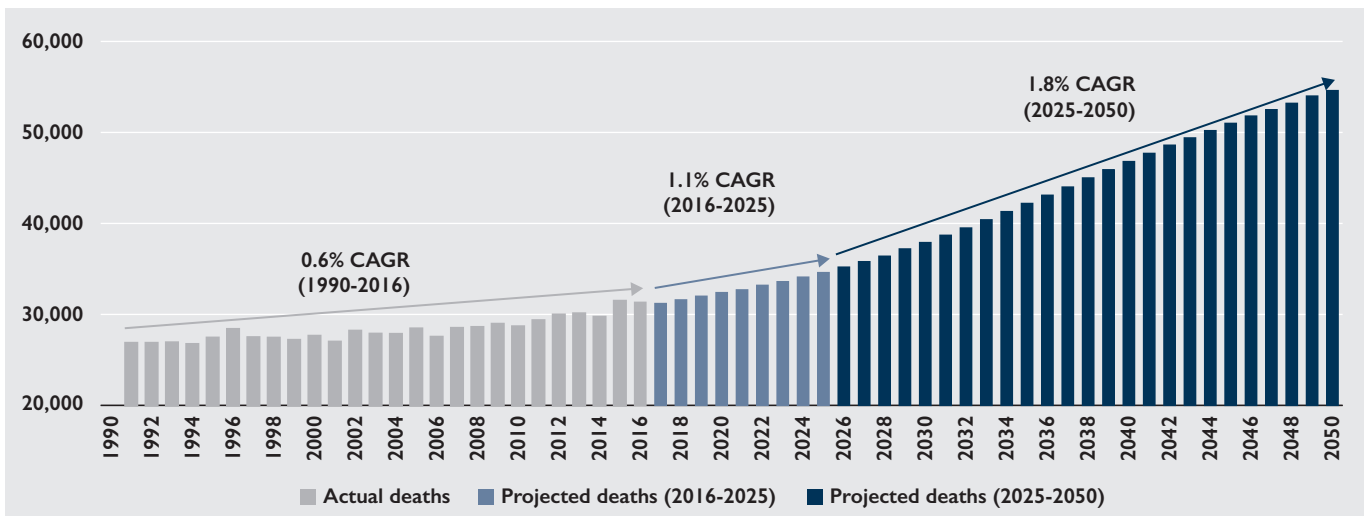
2.5.2 Mortality rate

The trends underpinning the number of projected deaths in Australia are also evident in New Zealand. Between 1990 and 2016, the number of recorded deaths in New Zealand increased from 26,751 to 31,335, reflecting a compound growth rate of 0.6% per annum. As set out in Figure 2.6 below, according to projections made by Stats New Zealand the number of deaths is expected to increase by:

- 1.1% per annum from 2016 to 2025; and
- 1.8% per annum from 2025 to 2050,

as a result of an ageing population and the progression of the 'baby boomers' into the 65 and over age group.

Figure 2.6: Mortality rates in New Zealand



Source: This work is based on/includes Stats NZ's data which are licensed by Stats NZ for re-use under the Creative Commons Attribution 4.0 International licence. (Table Reference: VSD022AA – Group: Deaths – VSD) for Actual deaths and Statistics New Zealand (National population projections, characteristics, 2016(base)-2068) for Projected deaths.

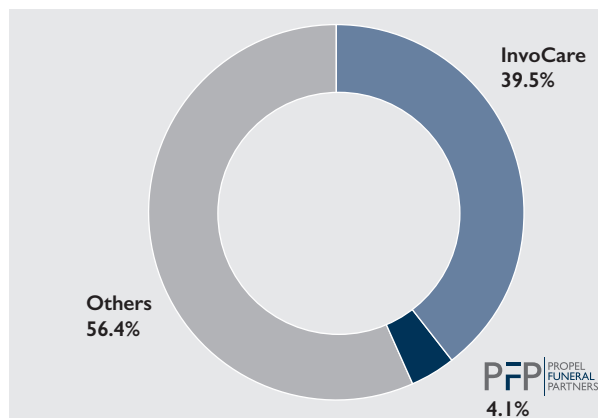
5. Stats NZ (Estimated Resident Population, Annual-Dec).

2.6 COMPETITIVE LANDSCAPE

While a degree of consolidation has occurred in recent years, the death care industry in Australia and New Zealand remains highly fragmented. Funeral services providers include single-home operators, larger networks operating across metropolitan or regional areas under a single brand, and other providers operating a stable of brands. InvoCare is the largest operator in Australia and New Zealand, with an estimated market share of 39.5% and 19.1%, respectively. On the basis of publicly available information, the Directors understand InvoCare:

- has an approximate market share of 45% in Perth, 42% in Sydney and 36% in South East Queensland; and
- cannot rely on acquisitions in its core markets to continue to drive growth to the same extent as it has done so traditionally.

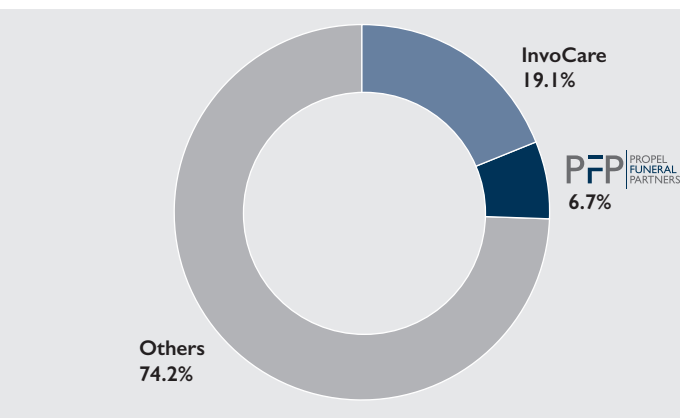
Figure 2.7: Australian death care industry market share by revenue



Note: The market size is based on IBISWorld's estimate for FY2017 revenue. "Propel" is based on pro forma FY2017 revenue. "InvoCare" is based on its LTM revenue to 30 June 2017.

Source: IBISWorld (IBISWorld Industry Report S9520 – Funeral Directors, Crematoria and Cemeteries in Australia November 2016) for the market size and "Others", InvoCare Limited public announcements (H1CY2017 and CY2016 results presentations) for "InvoCare" and Propel for "Propel". IBIS has not consented to the use of the information in the form or context in which it is included in this Prospectus.

Figure 2.8: New Zealand death care industry market share by revenue



Note: The market size is based on Funeral Directors Association of NZ's estimate for CY2016 revenue. "Propel" is based on the annualised FY2017 revenue contribution for DSG Group and Far North Funeral Services. "InvoCare" is based on its LTM revenue to 30 June 2017.

Source: NZ Funeral Services Industry Insights Report Funeral Directors Association of NZ 2016 for the market size and "Others", InvoCare Limited public announcements (H1CY2017 and CY2016 results presentations) for "InvoCare" and Propel for "Propel". IBIS has not consented to the use of the information in the form or context in which it is included in this Prospectus.

There are a number of factors within each local community that make it difficult for potential new entrants including:

- existing operators have a trusted presence in the local community established over multiple generations;
- consumers often base their decisions on brand loyalty, with referrals, reputation and prior use being important drivers for new business; and
- regulatory and capital requirements for establishing new funeral homes and crematoria.

2.7 REGULATORY FRAMEWORK

The regulatory framework is similar across Australia and New Zealand. However, a consistent trend is that the regulations relating to occupational health and safety, public health (e.g. hazardous substances and emissions), zoning, licensing, consumer protection and pre-paid funeral contracts seem to be increasing.

In addition to the legislative environment, there are death care industry associations whereby members agree to adhere to codes of conduct relating to, among other things, handling of the deceased, maintenance of facilities, confidentiality, advertising and environmental impacts. In Australia, there is the Australian Funeral Directors Association (and State equivalents) and the Australian Cemeteries and Crematoria Association. In New Zealand, there is the Funeral Directors Association of New Zealand.

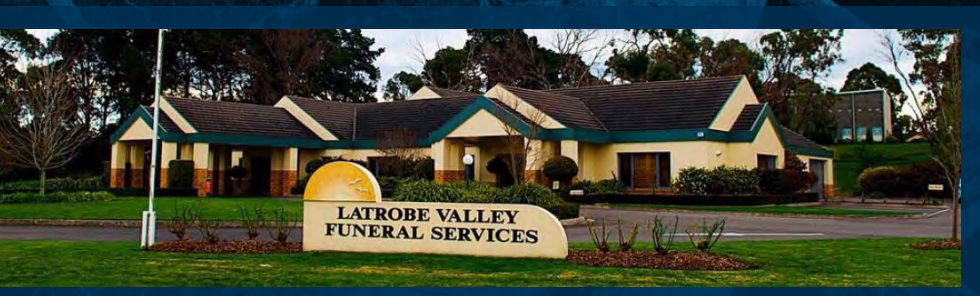
2.8 IMPACT OF TECHNOLOGY

Historically, the death care industry has not been significantly impacted by technological change. However, in recent years, technology has benefited the death care industry through the:

- internet and social media which allow funeral home operators to increase the range of products and services they offer (e.g. streaming of funeral services and online notices and memorials); and
- ability to market to a wider audience than was previously available through traditional media, such as print.

The vast majority of households in Australia and New Zealand have access to the internet. Search engines have largely replaced printed directories (such as Yellow Pages) to show choices in local areas and direct customers to websites where information can be compared between funeral homes. In Australia and New Zealand, there are a number of websites that provide online price comparisons from various funeral service providers. However, to date, the Company believes these websites have had little market share impact on the Company.

3. Company Overview



Latrobe Valley Funeral Services is one of Propel's funeral service providers, located in Victoria.

3.1 OVERVIEW OF PROPEL

Propel was established in FY2012 and has since emerged as the second largest private provider of death care services in Australia and New Zealand currently operating from 80 locations.

Propel's vision is to further consolidate the fragmented death care industry in Australia and New Zealand in a strategic and measured way, by:

- being an attractive succession planning solution for remaining independent funeral home and crematoria vendors who want the legacy of their family business to remain successful in their local communities;
- operating a decentralised, partnership model with a lean, supportive and non-bureaucratic management structure;
- expanding into geographies with favourable demographics and/or market structures, through organic and inorganic initiatives;
- treating stakeholders with professionalism, dignity and respect; and
- being recognised as the industry leading aggregator, operator and shareholder value creation platform.

Propel is managed by the Manager under the terms of the Management Agreement (as detailed in Section 10.5). As such, investors will gain exclusive access to the Manager's investment experience and expertise in the death care sector (as detailed in Section 4).

3.2 EVOLUTION AND GROWTH OF PROPEL

The Manager has a strong track record of identifying, acquiring and partnering with businesses in the death care industry. The death care industry is highly fragmented and Propel's portfolio has grown significantly in size, geography and scale via a disciplined acquisition strategy with 24 profitable acquisitions completed since establishment. Figure 3.1 below outlines the acquisitions Propel has completed since inception. Propel has experienced significant growth and has established a solid foundation from which to continue to build its portfolio and maintain growth.

Figure 3.1: Key milestones

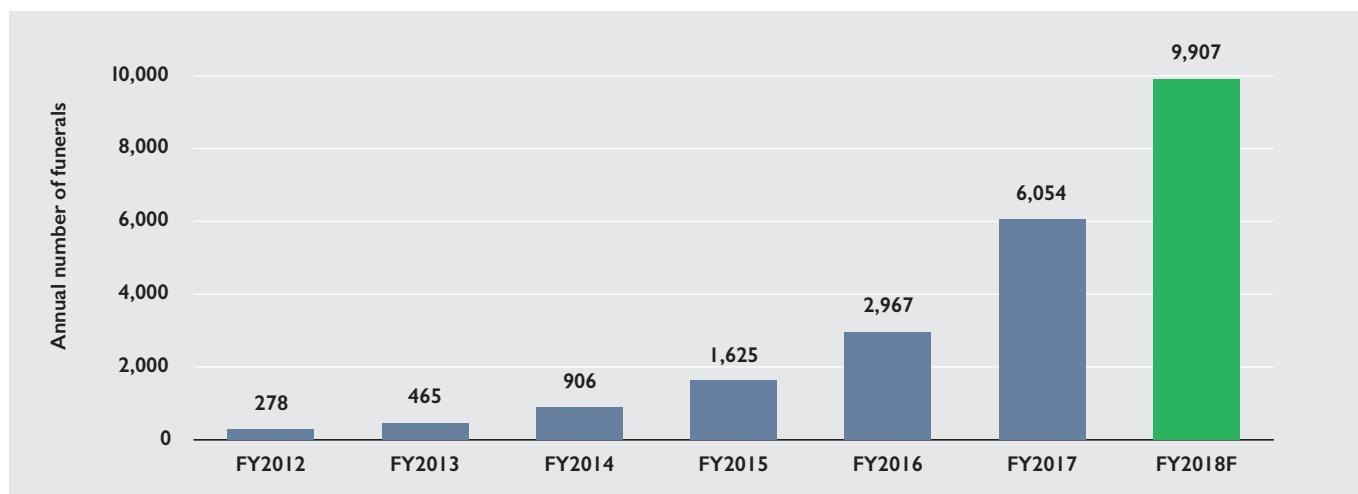
Financial Year	Acquisitions completed (on a cumulative basis)	Number of locations (on a cumulative basis)	Geographic entry	Key milestones
2018YTD	24	80	Western Australia	Acquisition of Seasons Funerals
2017*	23	70		Acquisition of Davis Funerals, North West Funerals, Far North Funeral Services (Geads Funeral Home, Scotts Funeral Services and Far North Memorial Gardens), MH Funerals, Latrobe Valley Funeral Services and FW Barnes
2016*	17	46	New Zealand Tasmania	Acquisition of Riverina Funerals, Handley Funerals, Geads Funeral Home (freehold property), Millingtons Funerals / Millingtons Cemeteries, WT Howard Funerals, Premier Funeral Group, Burke & Hamilton Funerals / Lightfoot Funerals, Pinegrove Funerals and Phillip Stephens Funerals
2015*	8	11	New South Wales Victoria South Australia	Acquisition of Ross Funerals, Philpott Funerals, Quinn Funeral Services, Williams Funerals and Hall Funerals
2014*	3	3		Acquisition of Gympie Funerals and Virgo Funerals
2012*	1	1	Queensland	Propel founded and acquires Integrity Funeral Services

* as at 30 June.

3. Company Overview

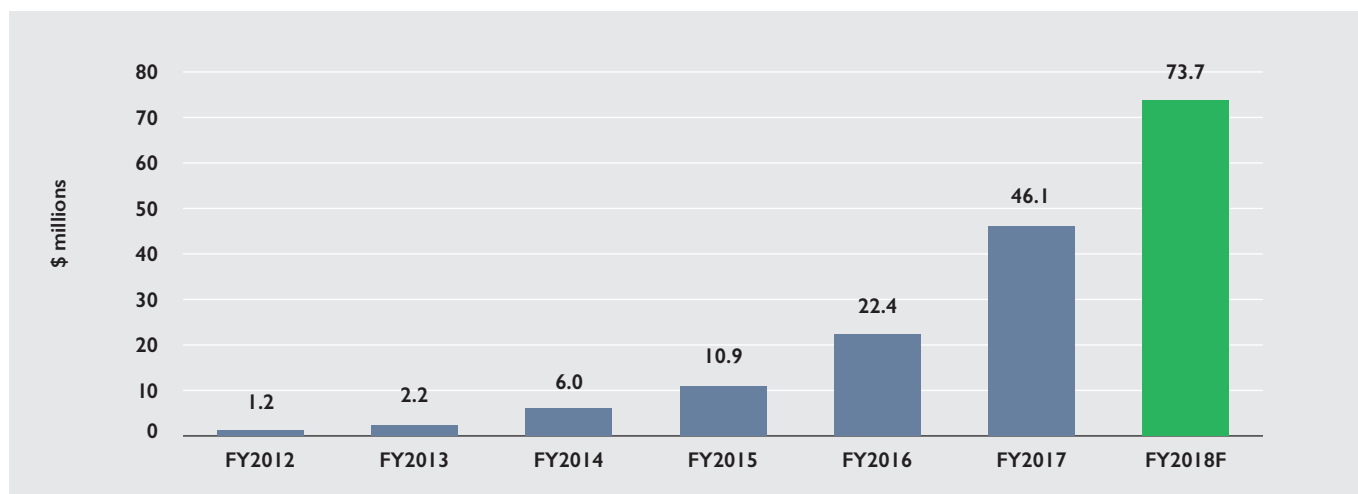
As outlined in Figure 3.2 below, Propel has increased its annual number of funerals from 278 in FY2012 (conducted at one location) to 6,054 in FY2017 (conducted at 70 locations). The number of funerals in FY2018 is forecast to be 9,907 (conducted at 80 locations).

Figure 3.2: Annual number of funerals



Propel has delivered a five year track record of strong financial performance and growth. Propel has achieved a CAGR in consolidated pro forma revenue from FY2012 to FY2017 of 107% driven through a combination of targeted strategic acquisitions and organic growth. In FY2018, pro forma revenue is forecast to be \$73.7 million. See Section 5.8 for the underlying assumptions.

Figure 3.3: Revenue (\$m)

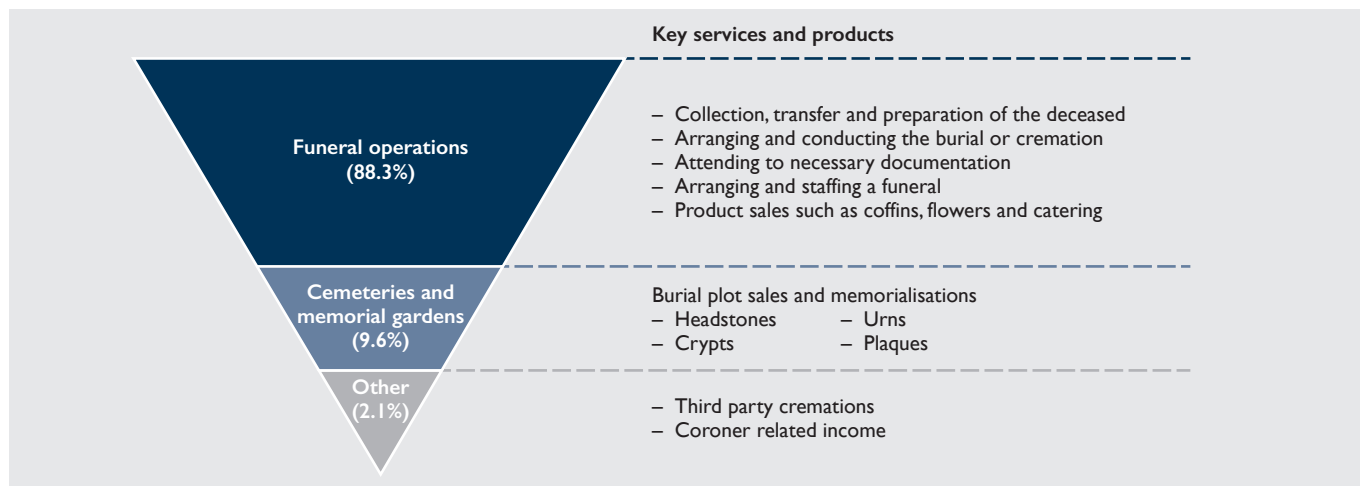


3.3 PRODUCTS AND SERVICES

Arranging a funeral after a death is usually a very emotional time for those involved. Propel provides a broad range of services and products across the death care industry to meet the needs of its customers, through a service that is tailored to personal, religious or ethnic preference. While each of Propel's operating brands have their own distinct identity and history, there is an overarching focus on providing professional, caring and personal support and service.

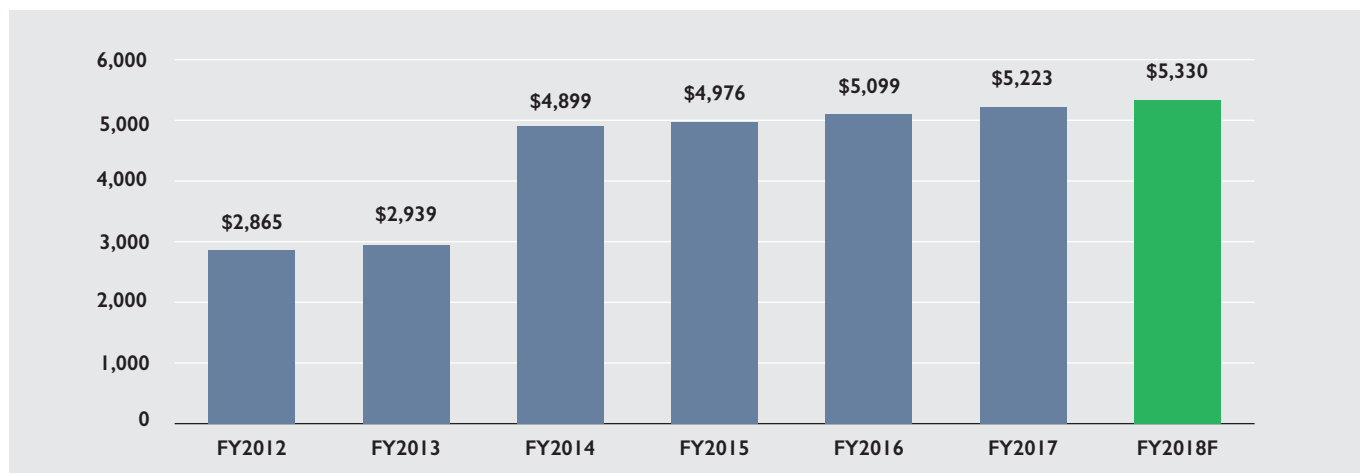
As set out in Figure 3.4 below, Propel generates revenue from funeral operations, cemeteries and memorial gardens as well as other sources.

Figure 3.4: FY2017 revenue mix



As set out in Figure 3.5 below, Propel's average revenue per funeral has increased from \$2,865 in FY2012 (conducted at one location) to \$5,223 in FY2017 and is forecast to be \$5,330 in FY2018.

Figure 3.5: Average revenue per funeral



Note: Average revenue per funeral is revenue from funeral operations excluding direct disbursements (such as third party cemetery fees and third party cremation fees) and delivered Pre-paid impacts, divided by the number of funerals in the relevant period.

In any year, Propel's average revenue per funeral can be influenced by:

- the types and prices of funeral related products and services selected by customers;
- the number and mix of burials, traditional cremations and direct cremations; and
- the revenue profile and timing of acquisitions.

The eight businesses owned by Propel throughout FY2016 and FY2017 experienced a 2.6% increase in average revenue per funeral in FY2017 over FY2016¹.

1. Past performance of the Manager is not indicative of future performance. This is not intended to be a forecast.

3. Company Overview

3.4 PORTFOLIO OVERVIEW

3.4.1 Geographical presence and key brands

Propel's operates at 80 locations across Australia and New Zealand (see Figure 3.6). The Directors believe that Propel's geographical footprint is difficult to replicate, as many of its funeral homes have been operating for decades. For example:

- Davis Funerals has been operating since 1875;
- FW Barnes & Son has been operating since 1895;
- WT Howards has been operating since 1922;
- Millingtons has been operating since 1925;
- Gympie Funeral Services has been operating since 1931; and
- Virgo Funeral Services has been operating since 1939.

The Company operates from 46 freehold and 34 leasehold locations, including 19 crematoria and 5 cemeteries. The leasehold properties operate under arms' length leases with an average remaining lease period of more than 19 years (assuming renewal options are exercised). There are options to acquire two of its leasehold properties (in Tasmania and New South Wales) which may be exercised in the second half of FY2019.

Figure 3.6: Number of locations by geography



Figure 3.7: Proportion of FY2018 pro forma forecast revenue by geography

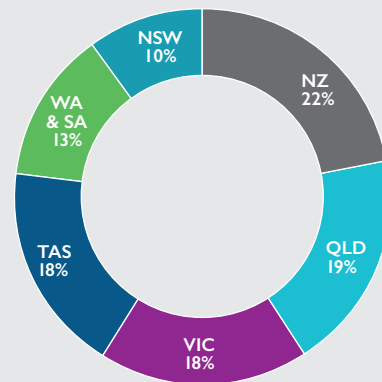




























Figure 3.8: Locations and key brands across Australia and New Zealand

Key Brands in QLD			 		
Location	<ul style="list-style-type: none"> - Nickenbah, Hervey Bay - Pialba, Hervey Bay - Maryborough 	<ul style="list-style-type: none"> - Parkwood, Gold Coast 	<ul style="list-style-type: none"> - Oxley, Brisbane - Goodna, Brisbane, Currimundi, Sunshine Coast - Buderim - Mooloolaba 	<ul style="list-style-type: none"> - Kingaroy 	<ul style="list-style-type: none"> - Gympie
Key Brands in TAS					
Location	<ul style="list-style-type: none"> - Devonport - Latrobe - Port Sorell - Ulverstone 	<ul style="list-style-type: none"> - Mornington - Montagu Bay 	<ul style="list-style-type: none"> - Mornington - Moonah - Kingston - East Risdon - Cambridge 	<ul style="list-style-type: none"> - Cornelian Bay - Pontville - Sandy Bay - New Norfolk - Huntingfield 	
Key Brands in WA					
Location	<ul style="list-style-type: none"> - Perth - Balcatta - Canning Vale - Kelmscott - Mandurah 	<ul style="list-style-type: none"> - Redcliffe - Malaga - Wanneroo - Kalamunda 	<ul style="list-style-type: none"> - Perth 		
Key Brands in SA					
Location	<ul style="list-style-type: none"> - Port Lincoln 				
Key Brands in NZ					
Location	<ul style="list-style-type: none"> - Kerikeri 	<ul style="list-style-type: none"> - Kaitaia 	<ul style="list-style-type: none"> - Mt Eden - Henderson - Pakuranga - Kohimarama - Kensington 	<ul style="list-style-type: none"> - Waitakere - St Helliers - Onehunga - Papatoetoe 	
Key Brands in VIC					
Location	<ul style="list-style-type: none"> - Colac 	<ul style="list-style-type: none"> - Leongatha 	<ul style="list-style-type: none"> - Traralgon - Newborough - Moe 	<ul style="list-style-type: none"> - Redan 	<ul style="list-style-type: none"> - Mildura - Coomeala¹ - Buronga¹
Key Brands in NSW					
Location	<ul style="list-style-type: none"> - Coonamble 	<ul style="list-style-type: none"> - Taree - Tuncurry 	<ul style="list-style-type: none"> - Tamworth - Quirindi 	<ul style="list-style-type: none"> - Gunnedah 	<ul style="list-style-type: none"> - Deniliquin

Note: In certain locations, Propel owns or leases more than one property.

1. Located in NSW.

3. Company Overview

Propel owns numerous established brands, including single site branded funeral homes such as Integrity Funerals on the Gold Coast, and multi-site brands such as Millingtons in Hobart. Each brand has a strong level of customer awareness and loyalty within each local area, with a reputation for providing a quality service. Given the significant goodwill associated with the local brand names, Propel intends to retain and operate under the brand names it acquires.

3.4.2 Metropolitan/regional split

Propel operates in metropolitan and regional areas. The Company considers each expansion opportunity on its merits and is indifferent about whether a potential acquisition is located in a metropolitan or regional area.

In FY2015, revenue from metropolitan locations represented 21% of Propel's total revenue and is forecast to increase to 46% in FY2018. An opportunity exists for Propel to continue to expand into metropolitan areas given:

- Propel does not currently operate in Sydney, Melbourne, Adelaide, Canberra, Wellington or Christchurch;
- Propel has scope to increase its presence in Perth and Brisbane;
- the fragmented nature of the industry; and
- the Directors understanding, on the basis of publicly available information, that InvoCare cannot rely on acquisitions in its core markets to continue to drive growth to the same extent as it has done so traditionally.

Figure 3.9: FY2015A regional to metropolitan mix

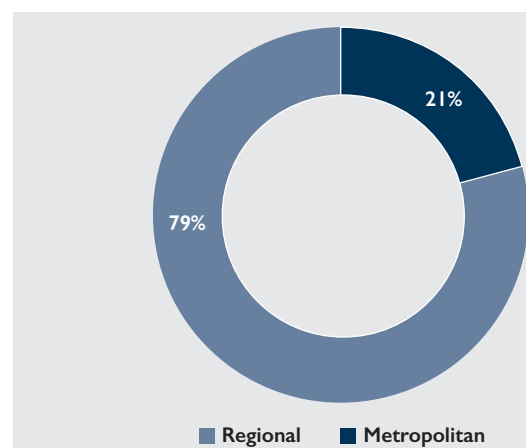
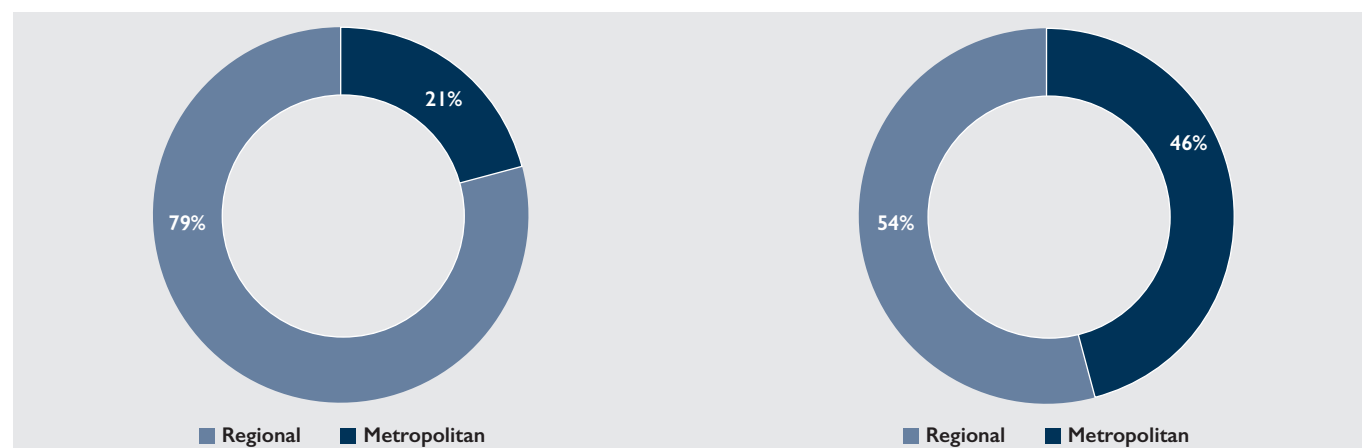


Figure 3.10: FY2018F regional to metropolitan mix



3.5 EMPLOYEES AND ORGANISATIONAL STRUCTURE

As at 31 August 2017, Propel employed 415 employees of which approximately 53% were full-time, 34% were casual and 13% part-time.

The Manager is focussed on providing a positive, supportive and non-bureaucratic working environment and culture for the Company's employees. Propel has a flat management structure, with a general manager always having responsibility over the daily operations of the funeral services business they manage, reporting directly to the Company's Managing Director. The Managing Director and other executives of the Manager engage with each general manager through informal weekly discussions, formal monthly management meetings and more frequent discussions, when required. The purpose of these discussions is to enable the Managing Director and other executives of the Manager to monitor performance and provide guidance, direction and assistance on operational and general business matters.

There are death care industry associations whereby members must adhere to specific codes of conduct relating to, among other things, handling of the deceased, maintenance of facilities, confidentiality, advertising and environmental impacts. In Australia, there is the Australian Funeral Directors Association (and State equivalents) and the Australian Cemeteries and Crematoria Association. In New Zealand, there is the Funeral Directors Association of New Zealand. Propel subsidiaries are members of these industry associations.

The Company's workforce is largely non-unionised, with approximately 2% of the workforce being union members.

3.6 PRE-PAID FUNERALS

Propel is party to pre-paid funeral contracts (**Pre-paid Contracts**). Pre-paid Contracts are tripartite agreements, whereby a funeral director agrees to deliver a specified funeral, cremation or burial service at a future time of need and the customer pays for this service in advance by investing an amount equal to the current price of the service with a financial institution (such as a third party friendly society) and conditionally assigns the benefit of that investment to the funeral director.

Many of Propel's Pre-paid Contracts were inherited on acquisition and the invested funds are largely held on trust with third party friendly societies, who invest the funds in cash and fixed interest.

Pre-paid Contracts represent contracted future revenue and cash flows. As set out in the Pro Forma Historical Balance Sheet at 30 June 2017, Propel had a beneficial interest in approximately \$38.5 million of investments made in relation to its Pre-paid Contracts. In FY2017, approximately 9.4% of the Company's funerals performed in Australia related to Pre-paid Contracts that became 'at-need'. 'At-need' funerals involve a funeral being arranged for a deceased person at or near the time of death. Family and friends of the deceased consult with the funeral director to arrange the funeral service.

Propel's accounting treatment of Pre-paid Contracts is in accordance with AASB15, as set out in Section 5.3.3 and Appendix A.

3.7 SUPPLIERS

Propel sources coffins, caskets, monuments, flowers and death care consumables (including handles, crosses, coffin lining, chemicals, etc.) from a range of suppliers.

As the Company grows in size, Propel expects to be better placed to realise further scale benefits.

3.8 GROWTH STRATEGY

On Completion of the Offer, the Company will have a strong balance sheet, with approximately \$50.0 million of cash and no bank debt, to pursue a range of growth initiatives including:

- continuing to execute a proven and disciplined acquisition strategy;
- pursuing greenfield and brownfield expansion opportunities; and
- extracting operational efficiencies and scale benefits.

3.8.1 Acquisition or inorganic growth

Propel intends to continue to undertake a disciplined acquisition strategy in line with the Investment Strategy as detailed in Section 4.2. Propel and the Manager have a strong track record of making and integrating profitable acquisitions and, although the FY2018 forecasts do not assume contributions from any other acquisitions, the Company has a reasonable pipeline of future potential acquisition opportunities. Following Completion of the Offer, the Company intends to continue to acquire private businesses, properties, infrastructure and related assets which operate within the death care industry in Australia and New Zealand.

The death care industry is highly fragmented with approximately 1,200 establishments in Australia². The Company believes there is significant opportunity for further consolidation in Australia and New Zealand. Propel is well positioned to execute on its acquisition strategy given the industry expertise and track record of the Manager and its relationships with owners of funeral homes and related services in Australia and New Zealand. The Offer will provide Propel with access to capital, increase its profile and further enhance Propel's ability to execute acquisitions and participate in this consolidation.

Propel seeks out transactions that are consistent with the Investment Strategy, conducts due diligence in areas such as financial, tax, legal, personnel, operations, property, pre-paid funerals, demographics and the market (which includes, but is not limited to, competition, growth opportunities and risks) and the Manager actively manages the Company's portfolio of companies. Propel often seeks to structure acquisitions as asset purchases (to limit historical liability risk exposure) with deferred potential payments linked to the achievement of key milestones.

The Manager remains actively engaged on various potential acquisition opportunities on the Company's behalf, however, the timing of any future acquisitions is uncertain. As at the date of this Prospectus, no terms have been agreed in connection with a potential acquisition.

3.8.2 Organic growth

Organic growth consists of growth from expansion in and around existing operations and locations, the establishment of greenfield locations and extracting operational efficiencies through economies of scale. Propel expects to continue to invest in its funeral homes to facilitate growth, including selectively identifying potential sites in new locations and expanding (and/or refurbishing) existing locations. Propel's property portfolio includes land and building adjacent to existing funeral homes that can potentially be refurbished or expanded.

As Propel continues to grow, there should be opportunities to realise further operational efficiencies through:

- extracting procurement synergies and greater purchasing power through economies of scale;
- sharing of human resources, assets and information such as key performance indicators; and
- providing staff with career progression opportunities.

3.9 INFORMATION TECHNOLOGY

Propel utilises a centralised management and financial reporting system which enables the Manager to:

- receive timely financial and operational information;
- monitor and share key performance indicators with general managers; and
- identify and facilitate potential operational improvements.

All of Propel's funeral homes utilise the same financial accounting software and reporting dashboards. Financial and management information is extracted from the systems of individual funeral homes and is consolidated at the Company's head office for reporting purposes.

2. IBISWorld Industry Report S9520, Funeral Directors, Crematoria and Cemeteries in Australia, November 2016, IBIS World Pty Ltd. IBIS has not consented to the use of the information in the form or context in which it is included in this Prospectus.

4. The Manager



Millingtons is one of Propel's funeral service providers, located in Tasmania.

4.1 INTRODUCTION

The Company has appointed the Manager to exclusively manage the affairs of the Company pursuant to the Management Agreement (summarised in Section 10.5).

The Manager is an established investment management firm (AFSL number 312032) which commenced operations in 2007. It was established by Albin Kurti and Peter Dowding who were previously of DB Capital Partners, following Deutsche Bank's divestment of its Australian direct private capital business. The Manager has previously managed over \$600 million on behalf of domestic and foreign institutional clients, including some of Australia's largest superannuation funds and a foreign sovereign wealth fund, together with sophisticated "high net worth" investors.

In FY2011, the Manager (on behalf of an investment fund it managed) sold its 77.6% ownership interest in Bledisloe Group Holdings Pty Limited, the then second largest private provider of funeral services in Australia and the largest private provider of funeral services in New Zealand, to InvoCare for \$114 million.

Following successful investments in a variety of industries, in FY2012 the Manager embarked on a focussed strategy of pursuing investments in the death care industry through the formation and management of Propel. All of Propel's acquisitions have since been identified, negotiated, completed and managed by the Manager.

4.2 INVESTMENT STRATEGY

The Manager will continue to implement the Investment Strategy, which is to acquire assets within the death care industry in Australia and New Zealand, such as:

- private funeral home operators;
- funeral related properties and infrastructure; and
- cemeteries and crematoria.

The Company intends to continue to acquire assets that are in-line with the Investment Strategy and will aim to provide Shareholders with a combination of income and capital growth, through improved business and capital management. Any investment to be made by the Manager that is not consistent with the Investment Strategy would require Board approval. Should the Board determine that it is in the interests of Shareholders to alter the Investment Strategy, Shareholders will be notified in advance.

4.3 KEY FEATURES OF THE MANAGER

The Company and the Shareholders stand to benefit from the exclusive access to the Manager's high conviction and successful industry specific investment focus and a strong alignment of interests, as set out below and elsewhere in this Prospectus.

Successful long term track record of investment in the death care industry

The Manager has a successful long-term track record of investment in the death care industry, which:

- spans more than a decade¹;
- comprises transactions with combined enterprise values of approximately \$300 million¹; and
- has generated an internal rate of return of approximately 26%¹ per annum.

Strong alignment of interests

The following factors should ensure a strong alignment of interests of the Manager with the Company and the Shareholders:

- Management Shareholders will collectively own approximately 20.7% of Shares and have agreed to voluntarily escrow the majority of those Shares for 10 years following Completion of the Offer;
- the Manager will not receive a management fee during the first 10 years of the Management Agreement;
- the Manager will be paid a Performance Fee only if the Total Shareholder Return in a Calculation Period is more than 8.0% per annum and any prior underperformance has been recouped (see Section 10.5 for a worked example of the Performance Fee); and
- the persons named in Table 4.1 below (via their associated entities) own 100% of the equity in the Manager.

Exclusivity

The Manager has agreed to provide investment management services to the Company on an exclusive basis for 10 years from Completion of the Offer. During this time, the Manager will be prohibited from providing investment management services to any party other than the Company.

¹ The Company believes that the disclosure of the historical performance of the Manager's investments in the death care industry is helpful to investors to become aware of the knowledge, experience and track record of the Manager in completing and managing death care investments over an extended time frame. The Company therefore believes that the disclosure should assist investors and their advisers in deciding whether or not to invest in the Company. The information on past performance of the Manager's investments included in this Prospectus is not a forecast and should not be considered as a reliable indication of future performance of the Company.





4. The Manager

4.4 THE MANAGER'S TEAM

The Manager has overall responsibility for investment decisions on behalf of the Company. The Manager's team:

- comprises qualified and motivated investment professionals who have worked together for between 11 and 17 years;
- has considerable investment experience during periods of strong as well as challenging financial market conditions;
- will remain focussed on completing investments in the death care industry exclusively on behalf of the Company for at least 10 years following Completion of the Offer;
- will be strongly aligned with the Company and the Shareholders, for the reasons set out above and elsewhere in this Prospectus; and
- is led by Albin Kurti, a co-founder of the Company and the Manager, who is Propel's Managing Director & Head of Investments.

Table 4.1: Management Team

Individual	Expertise, experience and qualifications
 <p>Albin Kurti Managing Director & Head of Investments</p>	<p>Albin Kurti co-founded Propel and the Manager. He has overall responsibility for the Manager's investment decisions on behalf of Propel. Together with his colleagues, Albin plays an important role in sourcing, screening, executing and actively managing Propel's investments. He chairs Propel's operating subsidiaries and each location manager reports directly to Albin.</p> <p>Albin commenced his career in the insolvency and corporate finance division of Arthur Andersen, where he qualified as a chartered accountant and worked in Melbourne and Brunei. In 2000, he moved to Sydney and joined Deutsche Asset Management and, in 2007, he co-led the management buy-out of the private capital division of Deutsche Bank. Albin has led, co-led or been a key investment team member on a range of M&A transactions and has been a director of numerous private companies. He played an important role in the sale of Bledisloe Holdings to InvoCare in 2011.</p> <p>Albin has a Bachelor of Commerce from the University of Melbourne, is a graduate member of the Australian Institute of Chartered Accountants and the Australian Institute of Company Directors.</p>
 <p>Fraser Henderson Head of Mergers & Acquisitions, General Counsel and Company Secretary</p>	<p>Fraser Henderson co-founded Propel and is a director of the Manager. He is the Company's Head of M&A and General Counsel/Company Secretary. He is on the board of each of the Company's subsidiaries.</p> <p>Fraser commenced his legal career with Ashurst, where he worked in both London and Singapore. In 2003, he moved to Sydney and joined Minter Ellison and became a Partner in their Private Equity and Capital Markets team. He joined the Manager in 2008, where he became a director of a number of the Manager's investee companies. He co-led a number of transactions for the Manager, and played an important role in the sale of Bledisloe Holdings to InvoCare in 2011.</p> <p>Fraser is a graduate of the University of Newcastle-Upon-Tyne (LLB) and of Sydney University (LLM). He has a Diploma in Applied Corporate Governance (FCIS), is a graduate of the Company Directors Course (GAICD) and is a member of the Law Society of NSW and the Australian Institute of Investor Relations.</p>
 <p>Lilli Gladstone Head of Finance</p>	<p>Lilli Gladstone leads the finance function of Propel. She is responsible for the delivery of Propel's statutory reporting obligations, internal control procedures and treasury management. Lilli manages a small team of accountants who, among other things, produce timely financial and operational reports. She plays an active role in sourcing and executing transactions and leads the financial due diligence and financial integration of acquisitions for Propel.</p> <p>Lilli commenced her career at Ernst & Young in corporate finance specialising in business valuations and dispute advisory. She then joined Deutsche Asset Management (DB Capital Partners) in June 2006. Lilli was a director of Bledisloe prior to its sale to InvoCare. Lilli graduated from the University of Wollongong with a Bachelor of Commerce, majoring in accounting and finance. She is a chartered accountant, a graduate of the Company Directors Course (GAICD) and a member of the Australian Institute of Investor Relations.</p>
 <p>Peter Dowding Chairman of the Manager</p>	<p>Peter Dowding co-founded Propel and the Manager. Peter has almost 30 years investment experience (including with Deutsche Asset Management and State Super Investment Management Corporation) and has been responsible for completing and managing investments and also raising and managing institutional funds. He has been involved in the establishment and development of Propel, serving as a director from its establishment and also as a director of its operating subsidiaries.</p> <p>In 2007, Peter co-led the management buy-out of the private capital division of Deutsche Bank having previously been responsible for this division. He has been on the board of a significant number of private companies, including several where he was Chairman. Peter was a director of Bledisloe Holdings prior to its sale to InvoCare.</p> <p>In his role as Chairman of the Manager, Peter provides experience, oversight and advice in dealing with significant matters, particularly investment decisions and strategic initiatives.</p> <p>Peter has a Bachelor of Civil Engineering from the University of Nottingham and a Masters in Business from the University of Bath and is a Fellow of the Australian Institute of Company Directors.</p>

5. Financial Information



Davis Funerals is one of Propel's funeral service providers, located in New Zealand

5. Financial Information

5.1 INTRODUCTION

5.1.1 Financial information

The financial information for Propel in this Section 5 includes:

- **Statutory Historical Financial Information**, for Propel comprising the:
 - statutory consolidated historical income statements for FY2015, FY2016 and FY2017 (**Statutory Historical Income Statements**);
 - statutory consolidated historical cash flow statements for FY2015, FY2016 and FY2017 (**Statutory Historical Cash Flows**); and
 - statutory consolidated historical balance sheet as at 30 June 2017 (**Statutory Historical Balance Sheet**).
- **Pro Forma Historical Financial Information**, being the:
 - pro forma consolidated historical income statements for FY2015, FY2016 and F2017 (**Pro Forma Historical Income Statements**);
 - pro forma consolidated historical cash flow statements for FY2015, FY2016 and FY2017 (**Pro Forma Historical Cash Flows**); and
 - pro forma consolidated historical balance sheet as at 30 June 2017 (**Pro Forma Historical Balance Sheet**).

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are collectively the **Historical Financial Information**.

- **Forecast Financial Information**, being the:
 - statutory consolidated forecast income statement for FY2018 (the **Statutory Forecast Income Statement**) and the statutory consolidated forecast cash flow statement for FY2018 (**Statutory Forecast Cash Flows**); and
 - pro forma consolidated forecast income statement for FY2018 (**Pro Forma Forecast Income Statement**) and the pro forma consolidated forecast cash flow statement for FY2018 (**Pro Forma Forecast Cash Flows**).

The Historical Financial Information and the Forecast Financial Information are collectively the **Financial Information**.

Propel has a 30 June financial year end. As such, any references in this Section to “FY” refer to a 30 June financial year end.

The Financial Information has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Fundraising and/or Prospective Financial Information, by Nexia whose Investigating Accountant’s Report on the Financial Information is included in Section 9.

5.1.2 Additional information

Also summarised in this Section 5 are:

- the basis of preparation and presentation of the Financial Information (see Section 5.2) including the statutory entities that are included in the Financial Information presented for the respective historical and forecast periods;
- a description of the pro forma adjustments to the Statutory Historical Financial Information and reconciliations between the Statutory Historical Financial Information and the Pro Forma Historical Financial Information (see Sections 5.3.3, 5.4.1 and 5.5.2);
- a description of the key drivers affecting Propel’s business including key financial and operating metrics set out in Section 5.7.1 and management’s discussion and analysis of the Pro Forma Historical Information (Section 5.7) and Forecast Financial Information (Section 5.8);
- Propel’s best estimate assumptions and general assumptions underlying the Forecast Financial Information (see Section 5.8);
- an analysis of key sensitivities in respect of the Pro Forma Forecast Income Statement (see Section 5.9);
- a summary of Propel’s indebtedness (see Section 5.4.2); and
- Propel’s proposed dividend policy (see Section 5.10).

The information in this Section 5 should be read in conjunction with the risk factors set out in Section 6 and other information contained in this Prospectus including the significant accounting policies set out in Appendix A. Tables in this Section 5 have not be amended to correct immaterial summation differences that may arise from rounding.

All amounts disclosed in the tables in this Section 5 are presented in AUD and, unless otherwise noted, are rounded to the nearest \$0.1 million.

5.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

5.2.1 Overview

Propel was incorporated on 19 January 2017. It has not and will not undertake any trading activities until Completion of the Offer, at which time it will acquire PFP Midco.

PFP Midco, which will become a subsidiary of the Company on Completion of the Offer, directly or indirectly owns all the subsidiaries that operate the business of Propel. The FY2015, FY2016 and FY2017 consolidated financial statements of PFP Midco have been audited by Nexia Audit. Nexia Audit has issued unqualified audit opinions in respect of each period.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of the Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Propel's key accounting policies have been consistently applied throughout the periods and are set out in Appendix A.

Propel operates and reports under one operating segment in accordance with AASB 8 Operating Segments.

5.2.2 Treatment of acquisitions in Financial Information

Acquisitions made prior to 30 June 2017

Where the business or issued share capital of an entity was acquired, its operating results have been included from the acquisition date. Figure 5.1 summarises the date of acquisitions and it is noted that:

- as at 30 June 2017, Propel had completed 24 acquisitions;
- 3 acquisitions occurred prior to 1 July 2014; and
- a further 20 transactions were completed between 1 July 2014 and 30 June 2017.

Acquisitions made post 30 June 2017

Subsequent to 30 June 2017, Propel acquired 100% of the issued share capital of Erceg McIntyre Pty Limited, trading as Seasons Funerals (**Seasons Funerals**). The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information includes the forecast results for Seasons Funerals from the acquisition date of 22 August 2017 to 30 June 2018.

5. Financial Information

Figure 5.1: Acquisitions included in the Pro forma Historical and Forecast Financial Information

	Entity Name	Acquisition Date	Financial Information Inclusion Date	Financial Information Inclusion Period			
				FY2015	FY2016	FY2017	FY2018
Existing operations at 30 June 2015	Integrity Funeral Services	Dec 11	Jul 14	Yes	Yes	Yes	Yes
	South Burnett Funerals & Crematorium	Sep 13	Jul 14	Yes	Yes	Yes	Yes
	Gympie Funeral Services	Sep 13	Jul 14	Yes	Yes	Yes	Yes
	Leslie G Ross Funeral Services	Jul 14	Jul 14	Yes	Yes	Yes	Yes
	Coonamble Funeral Services	Aug 14	Aug 15	Yes	Yes	Yes	Yes
	Quinn Funeral Services	Mar 15	Mar 15	Yes	Yes	Yes	Yes
	Eyre Peninsula Funeral Services	Mar 15	Apr 15	Yes	Yes	Yes	Yes
	Hall Funeral Services	Jun 15	Jun 15	Yes	Yes	Yes	Yes
Acquired in FY2016	Riverina Funeral Services	Jul 15	Jul 15	Yes	Yes	Yes	Yes
	Handley Funerals	Aug 15	Aug 15	Yes	Yes	Yes	Yes
	Geards Funeral Home (Freehold only)	Aug 15	Aug 15	Yes	Yes	Yes	Yes
	Millingtons Funeral Services and Cemetery Services	Dec 15	Dec 15	Yes	Yes	Yes	Yes
	WT Howard Funeral Services	Dec 15	Dec 15	Yes	Yes	Yes	Yes
	Tamworth & Gunnedah Funeral Services	Mar 16	Mar 16	Yes	Yes	Yes	Yes
	Devonport Funeral Services	Apr 16	Apr 16	Yes	Yes	Yes	Yes
	Premier Funeral Group	Apr 16	Apr 16	Yes	Yes	Yes	Yes
	Phillip Stephens Funeral Services	Jun 16	Jun 16	Yes	Yes	Yes	Yes
Acquired in FY2017	Latrobe Valley Funeral Services	Sep 16	Sep 16	Yes	Yes	Yes	Yes
	FW Barnes Funeral Services	Oct 16	Oct 16	Yes	Yes	Yes	Yes
	MH Funeral Services (Inc. in Premier Funeral Group)	Oct 16	Nov 16	Yes	Yes	Yes	Yes
	Mildura Funeral Services	May 17	May 17	Yes	Yes	Yes	Yes
	Far North Funeral Services	May 17	May 17	Yes	Yes	Yes	Yes
	Davis Services Group	May 17	May 17	Yes	Yes	Yes	Yes
Acquired in FY2018	Seasons Funerals	Aug 17	Aug 17	Yes	Yes	Yes	Yes

■ ■ ■ ■ Represents period for which financial information is included.

5.2.3 Preparation of Pro Forma Historical Financial Information

There are no historical consolidated financial statements for the Company, which will become the holding company of Propel upon Completion of the Offer. PFP Midco is the current holding company of Propel.

The Historical Financial Information has been derived from the audited statutory consolidated historical financial statements of PFP Midco for FY2015, FY2016 and FY2017 after adjusting for pro forma transactions and other adjustments to reflect the Company's operations following Completion of the Offer, including the impact of accounting policy changes, changes in the operating and capital structure from becoming a listed company, the acquisition of Seasons Funerals and the impact of the Offer.

Refer to Section 5.3.3 for a reconciliation between the Statutory Historical Income Statements and the Pro Forma Historical Income Statements. Refer to Section 5.5.2 for a reconciliation between the Statutory Historical Cash Flows and the Pro Forma Historical Cash Flows. Refer to Section 5.4 for a reconciliation between the Statutory Historical Balance Sheet and the Pro Forma Historical Balance Sheet.

The Pro Forma Historical Balance Sheet is derived from the Statutory Historical Balance Sheet, and adjusted to reflect:

- the acquisition of Season Funerals, which was completed in August 2017;
- the Restructure, which will result in the Company becoming the holding company of Propel, conditional upon the Completion of the Offer;
- the repayment of Debt, as if the transactions had occurred or were in place as at 30 June 2017; and
- the impact of the Offer, including directly attributable Offer costs offset against equity.

The Directors have elected to account for the Restructure as a capital reorganisation rather than a business combination. In the Directors' judgement, the continuation of the existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to an initial public offering and most appropriately reflects the substance of the internal restructure.

As such, the consolidated financial statements of Propel have been presented as a continuation of the pre-existing accounting values of assets and liabilities in the Company's financial statements.

In adopting this approach, the Directors note that there is an alternative view that such a restructure conditional on the Completion of the Offer could be accounted for as a business combination that follows the legal structure of the Company being the acquirer. If this view had been taken, the net assets of Propel would have been uplifted to fair value by \$94.0 million based on the market capitalisation at IPO of \$265.0 million, with consequential impacts on the income statement and balance sheet.

An IASB project on accounting for common control transactions is likely to address such restructures in the future. However, the precise nature of any new requirements and the timing of these are uncertain. In any event, history indicates that any potential changes are unlikely to require retrospective amendments to the financial statements.

Investors should note that past results do not guarantee future performance.

5.2.4 Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared by the Directors having regard to an assessment of present economic and operating conditions, and based on a number of best estimate general and specific assumptions set out in Section 5.8 regarding future events and actions.

The Directors have prepared the Forecast Financial Information with due care and attention, and consider all the best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

The information in this Section 5 is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative impact. Investors are advised to review the assumptions in Sections 5.8.1 and 5.8.2 in conjunction with the sensitivity analysis in Section 5.9, the risk factors in Section 6 and other information in this Prospectus.

The Forecast Income Statement and the Forecast Cash Flows have been presented on both a pro forma and statutory consolidated basis. The Pro Forma Forecast Income Statement and Pro Forma Forecast Cash Flows are based on the Statutory Income Statement and Pro Forma Income Statement, adjusted for the impact of changes in the operating and capital structure at Completion of the Offer.

Section 5.3.3 provides a reconciliation between the Statutory Forecast Income Statement and the Pro forma Forecast Income Statement. Section 5.5.2 provides a reconciliation between the Statutory Forecast Cash Flows and Pro forma Forecast Cash Flows.

The basis of preparation and presentation of the Forecast Financial Information, is consistent with the basis of preparation and presentation of the Pro Forma Historical Financial Information.

The Directors have no current intention to update or revise the Forecast Financial Information or other forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

5. Financial Information

5.2.5 Explanation of certain non-IFRS measures

Propel uses certain measures to manage and report on business performance that are neither recognised under AAS, nor under IFRS. These measures are collectively referred to as **non-IFRS financial measures**.

These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities. These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS. Although Propel believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of the business, investors are cautioned not to place undue reliance on any non-IFRS financial measures included in this Prospectus.

In the disclosures in this Prospectus, Propel uses the following non-IFRS financial measures:

- **Gross profit** – total revenue less cost of sales;
- **Operating EBITDA** – earnings before interest, taxation, depreciation and amortisation, one off transaction costs, Offer costs and other income;
- **EBIT** – earnings before interest and taxation;
- **NPBT** – net profit before taxation;
- **NPAT** – net profit after taxation;
- **Average revenue per funeral** – revenue from funeral operations excluding direct disbursements (such as third party cemetery fees and third party cremation fees) and delivered pre-paid impacts, divided by the number of funerals;
- **Working capital** – third party receivables, inventory, prepayments, payables and employee entitlements; and
- **Capital expenditure** – expenses relating to expanding the Company's asset base to attract new customers, increase the capacity of the existing operations, developing new business segments and the routine replacement, refurbishment or enhancement of the existing asset base including equipment, vehicles, crematoria, real property improvements, software and information systems or any other capital assets.

5.3 PRO FORMA HISTORICAL, PRO FORMA FORECAST AND STATUTORY FORECAST INCOME STATEMENTS

5.3.1 Overview

Table 5.1 sets out the Pro Forma Historical, Pro Forma Forecast and Statutory Forecast Income Statements.

The Pro Forma Historical and Pro Forma Forecast Income Statements are reconciled to the Statutory Historical Income Statements and the Statutory Forecast Income Statements in Section 5.3.3 which also includes an explanation of the pro forma adjustments.

Table 5.1: Pro forma Historical Income Statements, Pro forma Forecast Income Statement and the Statutory Forecast Income Statement

	Notes	Historical			Forecast	
		FY2015	Pro forma FY2016	FY2017	Pro forma FY2018	Statutory FY2018
Funeral operations	1	10.2	19.8	40.7	67.9	67.9
Cemetery and memorial gardens	2	0.5	2.1	4.4	5.1	5.1
Other trading revenue	3	0.2	0.5	1.0	0.8	0.8
Total revenue		10.9	22.4	46.1	73.7	73.7
Cost of sales	4	(3.4)	(7.1)	(14.0)	(23.4)	(23.4)
Gross profit		7.5	15.2	32.1	50.3	50.3
Employment costs		(2.6)	(6.1)	(13.5)	(22.6)	(22.6)
Occupancy and facility costs		(0.6)	(1.2)	(2.7)	(4.5)	(4.5)
Administration fees	5	(0.2)	(0.2)	(0.2)	(0.2)	(0.5)
Other operating costs	6	(1.1)	(1.8)	(3.3)	(4.5)	(4.4)
Total operating costs		(4.5)	(9.5)	(19.8)	(31.9)	(32.0)
Operating EBITDA		3.1	5.8	12.3	18.4	18.4
Transaction costs	7	(0.5)	(1.2)	(0.7)	(0.0)	(2.7)
Other income	8	0.0	0.7	0.0	–	–
Depreciation		(0.4)	(0.9)	(1.7)	(2.5)	(2.5)
One-off share based payment	9	–	–	–	–	(21.9)
EBIT		2.2	4.4	10.0	15.9	(8.7)
Interest income	10	0.3	0.1	0.1	0.9	0.9
Interest expense		(0.1)	(0.1)	(0.2)	(0.1)	(2.0)
Net financing charge on pre-paid contracts	11	(0.1)	(0.5)	(1.3)	(1.2)	(1.2)
NPBT		2.3	3.9	8.6	15.5	(11.1)
Income tax expense		(0.8)	(1.0)	(3.1)	(5.1)	(3.7)
NPAT		1.5	2.9	5.5	10.4	(14.8)

Notes:

- Funeral operations** – revenue from services such as collection, transfer and preparation of the deceased, arranging and conducting a burial or cremation, attending to the necessary documentation, arranging and staffing a funeral as well as product sales such as coffins, flowers and catering.
- Cemetery and memorial gardens** – revenue from the sale of burial plots and memorialisations including headstones, crypts, urns and plaques.
- Other trading revenue** – revenue from coroner's contracts and cremations performed for other funeral directors.
- Cost of sales** – primarily relates to the cost of coffins. Other costs of sales relate to items such as headstones, urns, plaques, disbursements to third parties (e.g. cremation fees and cemetery fees).
- Administration fees** – relates to the administration fee paid to the Manager under the Management Agreement as summarised in Section 10.5. The administration fee is \$0.24 million per annum, increasing by CPI each year. It does not include any performance fees that will be payable to the Manager under the Management Agreement if the Total Shareholder Return in a Calculation Period exceeds the Benchmark, as set out in Section 10.5.
- Other operating costs** – includes accounting fees, advertising expenses, motor vehicle expenses and insurance expenses.
- Transaction costs** – include costs associated with acquisitions such as stamp duty and legal fees. The FY2018 statutory forecast includes Offer costs expensed.
- Other income** – includes profit or loss on the sale of fixed assets, impacts of foreign exchange movements and the de-recognition of deferred consideration liability provisions if earn out hurdles are not met.
- One-off non-cash share based payment** – represents a one-off non-cash expense recognised as a result of the Restructure in accordance with AASB 2 Share Based Payments.
- Interest income** – includes interest income on historical and forecast cash at bank following Completion of the Offer.
- Net financing charge on pre-paid contracts** – relates to investment returns generated on funds held for Pre-paid Contracts net of the financing charge applied to funds held for Pre-paid Contracts in accordance with AASB 15.

5. Financial Information

5.3.2 Key operating metrics

Table 5.2 below sets out a summary of certain key operating and financial metrics of Propel for FY2015 to FY2017 on a pro forma basis, and for FY2018 on a pro forma and statutory basis.

Table 5.2: Key operating metrics of Propel

	Notes	Historical			Forecast	
		FY2015	Pro forma FY2016	FY2017	Pro forma FY2018	Statutory FY2018
Operating metrics						
Number of locations	1	11	46	70	80	80
Number of funerals	2	1,625	2,967	6,054	9,907	9,907
Average revenue per funeral	3	\$4,976	\$5,099	\$5,223	\$5,330	\$5,330
Financial metrics						
Revenue growth			105.5%	106.2%	59.9%	59.9%
Average revenue per funeral growth			2.5%	2.4%	2.0%	2.0%
Operating EBITDA growth			87.1%	114.1%	49.5%	48.8%
Gross profit margin		69.2%	68.1%	69.6%	68.2%	68.2%
Employee costs as a % of total revenue		23.8%	27.5%	29.3%	30.6%	30.6%
Occupancy and facility costs as a % of total revenue		5.2%	5.6%	5.8%	6.2%	6.2%
Operating EBITDA margin		28.3%	25.8%	26.7%	25.0%	24.9%
EBIT Margin		20.2%	19.6%	21.6%	21.6%	nm
Cash flow conversion %	4	104.0%	93.7%	98.9%	98.9%	98.9%

Notes:

1. **Number of locations** – the total number of freehold and leasehold properties from which Propel operated during a period.
2. **Number of funerals** – the number of burial and cremation services performed during a period.
3. **Average revenue per funeral** – includes revenue from funeral operations excluding direct disbursements (such as third party cemetery fees and third party cremation fees) and delivered pre-paid funeral impacts, divided by the number of funerals.
4. **Cash flow conversion %** – the percentage of Operating EBITDA converted to operating cash flows excluding interest and tax during a period.

5.3.3 Pro Forma adjustments to the Statutory Historical Income Statements and the Statutory Forecast Income Statement

Table 5.3 below sets out the pro forma adjustments to the statutory historical and forecast NPAT for FY2015 to FY2018.

Table 5.3: Pro forma adjustments to the statutory historical and forecast NPAT

	Notes	Historical			Forecast
		FY2015	FY2016	FY2017	FY2018
Statutory NPAT		2.0	3.5	3.4	(14.8)
Accounting policy changes	1	(0.4)	(1.1)	–	–
Management Agreement changes	2	0.3	0.5	0.6	0.2
Listed company costs	3	(0.5)	(0.5)	(0.4)	(0.1)
Changes to the capital structure	4	0.1	0.6	2.8	1.9
Offer costs	5	–	–	0.1	2.7
One-off share based payment	6	–	–	–	21.9
Tax effect of pro forma adjustments	7	0.0	(0.2)	(0.9)	(1.4)
Pro forma NPAT		1.5	2.9	5.5	10.4

Notes:

- Accounting policy changes** – the adoption of AASB 15 in connection with Pre-paid Contracts results in investment returns on Pre-paid Contracts net of the finance costs in relation to Pre-paid Contracts being recognised in the income statement. In FY2015 and FY2016 stamp duty payments on properties acquired were capitalised and have been expensed in the pro forma adjustments in accordance with AASB 3.
- Management Agreement changes** – as set out in Section 10.5 the Management Agreement will become effective on Completion of the Offer. Under this agreement the Manager will be paid an administration fee of \$0.24 million per annum, increasing by CPI each year. A performance fee will be payable to the Manager under the Management Agreement, if the Total Shareholder Return in a Calculation Period exceeds the Benchmark, as set out in Section 10.5. The pro forma adjustment reflects the reduction of the management fee payable under the existing management agreement made between PFP Midco and the Manager to the administration fee of \$0.24 million per annum before any CPI adjustment or performance fee.
- Listed company costs** – reflects the increase in corporate costs expected as a consequence of Propel being listed on ASX. The increase in costs primarily relate to listing fees, accounting and company secretarial costs and the additional non-executive director fees.
- Changes in the capital structure** – all Debt will be repaid from the proceeds of the Offer as set out in Section 8.1.1. The pro forma adjustment removes the interest expense incurred on Debt and, in FY2018, includes interest income on pro forma cash at bank for the period from the expected date of Completion of the Offer to 30 June 2018.
- Offer costs** – removes the transaction costs incurred in respect of the Offer. Offer costs reflect the amount to be expensed in relation to the Offer (fees payable to advisors, the Lead Manager and legal, accounting and tax fees) and the listing on ASX. Note that \$3.6 million of the Offer costs (relating to the primary issue) are recognised against equity.
- One-off non-cash share based payment** – on Completion of the Offer, the Company will become the sole shareholder of PFP Midco and the ultimate holding company of Propel. The Company has 14,732,667 shares on issue. These shares are subject to the escrow arrangements set out in Section 8.9. Following the Restructure, the initial issued share capital of the Company will hold an economic interest in Propel. The interest in Propel represents a non cash share based payment in accordance with AASB 2 Share Based Payments and a one off non-cash expense has been recognised based on the Directors' view of the fair value of these shares having regard to the escrow arrangements set out in Section 8.9.
- Tax effect of pro forma adjustments** - reflects the income tax effect of the above adjustments assuming a tax rate of 30%, which is the Australian corporate tax rate, except for certain costs which are non-deductible.

5.4 STATUTORY HISTORICAL BALANCE SHEET AND PRO FORMA HISTORICAL BALANCE SHEET

5.4.1 Overview

Table 5.4 on the following page sets out the adjustments that have been made to the audited statutory balance sheet of PFP Midco as at 30 June 2017 to present a pro forma consolidated balance sheet for Propel as if Completion of the Offer occurred on 30 June 2017. Table 5.4 also reflects a number of adjustments, including:

- the impact of the acquisition of Seasons Funerals;
- the impact of the Restructure; and
- the impact of the Offer.

5. Financial Information

Table 5.4: Pro forma Historical Balance Sheet as at 30 June 2017

	FY2017 Statutory	Acquisition	Other Pre Completion Transactions	Restructure	Repayment of Borrowings	Completion of the Offer	FY2017 Pro forma
Notes	1	2	3	4	5	6	
Assets							
Current Assets							
Cash and cash equivalents	6.8	(9.9)	0.6	(3.8)	(52.3)	105.2	46.8
Other deposits	0.9	–	–	–	–	–	0.9
Contract assets – expected to be realised within one year	2.5	0.2	–	–	–	–	2.6
Contract assets – expected to be realised after one year	33.1	2.7	–	–	–	–	35.9
Trade and other receivables	4.1	0.1	–	–	–	–	4.2
Inventories	1.3	0.1	–	–	–	–	1.3
Other assets	0.6	0.0	(0.1)	–	–	–	0.6
Total Current Assets	49.3	(6.7)	0.6	(3.8)	(52.3)	105.2	92.3
Non-Current Assets							
Property, plant and equipment	57.9	1.4	0.8	–	–	–	60.1
Goodwill and other intangible assets	63.6	11.0	–	–	–	–	74.5
Deferred tax assets	0.7	0.1	–	–	–	1.5	2.2
Total Non-Current Assets	122.1	12.4	0.8	0.0	0.0	1.5	136.8
Total Assets	171.3	5.7	1.4	(3.8)	(52.3)	106.7	229.1
Liabilities							
Current Liabilities							
Trade and other payables	3.4	0.3	–	–	–	(0.0)	3.7
Borrowings	7.3	–	–	–	(7.2)	–	0.1
Current tax liabilities	0.7	0.7	–	–	–	–	1.4
Employee benefits	1.9	–	–	–	–	–	1.9
Accrued interest	0.4	–	–	(0.4)	–	–	0.0
Provisions	2.0	–	–	–	–	–	2.0
Deferred revenue	1.1	–	–	–	–	–	1.1
Contract Liabilities – expected to be realised within one year	2.6	0.2	–	–	–	–	2.8
Contract Liabilities – expected to be realised after one year	35.5	2.7	–	–	–	–	38.2
Total Current Liabilities	54.9	3.9	0.0	(0.4)	(7.2)	(0.0)	51.2
Non-Current Liabilities							
Borrowings	45.5	–	–	–	(45.1)	–	0.4
Notes	19.5	–	15.5	(34.9)	–	–	0.0
Deferred tax liabilities	3.4	–	–	–	–	–	3.4
Employee benefits	0.3	0.2	–	–	–	–	0.5
Provisions	1.0	1.6	–	–	–	–	2.6
Total Non-Current Liabilities	69.7	1.7	15.5	(34.9)	(45.1)	0.0	6.8
Total Liabilities	124.5	5.7	15.5	(35.3)	(52.3)	(0.0)	58.0
Net Assets	46.8	–	(14.0)	31.5	0.0	106.7	171.1
Equity							
Issued capital	37.2	–	–	53.4	–	107.9	198.5
Foreign Currency Translation Reserve	0.8	–	–	–	–	–	0.8
Retained earnings	8.9	–	(14.0)	(21.9)	–	(1.2)	(28.3)
Total Equity	46.8	–	(14.0)	31.5	0.0	106.7	171.1

Notes to Table 5.4:

1. **FY2017 Statutory** – the statutory FY2017 financial information is based on the audited consolidated financial statements of PFP Midco at 30 June 2017.
2. **Acquisition** – in August 2017, the Company acquired 100% of the issued share capital of Erceg McIntyre Pty Limited, trading as Seasons Funerals for a purchase price of \$10.9 million less completion adjustments. The transaction includes deferred purchase consideration of up to \$1.55 million which is subject to certain performance hurdles being met. The adjustment is based on the management accounts of Erceg McIntyre Pty Limited on the acquisition date and no fair value adjustments have been made in the consideration of intangible assets.
3. **Other Pre Completion Transactions** – includes:
 - **Notes:** in July 2017, the Company issued \$15.5 million of Notes. The Notes give each Noteholder the right to apply for shares in connection with the Offer at the Offer Price and guarantee an allocation of 100% of their application up to the principal amount of the Notes held by the Noteholder. Noteholders can elect to have all, part or none of their Notes repaid in cash.
 - **Property purchases:** in July 2017, the Company exercised an option to acquire a property adjacent to one of its funeral homes for \$0.3 million. In September 2017, the Company completed the purchase of a property in connection with an acquisition completed in FY2017 for \$0.5 million.
 - **Pre completion dividend:** a pre completion dividend totalling \$14.0 million represents the amount declared by the Company to Existing Shareholders prior to Completion of the Offer, to be paid shortly after Completion of the Offer.
4. **Restructure** – PFP Midco will become a wholly owned subsidiary of the Company as part of the Restructure. The Company was incorporated on 19 January 2017. It has 14,732,667 ordinary shares on issue. Following the Restructure, these shares will hold an economic interest in Propel. An expense of \$21.9 million has been recognised in relation to this one-off non-cash expense occurring on the Restructure in accordance with AASB 2 Share Based Payments which is based on the Directors' view of fair value having regard to the escrow arrangements set out in Section 8.9. Prior to the Restructure, PFP Midco has Notes on issue totalling \$34.9 million. As part of the Restructure, PFP Midco will, with the consent of the holders of the Notes, assign the Notes to the Company. The Notes will be fully repaid as part of the Restructure. Rather than receiving cash, 90% of the holders of the Notes have elected to receive Shares and will receive 11.7 million Shares at the Offer Price with the residual 10% to receive cash totalling \$3.4 million. Accrued interest on the Notes totalled \$0.4 million. Therefore the total cash outflow relating to the Restructure in respect of the Notes will total \$3.8 million. Following the Restructure, no Notes will remain outstanding. Further information on the Restructure is set out in Section 10.4.
5. **Repayment of Borrowings** – reflects the full repayment of senior debt from proceeds of the Offer.
6. **Completion of the Offer** – reflects the issue of \$111.6 million of new equity raised via the Offer through the issue of 41.3 million Shares at the Offer Price. Transaction costs of \$6.4 million will be incurred of which \$2.8 million will be expensed as transaction costs (\$0.1m in FY2017 and \$2.7m in FY2018) and \$3.6 million recognised against equity.

5.4.2 Indebtedness

Table 5.5 below sets out the composition of Propel's indebtedness and pro forma net cash position as at 30 June 2017.

Table 5.5: Summary of pro forma net (indebtedness)/cash

	Notes	Statutory 30 June 2017	Pro forma 30 June 2017
Cash and cash equivalents	1	6.8	46.8
Current interest bearing loans and borrowings	2	(7.3)	(0.1)
Non-current interest bearing loans and borrowings	2	(45.5)	(0.4)
Net total (indebtedness)/cash		(46.0)	46.3
Net total (indebtedness)/cash (excluding hire purchase liabilities)		(45.5)	46.8

Notes:

1. The pro forma cash as at 30 June 2017 of \$46.8 million excludes the actual and expected trading and other cash flows of the Company from 1 July 2017 to the Completion of the Offer and therefore differs from the target estimated net cash at Completion of the Offer which is expected to be approximately \$50.0 million.
2. Statutory interest bearing loans and borrowings relate to Debt and hire purchase liabilities. Pro forma interest bearing loans and borrowings relate to hire purchase liabilities.

5.4.3 Sources of liquidity

The Company's estimated net cash position on Completion of the Offer will be approximately \$50.0 million.

Propel's principal source of funds is cash at bank, cash flows from operations and potential future borrowings. Propel's operations do not require significant capital expenditure and the business benefits from low working capital requirements. Accordingly, the Directors consider that Propel will have sufficient cash flow from operations to carry out the entity's stated objectives.

5. Financial Information

5.5 PRO FORMA HISTORICAL, PRO FORMA FORECAST AND STATUTORY FORECAST CASH FLOWS

5.5.1 Overview

Table 5.6 below sets out the Pro Forma Historical Cash Flows, Pro Forma Forecast Cash Flows and Statutory Forecast Cash Flows for FY2015 to FY2018.

Table 5.6: Pro forma Historical, Pro forma Forecast and Statutory Forecast Cash Flows

	Notes	Historical			Forecast	
		FY2015	Pro forma FY2016	FY2017	Pro forma FY2018	Statutory FY2018
Operating EBITDA		3.1	5.8	12.3	18.4	18.4
Movement in working capital	1	0.1	(0.4)	(0.1)	(0.2)	(0.2)
Operating cash flow	2	3.2	5.4	12.2	18.2	18.2
Acquisitions	3	(8.9)	(36.8)	(51.4)	(10.9)	(10.9)
Capital expenditure	4	(0.1)	(0.4)	(1.5)	(2.7)	(2.7)
Proceeds on the disposal of assets		–	0.0	0.1	–	–
Investing cash flow		(9.0)	(37.2)	(52.8)	(13.6)	(13.6)
Net cash flow before corporate financing and taxation		(5.8)	(31.8)	(40.6)	4.7	4.6
Income taxes paid	5				(6.0)	(5.0)
Interest paid/received	6				0.4	(1.5)
Debt drawdowns					–	15.5
Debt repayments	7				(0.1)	(55.9)
Dividend paid	8				–	(14.0)
Proceeds from the Offer	9				–	111.6
Offer costs	10				–	(6.3)
Cash flow available for distribution					(1.0)	48.9

Notes:

- Movement in working capital** – is comprised of changes in inventories, receivables, payables and employee entitlements.
- Operating cash flow** – reflects Operating EBITDA less the movement in working capital. Note there are no non-cash items that impact Operating cash flow.
- Acquisitions** – cash outflows relating to the purchase of business and assets (including freehold properties) and issued shares of the operations set out in Section 5.2.2.
- Capital expenditure** – expenditure on the Company's asset base to attract new customers, increase the capacity of the existing operations, developing new business segments and the routine replacement, refurbishment or enhancement of existing assets including equipment, vehicles, crematoria, real property improvements, software and information systems.
- Income taxes paid** – Propel's forecast taxes that will be paid in FY2018 based on the statutory forecast income statement. Pro forma taxes paid are calculated on the same basis in respect of the pro forma income statement.
- Interest paid** – interest paid on Debt and hire purchase liabilities. Debt will be fully repaid on Completion of the Offer.
- Debt repayment** – repayment of senior debt (\$52.3 million), principal repayments on hire purchase liabilities (\$0.1 million) and repayments of the Notes (\$3.4 million) in connection with the Restructure.
- Dividend paid** – a Pre-IPO Dividend totalling \$14.0 million represents the amount paid by PFP Midco to the Existing Shareholders prior to Completion of the Offer.
- Proceeds from the Offer** – 41.3 million Shares that will be issued to New Shareholders at the Offer Price.
- Offer costs** – costs of \$6.4 million expected to be incurred in respect of the Offer. Note that \$2.8 million of these costs are expensed to the income statement (\$0.1 million in FY2017 and \$2.7 million in FY2018) with the remaining \$3.6 million recognised against equity.

5.5.2 Pro forma adjustments to the Statutory Historical Cash Flows and the Statutory Forecast Cash Flows

Table 5.7 below sets out the pro forma adjustments made to the Statutory Historical and Statutory Forecast Cash Flows from FY2015 to FY2018.

Table 5.7: Pro forma adjustments to the Statutory Historical Cash Flows and Statutory Forecast Cash Flows

	Notes	Historical			Forecast
		FY2015	FY2016	FY2017	FY2018
Statutory cash flow before corporate financing and taxation		(5.7)	(31.9)	(40.8)	4.6
Management Agreement changes	1	0.3	0.5	0.6	0.2
Listed company costs	2	(0.5)	(0.5)	(0.4)	(0.1)
Pro forma cash flow before corporate financing and taxation		(5.8)	(31.8)	(40.6)	4.7

Notes:

- Management Agreement changes** – as set out in Section 10.5, the Management Agreement will become effective on Completion of the Offer. Under this agreement the Manager will be paid an administration fee of \$0.24 million per annum, increasing by CPI each year. A performance fee will be payable to the Manager under the Management Agreement if the Total Shareholder Return in a Calculation Period exceeds the Benchmark, as set out in Section 10.5. The adjustment reflects the reduction of the management fee payable under the existing agreement made between PFP Midco and the Manager to the administration fee of \$0.24 million per annum before any CPI adjustment or performance fee.
- Listed company costs** - reflects the increase in corporate costs expected as a consequence of Propel being listed on ASX. The pro forma adjustment primarily relates to listing fees, accounting and company secretarial costs and non-executive director fees.

5.6 FINANCIAL INFORMATION ON SIGNIFICANT ACQUISITION

Propel made five acquisitions in the 12 months immediately preceding the date of this Prospectus including the acquisition of Seasons Funerals. Although no individual transaction is significant, cumulatively the five acquisitions are significant to Propel. The timing of the inclusion of each acquisition in the Historical Financial Information is discussed in Section 5.2.2.

Prior to the acquisition date, the DSG Group had a 31 March financial year end. Tables 5.8 and 5.9 show the income statements and cash flow statements for Davis Services Group Limited (and its subsidiaries) and Davis Funeral Services Limited (together, the **Davis Group**) for the financial years ending 31 March 2016 and 31 March 2017. Cumulatively, the four other acquisitions made in the 12 months immediately prior to the date of this Prospectus are not significant and therefore are not separately disclosed.

Nexia Audit audited the financial statements of the Davis Group for the years ended 31 March 2016 and 31 March 2017. Nexia Audit issued a qualified opinion only in relation to the inventory balances due to the auditor being appointed in June 2017 and not being present at the year end stocktakes. The audited financial statements of the Davis Group (shown in aggregate) below reflect the financial and operating profile of the Davis Group prior to Propel's ownership and have been converted at an NZD:AUD exchange rate of 0.9413.

5. Financial Information

Table 5.8: Davis Group income statements for the years ended 31 March 2016 and 31 March 2017

	Notes	Historical aggregated Year ended 31 March	
		2016	2017
Funeral operations	1	14.2	13.4
Memorial revenue	2	0.1	0.1
Total revenue		14.3	13.5
Cost of sales	3	(5.4)	(5.1)
Gross profit		8.8	8.4
Employment costs	4	(4.5)	(4.5)
Occupancy and facility costs	5	(0.7)	(0.7)
Other operating costs	6	(1.2)	(1.1)
Total operating costs		(6.5)	(6.3)
Operating EBITDA		2.3	2.1
One off costs	7	0.0	(0.3)
Depreciation		(0.5)	(0.6)
EBIT		1.8	1.2
Interest income	8	0.1	0.1
Interest expense	9	(0.3)	(0.2)
NPBT		1.7	1.0
Income tax expense		(0.5)	(0.3)
NPAT		1.2	0.7

Notes:

1. **Funeral operations** – revenue from services such as collection, transfer and preparation of the deceased, arranging and conducting a burial or cremation, attending to the necessary documentation, arranging and staffing a funeral as well as product sales such as coffins, flowers and catering.
2. **Memorial revenue** – revenue from the sale of memorialisations including headstones, crypts, urns and plaques.
3. **Cost of sales** – primarily relates to the cost of coffins. Other costs of sales relate to items such as headstones, urns, plaques, disbursements to third parties (e.g. cremation fees and cemetery fees).
4. **Employment costs** – include salaries and wages, superannuation, leave entitlements, payroll tax and directors fees.
5. **Occupancy and facility costs** – include rent, electricity, gas, water, other facility expenses and repairs and maintenance.
6. **Other operating costs** – includes accounting fees, advertising expenses, motor vehicle expenses and insurance expenses.
7. **One off costs** – include one off costs associated with write off of buildings, software and bad debts.
8. **Interest income** – includes interest income on cash at bank.
9. **Interest expense** – includes interest expense in respect of bank loans and hire purchase liabilities.

Table 5.9: Davis Group cash flow statements for the years ended 31 March 2016 and 31 March 2017

	Notes	Historical aggregated Year ended 31 March	
		2016	2017
Operating EBITDA		2.3	2.1
Movement in working capital	1	(0.2)	0.3
Operating cash flow	2	2.2	2.4
Capital expenditure	3	(0.5)	(0.6)
Total investing cash flows		(0.5)	(0.6)
Net cash flow before corporate financing and taxation		1.7	1.8

Notes:

1. **Movement in working capital** – is comprised of changes in inventories, receivables, payables and employee entitlements.
2. **Operating cash flow** – reflects Operating EBITDA less the movement in working capital. Note there are no non-cash items that impact Operating cash flow.
3. **Capital expenditure** – expenditure on DSG's asset base to attract new customers, increase the capacity of the existing operations, develop new business segments and the routine replacement, refurbishment or enhancement of existing assets including equipment, vehicles, crematoria, real property improvements, software and information systems.

5.7 MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION

5.7.1 Key factors affecting Propel's financial performance

This Section 5.7 sets out a discussion of key factors which affected Propel's operating and relative financial performance in FY2015, FY2016 and FY2017, as well as key factors Propel expects may affect it in the future.

The discussion of these general factors is intended to provide a brief summary only and does not detail all the factors that affected historical operating and financial performance, nor everything which may affect Propel's operating and financial performance in the future.

Unless otherwise stated, all financial information and metrics presented in this Section 5.7, and the related commentary is on a pro forma basis only.

Revenue

Propel derives revenue largely from the following means:

Funeral operations

Propel generates revenue from providing services such as collection, transfer and preparation of the deceased, arranging and conducting a burial or cremation, attending to necessary documentation, arranging and staffing a funeral as well as product sales such as coffins, flowers and catering.

Propel derived 88.3% of its FY2017 pro forma revenue from funeral operations, the primary determinants of which are the number of funerals, average revenue per funeral and the price of direct disbursements (e.g. third party cemetery fees and third party cremation fees).

The number of funerals is a key determinant of revenue from funeral operations. As set out in Sections 2.4 and 2.5, the annual number of deaths in Australia and New Zealand is forecast to increase and the annual growth rate is forecast to accelerate over the medium to long term. However, the number of funerals can and do oscillate over shorter time periods and, therefore, sustained periods of an increase in the number of deaths in a particular geography can be followed by sustained periods of a decrease in the number of deaths in the same area. The historical number of funerals from one financial year to the next have fluctuated, given the small number of funeral homes owned by the Company and the geographic concentration it had in prior years, which did not provide diversification from the number of deaths in a specific geography historically. Propel expects its funeral operations to continue to expand and diversify in line with the Investment Strategy, which should result in the Company's financial year on year growth in the annual number of funerals more closely aligning with forecast industry growth rates.

Average revenue per funeral is another key determinant of revenue from funeral operations. There are a range of factors that can impact average revenue per funeral – for example, whether or not a funeral service is held, whether or not the deceased will be buried, cremated and/or memorialised and whether the Company owns the crematoria, the selling price of the selected coffin, and the level of ancillary products and services purchased, such as service sheets and DVD montages, etc. Other factors that can impact average revenue per funeral include the competitive landscape in the relevant geography from which a funeral home operates, the quality of its premises and the strength of its brand and reputation.

Cemeteries and memorial gardens

Propel generates revenue from the sale of burial plots and the sale of memorialisations including headstones, crypts, urns and plaques.

Propel derived 9.6% of its FY2017 pro forma revenue from cemeteries and memorial gardens, the primary determinants of which are the selling prices and the number of burial plots and memorialisations sold during the period. Approximately 43% of FY2017 pro forma revenue from this revenue category was generated from five cemeteries owned and operated by the Company and the remaining 57% was generated through the sale of memorialisations by Propel.

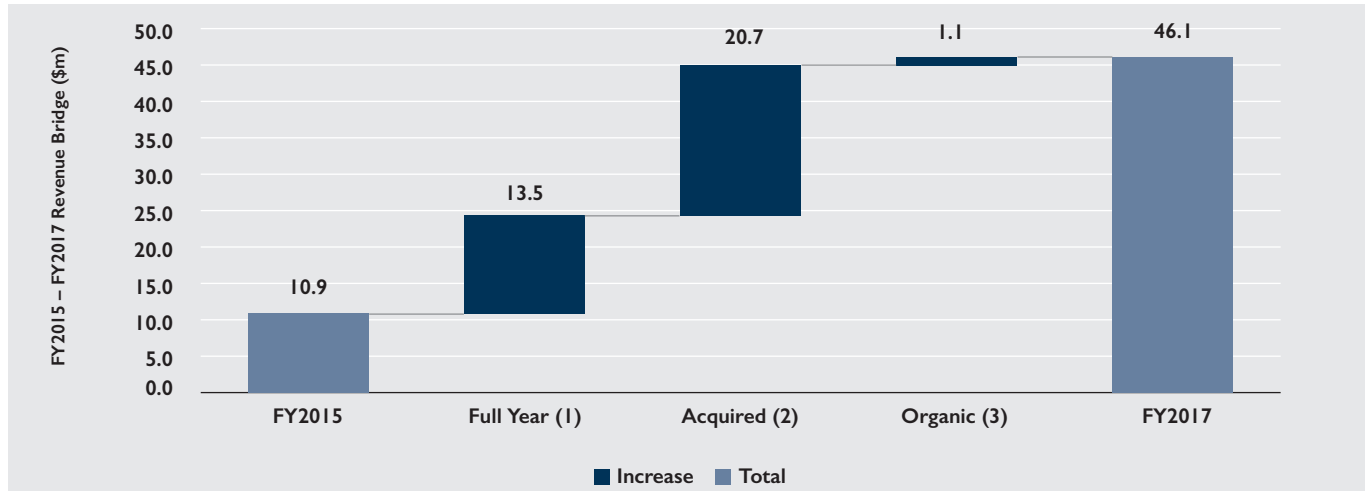
Other revenue

Propel derived 2.1% of its FY2017 pro forma revenue from other sources, the primary determinants of which are the number of transfers performed in relation to coroner's contracts and the number of cremations performed by Propel for other funeral directors.

5. Financial Information

Figure 5.2 below sets out the sources of revenue growth over the period from FY2015 to FY2017.

Figure 5.2: Sources of revenue growth from FY2015 to FY2017



Notes:

1. **Full year** – the full year incremental revenue impact of acquisitions made in the previous financial year up to the date that marks 12 months of ownership.
2. **Acquired** – the incremental revenue impact of acquisitions made in the current period.
3. **Organic** – revenue growth from continuing operations which represents the contributions from acquisitions for the comparable ownership period in prior and current period. For example, if a business was acquired on 1 May 2015, the organic growth in FY2016 represents the growth on the comparable period (i.e. 1 May 2015 to 30 June 2015 to 1 May 2016 to 30 June 2016) and growth on the full year thereafter.

Expenses

Propel's expenses predominately consist of:

Cost of sales

The Company's main cost of sales is the cost of purchasing or producing coffins. In FY2017, Propel purchased 74% of all coffins used from coffin suppliers in Australia, with the remaining 26% produced at Propel's two coffin manufacturing facilities. Other costs of sales relate to items such as headstones, urns, plaques and direct disbursements to third parties (such as third party cemetery fees and third party cremation fees).

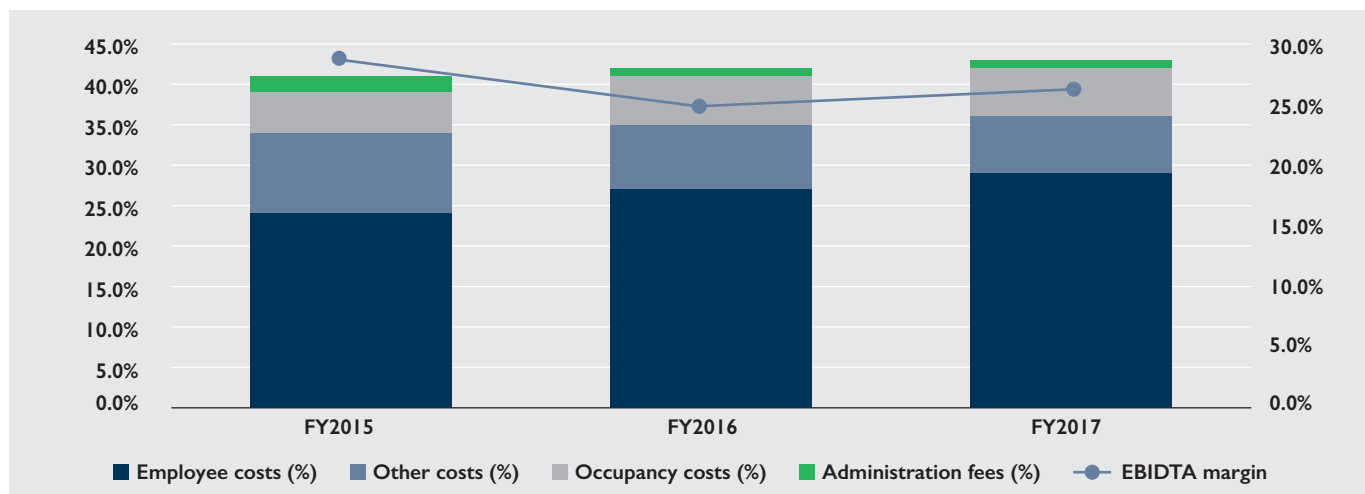
Operating costs

Propel's operating costs predominately consist of:

- employment costs which include salaries and wages, superannuation, leave entitlements, payroll tax and directors fees;
- occupancy costs which include rent, electricity, gas, water, other facility expenses, repairs and maintenance and land tax; and
- other operating costs such as accounting fees, advertising expenses, motor vehicles and insurance expenses.

Figure 5.3 below shows the relativity of operating costs to revenue and Operating EBITDA.

Figure 5.3: FY2015 to FY2017 pro forma operating costs as a % revenue (LHS) and Operating EBITDA margin % (RHS)



Other factors influencing financial performance

Seasonality

There is usually a seasonal fluctuation in the number of deaths, with the number of deaths generally higher in the winter months. This seasonality impacts the financial profile of Propel and typically results in 50-55% of annual revenue and Operating EBITDA being generated in the first half of a financial year, excluding the impact of acquisitions.

Acquisitions

Propel's financial performance is influenced by the number, size, timing and the financial and operating metrics of each acquisition completed during a period. As set out in Section 5.2.2, Propel acquired 20 funeral business between from 1 July 2014 to 30 June 2017. Financial and operating metrics of funeral homes are influenced by a number of factors, including:

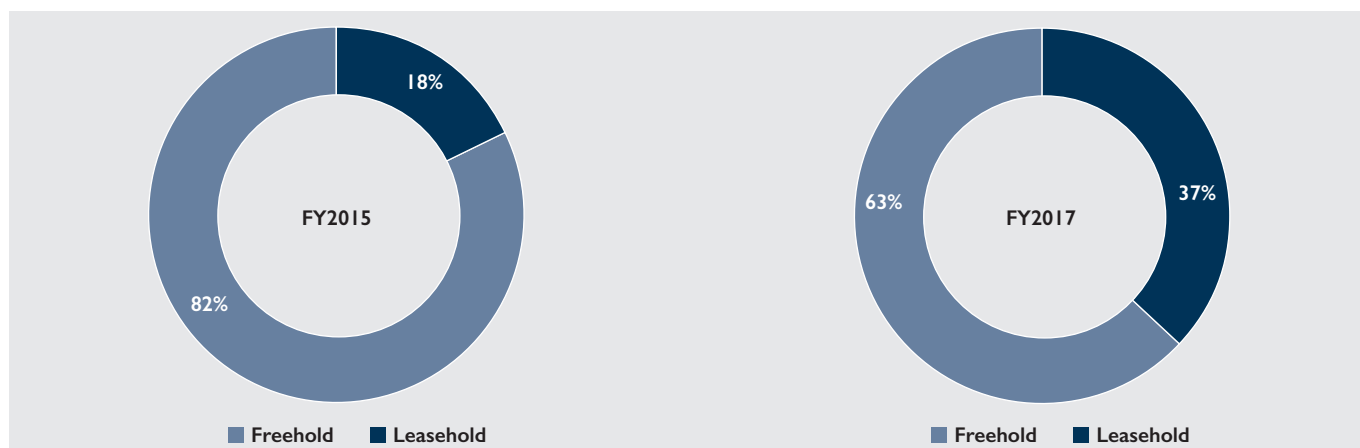
- the competitive landscape in the relevant geography from which a funeral home operates;
- the quality of its premises;
- the strength of its brand and reputation;
- key supplier terms;
- employment arrangements with staff (i.e. award verses salaried employees);
- whether the business operates from freehold or leasehold properties (described further below); and
- whether the business operates from regional and metropolitan locations (described further below).

The financial and operating metrics of each acquisition influences the operating margins and profitability of Propel.

Freehold and leasehold properties

Propel's financial performance is influenced by changes in the mix of owned freehold and leasehold properties. The increase in the Company's occupancy costs as a percentage of revenue from 5.2% in FY2015 to 5.8% in FY2017 was primarily due to an increase in the number of leasehold properties from 18% of total locations in FY2015 to 37% of total locations in FY2017 as illustrated below in Figure 5.4:

Figure 5.4: Freehold to leasehold mix



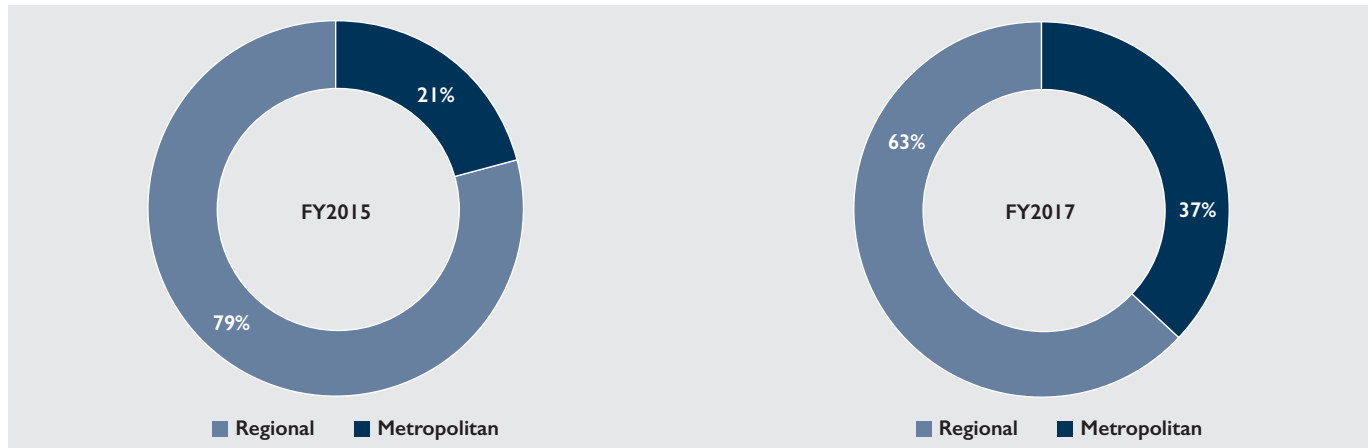
5. Financial Information

Regional and metropolitan locations

Propel's financial performance is influenced by changes in the mix of regional and metropolitan locations. In FY2017, the Company's operating margin (pre allocation of corporate overheads including expenses such as the cost of being a listed company) from its metropolitan locations averaged approximately 25%, which is lower than the operating margin from Propel's regional locations which averaged approximately 30%, primarily due to higher employment and occupancy costs in metropolitan locations.

Propel's proportion of metropolitan locations has increased. In FY2015 revenue from metropolitan locations represented 21% of the Company's total revenue, whereas revenue from metropolitan locations represented 37% of Propel's FY2017 total revenue as illustrated below in Figure 5.5:

Figure 5.5: Regional to metropolitan mix



Depreciation

Propel's depreciable assets are depreciated over their useful life, typically four to 40 years, depending on the nature of the asset.

Working capital

Working capital includes trade and other receivables, inventory, prepayments, trade and other payables and provisions. Over the course of a full financial year, Propel will typically experience movements in working capital in line with earnings movements and reflective of trading terms with customers and suppliers.

Capital expenditure

Propel's capital expenditure has historically included:

- refurbishment or improvement of existing funeral homes, crematoria, cemeteries and other properties;
- replacement and upgrade of operating assets such as hearses, transfer vehicles, mortuary equipment and computers; and
- greenfield developments, including the commissioning of a new crematoria.

5.7.2 Propel's management discussion and analysis: Pro forma Historical Income Statements for FY2016 compared to FY2015

Table 5.10: Pro forma Historical Income Statements for FY2016 compared to FY2015

	FY2015	FY2016	Change	Change (%)
Funeral operations	10.2	19.8	9.5	93.1%
Cemetery and memorial gardens	0.5	2.1	1.6	342.8%
Other trading revenue	0.2	0.5	0.3	174.9%
Total revenue	10.9	22.4	11.5	105.5%
Cost of sales	(3.4)	(7.1)	(3.8)	112.8%
Gross profit	7.5	15.2	7.7	102.3%
Total operating costs	(4.5)	(9.5)	(5.0)	112.7%
Operating EBITDA	3.1	5.8	2.7	87.1%
Transaction costs	(0.5)	(1.2)	(0.6)	121.7%
Other Income	0.0	0.7	0.6	5,980.3%
Depreciation	(0.4)	(0.9)	(0.5)	134.9%
EBIT	2.2	4.4	2.2	100.0%

Table 5.11: KPIs for FY2016 compared to FY2015

	FY2015	FY2016	Change	Change (%)
Operating metrics				
Number of locations	11	46	35	318.2%
Number of funerals	1,625	2,967	1,342	82.6%
Average revenue per funeral	\$4,976	\$5,099	\$123	2.5%
Financial metrics				
Revenue growth		105.5%		
Average revenue per funeral growth		2.5%		
Operating EBITDA growth		87.1%		
Gross profit margin	69.2%	68.1%	-1.1%	
Employee costs as a % of total revenue	23.8%	27.5%	3.7%	
Occupancy and facility costs as a % of total revenue	5.2%	5.6%	0.4%	
Operating EBITDA margin	28.3%	25.8%	-2.5%	
EBIT margin	20.2%	19.6%	-0.5%	
Cash flow conversion %	104.0%	93.7%	-10.3%	

5. Financial Information

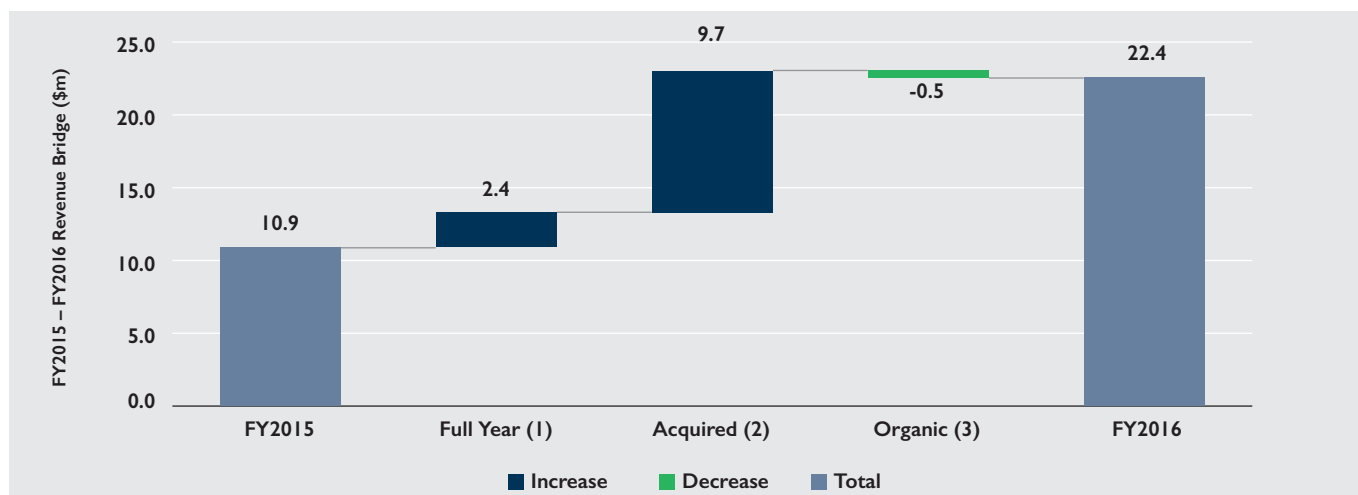
Revenue

Revenue more than doubled from \$10.9 million in FY2015 to \$22.4 million in FY2016, driven by a 93.1% increase in revenue from funeral operations.

Figure 5.6 below sets out the sources of growth over the period from FY2015 to FY2016.

Figure 5.6: Sources of revenue growth from FY2015 to FY2016

FY2015 – FY2016 Revenue Bridge (\$m)



Notes:

1. **Full year** – the full year incremental revenue impact of acquisitions made in the previous financial year up to the date that marks 12 months of ownership.
2. **Acquired** – the incremental revenue impact of acquisitions made in the current year.
3. **Organic** – revenue growth from continuing operations which represents the contributions from acquisitions for the comparable ownership period in prior and current year.

The number of funerals increased from 1,625 in FY2015 to 2,967 in FY2016, primarily due to Propel completing nine acquisitions and increasing its number of locations from 11 to 46 during that period as well as the full year impact of the five acquisitions completed in FY2015. The four businesses that were owned throughout FY2015 and FY2016 experienced an:

- 8.6% increase in the number of funerals in FY2015 over FY2014, above the long term historical trends set out in Section 2.4; and
- 8.9% decrease in the number of funerals in FY2016 on FY2015, a reversion to the long term historical trends set out in Section 2.4.

Average revenue per funeral increased 2.5% in FY2016 which was positively impacted by price increases and was influenced by the financial and operating metrics of the nine acquisitions completed during the period as well as the full year impact of five acquisitions completed in FY2015. The four businesses that were owned throughout FY2015 and FY2016 experienced a 1.7% increase in average revenue per funeral in FY2016 over FY2015.

In FY2016, the Company generated 33% of its revenue from metropolitan areas, up from 21% in FY2015.

Gross profit margin

Gross profit margin reduced from 69.2% in FY2015 to 68.1% in FY2016 primarily due to the financial and operating metrics of new acquisitions which generated a lower gross margin.

Operating costs and Operating EBITDA

Operating costs increased by \$5.0 million which included the full year impact of the five acquisitions completed in FY2015 and the part year impact of nine acquisitions completed in FY2016.

Operating EBITDA increased from \$3.1 million in FY2015 to \$5.8 million in FY2016, primarily due to the full year impact of acquisitions completed in FY2015 and the part year impact of acquisitions completed in FY2016.

FY2016 Operating EBITDA margin was influenced by:

- the mix of freehold and leasehold properties, reflecting an increase in third party lease payments;
- the mix of metropolitan and regional locations, reflecting an increase in employment costs; and
- the financial and operating metrics of acquisitions completed during the period.

Cash flow conversion

Cash flow conversion was 93.7% in FY2016 and was impacted by a \$0.4 million negative movement in working capital associated with working capital acquired in FY2016.

5.7.3 Propel's management discussion and analysis: Pro forma Historical Cash Flow Statements for FY2016 compared to FY2015

Table 5.12: Pro forma Historical Cash Flows for FY2016 compared to FY2015

	FY2015	FY2016	Change	Change (%)
Operating EBITDA	3.1	5.8	2.7	87.1%
Movement in working capital	0.1	(0.4)	(0.5)	-396.2%
Operating cash flow	3.2	5.4	2.2	68.5%
Acquisitions	(8.9)	(36.8)	(27.9)	312.8%
Capital expenditure	(0.1)	(0.4)	(0.3)	225.9%
Investing cash flow	(9.0)	(37.2)	(28.1)	311.4%
Net cash flow before corporate financing and taxation	(5.8)	(31.8)	(25.9)	444.8%

The increase in net cash from operating activities to \$5.4 million in FY2016 compared to \$3.2 million in FY2015 was predominately due to an 87.1% increase in Operating EBITDA and a negative \$0.4 million working capital movement associated with working capital acquired in FY2016.

In FY2016, the Company funded business, assets and freehold property purchases for nine acquisitions which totalled \$34.5 million. The remaining cash outflows relating to acquisitions were for earn outs paid (\$1.3 million) and transaction costs (\$1.0 million).

Capital expenditure in FY2016 primarily related to a new cremator and the purchase of vehicles.

5.7.4 Propel's management discussion and analysis: Pro forma Historical Income Statements for FY2017 compared to FY2016

Table 5.13: Pro forma Historical Income Statements for FY2017 compared to FY2016

	FY2016	FY2017	Change	Change (%)
Funeral operations	19.8	40.7	21.0	106.3%
Cemetery and memorial gardens	2.1	4.4	2.3	107.7%
Other trading revenue	0.5	1.0	0.5	95.0%
Total revenue	22.4	46.1	23.8	106.2%
Cost of sales	(7.1)	(14.0)	(6.9)	96.8%
Gross profit	15.2	32.1	16.9	110.6%
Total operating costs	(9.5)	(19.8)	(10.3)	108.4%
Operating EBITDA	5.8	12.3	6.6	114.1%
Transaction costs	(1.2)	(0.7)	0.5	-42.0%
Other Income	0.7	0.0	(0.6)	-93.0%
Depreciation	(0.9)	(1.7)	(0.9)	101.4%
EBIT	4.4	10.0	5.6	127.0%

5. Financial Information

Table 5.14 KPIs for FY2017 compared to FY2016

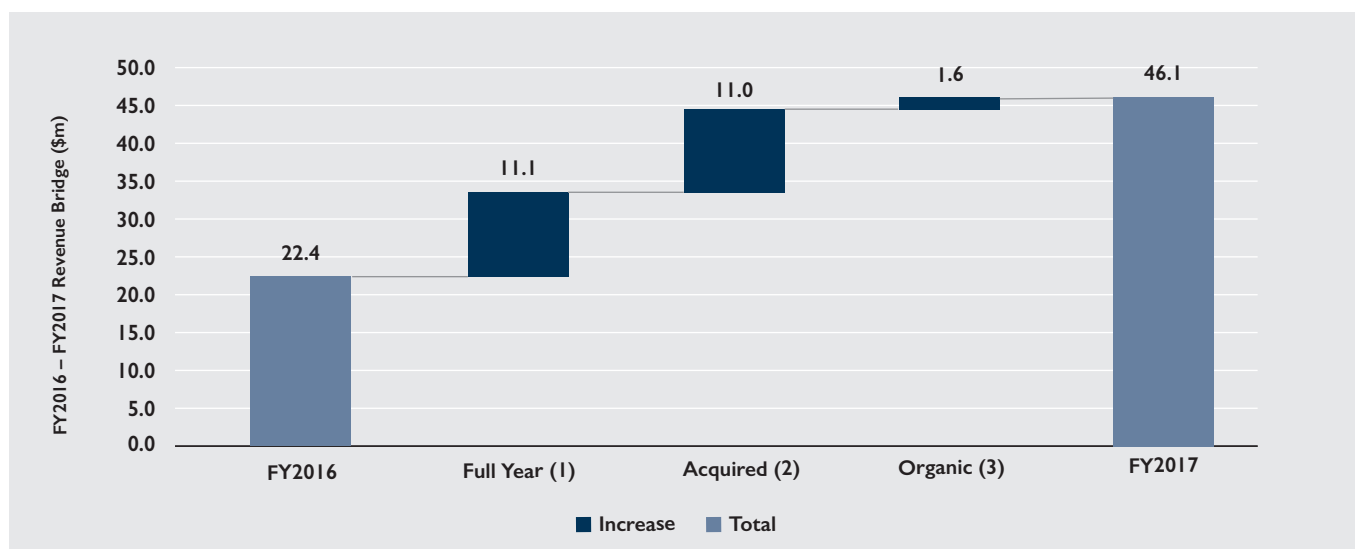
	FY2016	FY2017	Change	Change (%)
Operating metrics				
Number of locations	46	70	24	52.2%
Number of funerals	2,967	6,054	3,087	104.0%
Average revenue per funeral	\$5,099	\$5,223	\$124	2.4%
Financial metrics				
Revenue growth	105.5%	106.2%		
Average revenue per funeral growth	2.5%	2.4%		
Operating EBITDA growth	87.1%	114.1%		
Gross profit margin	68.1%	69.6%	1.5%	
Employee costs as a % of total revenue	27.5%	29.3%	1.9%	
Occupancy costs as a % of total revenue	5.6%	5.8%	0.2%	
Operating EBITDA margin	25.8%	26.7%	1.0%	
EBIT Margin	19.6%	21.6%	2.0%	
Cash flow conversion %	93.7%	98.9%	5.3%	

Revenue

Revenue almost doubled from \$22.4 million in FY2016 to \$46.1 million in FY2017, driven by a 106.3% increase in revenue from funeral operations.

Figure 5.7 below sets out the sources of revenue growth from FY2016 to FY2017.

Figure 5.7 Sources of revenue growth from FY2016 to FY2017



Notes:

1. **Full year** – the full year incremental revenue impact of acquisitions made in the previous financial year up to the date that marks 12 months of ownership.
2. **Acquired** – the incremental revenue impact of acquisitions made in the current year.
3. **Organic** – revenue growth from continuing operations which represents the contributions from acquisitions for the comparable ownership period in prior and current year.

The number of funerals increased from 2,967 in FY2016 to 6,054 in FY2017, primarily due to Propel completing six acquisitions and increasing its number of locations from 46 to 70 during the period as well as the full year impact of nine acquisitions completed in FY2016. The eight businesses owned throughout FY2016 and FY2017 experienced a 3.2% increase in the number of funerals in FY2017 over FY2016, above the historical long terms trends as set out in Section 2.4.

Average revenue per funeral increased by 2.4% in FY2017 which was impacted by price increases and the acquisition of a direct cremation business that generates lower average revenue per funeral. Excluding the direct cremation business acquired in FY2017, average revenue per funeral increased by 5.4% over FY2016. Average revenue per funeral was also influenced by the part year impact of five other acquisitions completed during FY2015 and the full year impact of nine acquisitions completed in FY2016. The eight businesses owned throughout FY2016 and FY2017 experienced a 2.6% increase in average revenue per funeral in FY2017 over FY2016.

In FY2017, the Company generated 37% of its revenue from metropolitan areas, up from 33% in FY2016.

Gross profit margin

Gross profit margin increased from 68.1% in FY2016 to 69.6% in FY2017 primarily due to the financial and operating metrics of acquisitions which generated a higher gross profit margin and improved supplier terms.

Operating costs and Operating EBITDA

Operating costs increased by \$10.3 million which included the full year impact of acquisitions completed in FY2016 and the part year impact of acquisitions completed in FY2017.

Operating EBITDA increased 114.1% from \$5.8 million in FY2016 to \$12.3 million in FY2017, primarily due to contributions from the full year impact of acquisitions completed in FY2016 and the part year impact of acquisitions completed in FY2017.

FY2017 Operating EBITDA margin was influenced by:

- an improvement in the gross margin;
- the mix of freehold and leasehold properties, reflecting an increase in occupancy costs;
- the mix of metropolitan and regional locations, reflecting an increase in employment costs; and
- the financial and operating metrics of acquisitions completed during the period.

Cash flow conversion

Cash flow conversion was 98.9% in FY2017 and was impacted by a \$0.1 million negative movement in working capital.

5.7.5 Propel's management discussion and analysis: Pro forma Historical Cash Flow Statements for FY2017 compared to FY2016

Table 5.15: Pro forma Historical Cash Flows for FY2017 compared to FY2016

	FY2016	FY2017	Change	Change (%)
Operating EBITDA	5.8	12.3	6.6	114.1%
Movement in working capital	(0.4)	(0.1)	0.2	large
Operating cash flow	5.4	12.2	6.8	126.1%
Acquisitions	(36.8)	(51.4)	(14.6)	39.8%
Capital expenditure	(0.4)	(1.5)	(1.1)	276.0%
Proceeds on the disposal of assets	0.0	0.1	0.1	477.5%
Investing cash flow	(37.2)	(52.8)	(15.6)	42.0%
Net cash flow before corporate financing and taxation	(31.8)	(40.6)	(8.8)	27.7%

The increase in net cash from operating activities to \$12.2 million in FY2017 compared to \$5.4 million in FY2016 was primarily due to a 114.1% increase in pro forma Operating EBITDA and a decrease in cash outflows from working capital of \$0.1 million.

In FY2017, the Company funded six business, share and/or property acquisitions which totalled \$49.6 million. The remaining acquisition cash outflows related to earn outs paid in connection with acquisitions made in prior periods (\$1.4 million) and transaction costs (\$0.4 million).

Capital expenditure in FY2017 predominately related to vehicles purchased and a funeral home refurbishment. Capital expenditure in FY2017 was \$1.5 million, which was largely in line with depreciation of \$1.7 million.

5.8 FORECAST FINANCIAL INFORMATION

The basis of preparation for the Forecast Financial Information is set out in Section 5.2.4. This Section 5.8 includes the Directors' best estimate assumptions specific to the Forecast Financial Information. In addition to these specific assumptions, the general assumptions adopted in preparing the Forecast Financial Information are detailed in Section 5.8.1.

5. Financial Information

5.8.1 General assumptions

The following general assumptions are relevant to the Forecast Financial Information:

- there are no material changes in the competitive and operating environment in which Propel operates;
- there are no significant deviations from the current market expectations of economic and market conditions under which Propel operates;
- there are no material changes in government legislation, tax legislation, regulatory requirements or government policy that will have a material impact on the financial performance, cash flows, financial position, accounting policies, financial reporting or disclosures of Propel;
- there are no material changes in AAS, IFRS, other mandatory professional reporting requirements or the Corporations Act, which could have a material impact on Propel's reported financial performance or cash flows, financial position, accounting policies, financial reporting or disclosures;
- there are no material employee relations disputes or other disturbances, contingent liabilities or legal claims that arise or that are settled to the detriment of Propel;
- there are no material changes in key personnel, including key management personnel. It assumes Propel will maintain its ability to recruit and retain the personnel required to support future growth;
- there are no material acquisitions or disposals, restructurings or investments other than in respect of the Restructure;
- there are no material changes to Propel's corporate and funding structure, other than as contemplated in this Prospectus;
- there are no significant disruption to the continuity of operations of Propel or other material changes in the business;
- there are no material amendments to any material contract, agreement or arrangement relating to Propel's business or intellectual property;
- none of the risks in Section 6 eventuate and has a material adverse impact on the operations of Propel; and
- the Offer proceeds are received in accordance with the timetable set out in the Key Dates section of this Prospectus.

5.8.2 Specific assumptions

The Forecast Financial Information is based on various specific assumptions, of which the key assumptions are out below. The assumptions below are a summary only and do not represent all factors that will impact Propel's forecast financial performance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.

The Forecast Financial Information is based on a bottom up approach whereby the financial and operating metrics of each underlying business is determined on a line by line basis having regard to historical performance, death volumes, market dynamics, and operating cost base. These factors can vary between businesses. On a consolidated basis, the Forecast Financial Information is based on the following assumptions:

- there are no further acquisitions following the Seasons Funerals acquisition which completed on 22 August 2017;
- FY2018 funeral volumes are forecast to be 9,907 reflecting the full year impact of the six acquisitions completed in FY2017, the acquisition of Season Funerals in FY2018 and like for like funeral volumes are forecast to remain in line with FY2017 volumes;
- average revenue per funeral is assumed to be \$5,330 reflecting the full year impact of the six acquisitions completed in FY2017, the acquisition of Season Funerals in FY2018 and price increases implemented on 1 July 2017 in line with historical increases;
- disbursement revenue and disbursement cost of sales are estimated to increase by CPI based on pricing indicated by third party cemeteries and crematoria;
- 46% of FY2018 revenue is forecast to be generated from metropolitan areas, an increase from 37% in FY2017;
- forecast revenue from cemeteries reflects price increases implemented on 1 July 2017 and forecast revenue from memorial gardens reflects an increase in funeral volumes and price increases implemented on 1 July 2017;
- forecast other trading revenue reflects contracted price increases in respect of coroner's contracts and historical third party cremation volumes and price increases;
- the gross profit margin is forecast to reduce from 69.6% to 68.2% due to the full year impact of the six acquisitions made in FY2017 and the acquisition of Seasons Funerals made in FY2018. Seasons Funerals has historically operated on a lower gross margin;
- in respect of forecast operating costs:
 - forecast employment costs are based on the current staffing levels and salary structures;
 - forecast occupancy costs are based on the underlying lease agreements for leasehold properties and contracted rental increases; and
 - forecast administration fees of \$0.24 million reflect the terms of the Management Agreement. No performance fee in connection with the Management Agreement is assumed;
- forecast interest income is earned on the pro forma cash balance of approximately \$50.0 million at an interest rate of 2.0% per annum from the expected date of Completion of the Offer to 30 June 2018;
- forecast working capital movements are in line with historical Operating EBITDA to operating cash flow conversion averages;
- forecast capital expenditure is based on the capital expenditure requirements for each business agreed during the Company's annual budgeted process;
- there is no change to the carrying value of Propel's freehold properties, which are valued on its balance sheet at cost less accumulated depreciation on buildings of \$49.0 million; and
- the NZD to the AUD exchange rate averages 0.944.

5.8.3 Propel's management discussion and analysis: Pro forma Forecast Income Statements for FY2018 compared to FY2017

Table 5.16: Pro forma Forecast Income Statements for FY2018 compared to Pro Forma Historical Income Statement for FY2017

	FY2017	FY2018	Change	Change (%)
Funeral operations	40.7	67.9	27.1	66.6%
Cemetery and memorial gardens	4.4	5.1	0.7	15.2%
Other trading revenue	1.0	0.8	(0.2)	-20.4%
Total revenue	46.1	73.7	27.6	59.9%
Cost of sales	(14.0)	(23.4)	(9.4)	66.8%
Gross profit	32.1	50.3	18.2	56.8%
Total operating costs	(19.8)	(31.9)	(12.1)	61.4%
Operating EBITDA	12.3	18.4	6.1	49.5%
Transaction costs	(0.7)	(0.0)	0.7	-98.5%
Other Income	0.0	–	(0.0)	-100.0%
Depreciation	(1.7)	(2.5)	(0.8)	46.1%
EBIT	10.0	15.9	5.9	59.5%

Table 5.17: Pro forma forecast KPIs for FY2018 compared to KPIs for FY2017

	FY2017	FY2018	Change	Change (%)
Operating metrics				
Number of locations	70	80	10.0	14.3%
Number of funerals	6,054	9,907	3,853	63.6%
Average revenue per funeral	\$5,223	\$5,330	\$107	2.0%
Financial metrics				
Revenue growth	106.2%	59.9%		
Average revenue per funeral growth	2.4%	2.0%		
Operating EBITDA growth	114.1%	49.5%		
Gross profit margin	69.6%	68.2%	-1.3%	
Employee costs as a % of total revenue	29.3%	30.6%	1.3%	
Occupancy and facility costs as a % of total revenue	5.8%	6.2%	0.4%	
Operating EBITDA margin	26.7%	25.0%	-1.7%	
EBIT Margin	21.6%	21.6%	0.0%	
Cash flow conversion %	98.9%	98.9%	0.0%	

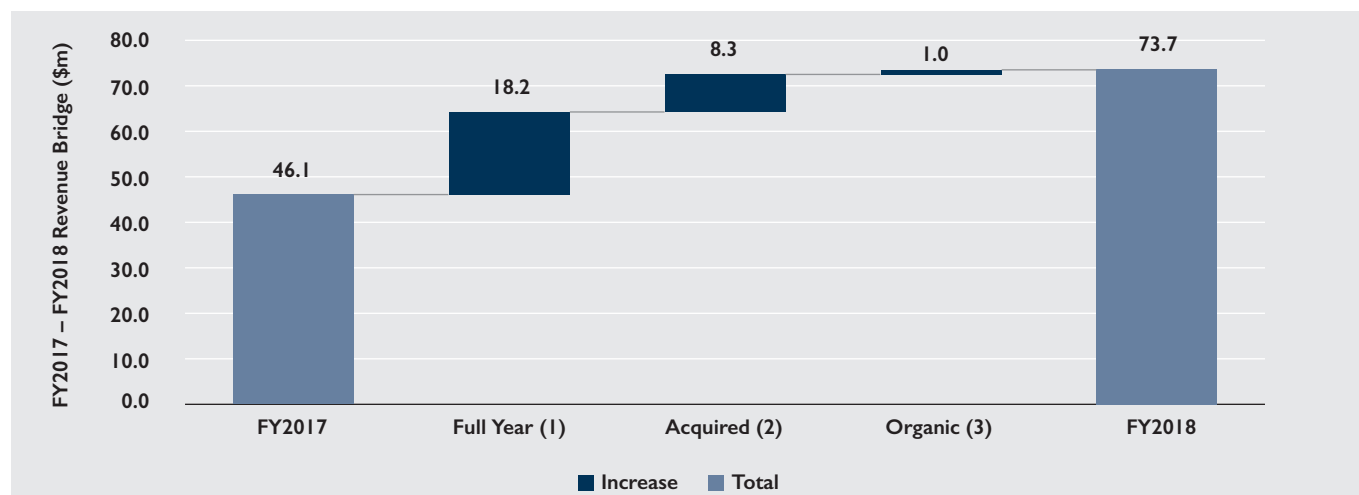
5. Financial Information

REVENUE

FY2018 revenue is forecast to grow by 59.9% to \$73.7 million driven by a 66.6% increase in revenue from funeral operations.

Figure 5.8 below sets out the forecast sources of revenue growth over the period from FY2017 to FY2018.

Figure 5.8: Sources of revenue growth from FY2017 to FY2018



Notes:

1. **Full year** – the full year incremental revenue impact of acquisitions made in the previous financial year up to the date that marks 12 months of ownership.
2. **Acquired** – the incremental revenue impact of acquisitions made in the current year.
3. **Organic** – revenue growth from continuing operations which represents the contributions from acquisitions for the comparable ownership period in prior and current year.

The number of funerals is forecast to increase from 6,054 in FY2017 to 9,907 in FY2018, primarily due to the full year impact of the six acquisitions completed in FY2017 and the part year impact of Seasons Funerals in FY2018. The forecast number of funerals in FY2018 assumes no further acquisitions. For the 16 businesses that are forecast to be held throughout FY2017 and FY2018, funeral volumes are forecast to remain in line with FY2017 volumes due to FY2017 funeral volumes being above the long term historical trends set out in Sections 2.4 and 2.5.

Average revenue per funeral is forecast to increase 2.0% in FY2018 which reflects price increases implemented on 1 July 2017, the full year impact of the six acquisitions completed in FY2017 and the part year impact of the Seasons Funerals acquisition in FY2018. The forecast average revenue per funeral in FY2018 assumes no further acquisitions. For the 16 businesses that are forecast to be held throughout FY2017 and FY2018, average revenue per funeral is forecast to increase by 2.3% in FY2018 over FY2017.

In FY2018, the Company is forecast to generate 46% of its revenue from metropolitan areas, up from 37% in FY2017.

Gross profit margin

The gross profit margin is forecast to reduce from 69.6% in FY2017 to 68.2% in FY2018, primarily due to the full year impact of the FY2017 acquisitions which have historically generated a lower gross margin.

Operating costs and Operating EBITDA

Operating costs are forecast to increase by \$12.1 million in FY2018 which includes the full year impact of the six acquisitions completed in FY2017 and the part year impact of Seasons Funerals in FY2018.

Operating EBITDA is forecast to increase from \$12.3 million in FY2017 to \$18.4 million in FY2018, primarily due to the full year impact of acquisitions completed in FY2017 and the part year impact of Seasons Funerals in FY2018. The forecast Operating EBITDA in FY2018 assumes no further acquisitions.

The forecast Operating EBITDA margin in FY2018 is influenced by the:

- full year impact of the financial and operating metrics of the six acquisitions completed in FY2017;
- part year impact of the financial and operating metrics of the one acquisition completed in FY2018;
- mix of freehold and leasehold properties, reflecting a forecast increase in third party lease payments; and
- mix of metropolitan and regional locations, reflecting a forecast increase in employment costs.

Cash flow conversion

Cash flow conversion is forecast to be 98.9% in FY2018, influenced by a \$0.2 million forecast negative movement in working capital. The cash flow conversion is in line with historical averages.

5.8.4 Propel's management discussion and analysis: Pro forma Forecast Cash Flow Statements for FY2018 compared to FY2017

Table 5.18: Pro forma Forecast Cash Flows for FY2018 compared to Pro forma Historical Cash Flows for FY2017

	FY2017	FY2018	Change	Change (%)
Operating EBITDA	12.3	18.4	6.1	49.5%
Movement in working capital	(0.1)	(0.2)	(0.1)	48.4%
Operating cash flow	12.2	18.2	6.0	49.5%
Acquisitions	(51.4)	(10.9)	40.5	-78.8%
Capital expenditure	(1.5)	(2.7)	(1.2)	80.7%
Proceeds on the disposal of assets	0.1	–	(0.1)	-100.0%
Investing cash flow	(52.8)	(13.6)	39.2	-74.3%
Net cash flow before corporate financing and taxation	(40.6)	4.7	45.2	-111.5%

The forecast increase in operating cash flows to \$18.2 million in FY2018 compared to \$12.2 million in FY2017 is predominately due to a 49.5% forecast increase in pro forma Operating EBITDA and a forecast reduction in working capital of \$0.2 million.

In FY2018, the Company funded the acquisition of the entire issued share capital of Seasons Funerals and two immaterial property purchases. The remaining cash outflows relate to actual and forecast earn outs payments in relation to acquisitions made in prior periods (\$0.3 million).

Capital expenditure in FY2018 is expected to be \$2.7 million which is in line with forecast depreciation in FY2018 and includes:

- refurbishment of two New Zealand properties totalling \$0.6 million;
- replacement of 3 hearses totalling \$0.5 million and a number of other vehicles totalling \$0.25 million;
- installation of 2 new cremators for \$0.3 million; and
- leasehold improvements, other capital works, mortuary equipment and other general capital expenditure totalling \$1.0 million.

5.9 SENSITIVITY ANALYSIS

The Forecast Financial Information included in this Section 5.9 is based on a number of estimates and assumptions as described in Sections 5.8.1 and 5.8.2. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Propel, the Directors and the Manager. These estimates are also based on assumptions with respect to future business decisions, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the Forecast Financial Information are to be expected. To assist investors in assessing the impact of these assumptions on the Forecast Financial Information, set out below is a summary of the sensitivity of the pro forma FY2018 NPAT to changes in key assumptions.

The changes in key assumptions set out in the sensitivity analysis below are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Sensitivity analysis is conducted independently of the potentially interrelated effects that may result from a variance in the assumption. Variation in actual performance could exceed the ranges shown.

For the purposes of this analysis, each sensitivity factor is presented in terms of its impact on the forecast FY2018 pro forma NPAT and is set out below in Table 5.19. The sensitivity of these factors has been considered in isolation; however there may be a degree of correlation between the movement in one or more of these sensitivities which may have an impact that is greater than what is shown below.

5. Financial Information

Table 5.19 Pro forma FY2018 Sensitivities (NPAT impact)

Sensitivity	Notes	Assumption	FY2018	
			Movement	NPAT Impact (\$m)
Volume	1	9,907	+/- 3%	0.9 / (0.9)
ARPF	2	5,330	+/- 2%	0.6 / (0.6)
Operating costs	3	31.9	+/- 2%	(0.6) / 0.6
Exchange rate	4	0.944	+/- 10%	0.2 / (0.2)

Notes:

- Number of funerals** – the number of funerals sensitivity demonstrates the impact of a change in the assumed number of funerals by +/- 3 percentage points on Propel's FY2018 NPAT. A change in the forecast number of funerals by +/- 3 is likely to result in an NPAT impact of +/- \$0.9 million.
- Average revenue per funeral** – the average revenue per funeral sensitivity demonstrates the impact of a change in the assumed average revenue per funeral by +/- 2 percentage points on Propel's FY2018 NPAT. A change in the forecast average revenue per funeral by +/- 2 is likely to result in an NPAT impact of +/- \$0.6 million.
- Operating costs** – operating costs exclude depreciation and interest expense. The operating costs sensitivity demonstrates the impact of a change in the assumed operating costs by +/- 2 percentage points on Propel's FY2018 NPAT. A change in the forecast operating costs by +/- 2 is likely to result in an NPAT impact of +/- \$0.6 million.
- Exchange rate** – the exchange rate sensitivity demonstrates the impact of a change in the assumed exchange rate by +/- 10 percentage points on Propel's FY2018 NPAT. A change in the forecast exchange rate by +/- 10 is likely to result in an NPAT impact of +/- \$0.2 million.

5.10 DIVIDEND POLICY

The payment of a dividend by the Company is at the discretion of the Board and will be a function of a number of factors including the operating results, cash flows, the Company's financial condition, future funding requirements, taxation considerations (including the level of franking credits available) and any other factors the Board may consider relevant.

The Company's dividend policy is to target a dividend payout ratio in the range of 75% to 85% of Distributable Earnings. Distributable Earnings is a proxy for cash available for dividends, being NPAT adjusted for non-cash, one-off and non-recurring items. However, the payout ratio may vary between periods depending on the factors above.

The Board's intention is to pay dividends on a semi-annual basis, with the first dividend expected to be paid after release of the FY2018 results. The Board expects that dividends will be franked to the maximum extent possible.

The annualised FY2018 pro forma forecast dividend yield at the Offer Price (based on a dividend payout ratio of 80%) is 3.5%.

The annualised pro forma dividend yield is calculated as the proposed final dividend of 5.8 cents per Share for the period from 17 November 2017 to 30 June 2018, divided by the Offer Price, and is presented to illustrate a full 12 month pro forma dividend yield.

No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend.

6. Risks



Integrity Funeral Services is one of Propel's funeral service providers, located in Queensland.

6. Risks

6.1 INTRODUCTION

The future performance of Propel and the future investment performance of the Shares may be influenced by a range of factors, many of which are outside the control of the Company. Any, or a combination of, these factors may have a material adverse impact on Propel's business, and its operating and financial performance.

This Section 6 describes what Propel believes to be the key risks associated with its business, the death care industry and the risks associated with an investment in the Company. It does not purport to list every risk that may be associated with Propel's business, the death care industry and the risks associated with an investment in the Company now or in the future. The occurrence or consequence of some of the risks described in this Section 6 are partially or completely outside the control of Propel, the Directors and the Manager. The selection of risks described in this Section 6 is based on an assessment by the Company of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors and the Manager as at the date of this Prospectus, but there is no guarantee or assurance that the importance of different risks will not change or other risks or matters that may adversely impact will not emerge.

Any of these risks, or any other risks or other matters, may emerge and may have a material adverse effect on the Company and its financial position and performance. There can be no guarantee that Propel will achieve its stated objectives or that any forward looking statements or forecasts will eventuate.

Before applying for Shares, you should be satisfied that you have a sufficient understanding of the risks described in this Section 6, and all of the other information set out in this Prospectus, and consider whether the Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances, taxation position or particular needs.

If you do not understand any part of this Prospectus or are in doubt as to whether an investment in Propel is suitable for you, we recommend you seek professional advice from your stockbroker, lawyer, accountant or other qualified professional adviser before deciding whether or not to invest in Shares.

6.2 SPECIFIC RISKS OF AN INVESTMENT IN PROPEL

6.2.1 Death volumes

The number of deaths is a key variable which influences the level of activity in the death care industry. The activity of funeral homes, cemeteries, crematoria and related service providers are significantly influenced by the number of deaths in a specific geographical region and, therefore, a sustained or unexpected decline in death volumes in a geographical region in which the Company operates or invests may have a negative impact on the Company.

6.2.2 The Manager

The success and profitability of the Company in part will depend upon the ability of the Manager to successfully implement the Investment Strategy. There can be no assurance that the Company will achieve its investment objectives and there can be no guarantee the Manager will achieve any particular investment return or that its future performance will match or exceed its past performance. The ability of the Manager to continue to manage the Company in accordance with the Management Agreement is dependent on its continued solvency. The Manager has the ability to terminate the Management Agreement only in limited circumstances. Skilled and experienced staff of the Manager may resign. There is no guarantee that the Manager will be able to attract and retain personnel with sufficient experience and expertise to manage the Company. The Management Agreement has an initial term of 10 years from Completion of the Offer and there are only limited circumstances in which the Company may terminate that agreement before the end of the Initial Term. Even if the Company does not perform well, it may be difficult to remove the Manager. A summary of the Management Agreement is set out in Section 10.5.

6.2.3 Acquisitions may not be successful

Propel intends to pursue acquisitions to complement its organic growth. However, there can be no assurance that Propel will be able to identify suitable acquisition targets at acceptable prices or complete and integrate acquisitions successfully. The successful implementation of acquisitions will depend on a range of factors including the retention and/or recruitment of key staff, the effective integration of the acquired businesses into Propel's existing business, the realisation of identified cost savings in line with Propel's pre-acquisition estimates and the management of integration costs in line with estimates. Even if successfully executed and integrated, there is no guarantee of future performance of those acquisitions. In addition, Propel's past and future acquisitions may subject Propel to unanticipated risks or liabilities, or disrupt operations and divert the Manager's attention and resources from Propel's day-to-day operations.

To the extent that acquisitions are not completed, are not successfully integrated with Propel's existing businesses or do not perform in line with expectations, the financial performance of Propel may be adversely impacted.

6.2.4 Failure to execute acquisition opportunities

There is a risk that Propel is unable to identify and/or execute suitable opportunities, and a failure to do so could have an adverse impact on the value of the Shares.

6.2.5 Competition may increase

The death care industry in Australia and New Zealand is highly fragmented and competitive. Propel faces competition in all market sectors in which it operates. In each of the market sectors that Propel operates in, there is a risk that:

- an existing competitor undertakes an aggressive marketing, product innovation or price discounting strategy; or
- new competitors launch similar products and services to those already provided by Propel.

Any of these events may impair Propel's ability to retain existing customers or attract new customers. In addition, the emergence of new competitors may result in excess capacity in markets and may cause downward pricing pressure and lower utilisation. Lower utilisation of Propel's fixed assets would weaken its relative cost positioning leading to loss of market share or decreased profitability.

The Company's view is that barriers to entry for new cemeteries and crematoria are higher than for new funeral homes, with a new cemetery or crematorium requiring a relatively high level of capital expenditure. The identification and securing of suitable sites and the regulatory processes are also, in the Company's view, significant barriers to entry. However, the capacity of an individual cemetery or crematoria and the catchment areas each cemetery or crematorium commonly services potentially allow one new cemetery or crematorium to have a significant impact on the competitive landscape.

Competition for investment opportunities may drive up acquisition prices. Therefore, any increase in competition or change in the activities of existing competitors may have a negative impact on the Company.

6.2.6 Propel may be unable to retain existing or attract new key personnel

The successful operation of Propel's business depends to a significant degree on key personnel, and its ability to attract and retain experienced personnel.

The unexpected loss of any management personnel, or the inability of Propel to attract personnel, may adversely affect Propel's ability to develop and implement its business strategies and may ultimately adversely affect Propel's business, and its operating and financial performance.

6.2.7 Pre-paid Contracts risk

Pre-paid Contracts expose the Company to potential escalation in costs in the period between execution and performance of the contract. There is no guarantee the pre-paid funds invested will generate positive returns, with the possible result that realised cash flows could fall below the cost of the future service delivery obligation contained in the Pre-paid Contract. If the cost of the future service delivery obligation increases at a higher rate than the return on pre-paid funds, this could result in an economic or accounting loss on a Pre-paid Contract.

6.2.8 Propel may fail to maintain existing customers or gain new customers

Propel's ability to maintain successful relationships with existing customers or gain new customers is important to its business, growth and profitability. Propel may not be successful in retaining or winning customers for a number of reasons, including:

- lower pricing from competitors;
- increased competition;
- consolidation of existing competitors;
- deterioration in competitive position of Propel and reduced ability to differentiate its offering;
- failure to evolve service offering to anticipate, identify or react to changes in customer preferences or requirements in a timely manner;
- failure to react to new developments in service delivery technology;
- failure to react to new developments in the Company's industry including alternatives to Propel's products and services;
- failure to maintain financial stability; and
- failure to maintain Propel's reputation and brand (see Section 6.2.9).

If Propel is not successful in retaining or winning customers, its financial performance will be adversely affected as a result of excess capacity and potential redundancy costs. Propel has a high fixed cost base due to infrastructure and labour requirements of funeral homes, cemeteries and crematoria. A fall in revenue in high fixed cost businesses will generally have a material adverse effect on earnings.

6.2.9 Propel's brands and reputation may be damaged

The success of Propel is largely dependent on its reputation and branding. Maintaining the strength of the reputation and branding of Propel and its underlying brands is integral to Propel's ability to maintain relationships with existing customers, appeal to vendors and new customers, maintain sales growth and attract employees.

There is a risk that certain issues or events, including many of those outlined in this Section 6, may adversely affect the reputation of Propel and its associated brands, including through negative publicity. Factors which undermine the strength of Propel's reputation and brands may result in customers ceasing to demand products and services from Propel, reduce Propel's ability to retain and attract personnel, and may have a negative impact on the Company's competitiveness, growth and profitability.

6.2.10 Foreign exchange rate fluctuations may lead to lower profitability

A proportion of the Company's revenues, expenses and cash flows are generated in NZD. Accordingly, any appreciation of the AUD against the NZD as well as other adverse exchange rate movements, could lower the amount of AUD funds that it receives from the Company's New Zealand operations. The impact of foreign exchange rate fluctuations may be reduced by employing a number of strategies including the use of foreign exchange forward contracts, purchasing in different currencies, carrying appropriate levels of inventory and passing through increases to customers via price adjustments. There is no guarantee that such strategies will be successful and movements in foreign exchange rates may have a negative impact on revenue and earnings derived from those currencies in AUD terms.

6. Risks

6.2.11 Availability of inputs and rising input costs may lead to lower profitability

Propel relies on various procurement relationships for the steady supply of raw materials, finished goods and services such as coffins, caskets, energy and utilities services. Unforeseen developments in these markets or significant disruptions could result in a material reduction in the availability of inputs required to support Propel's operations. Many of these inputs have a limited number of alternative suppliers and it is possible that one or more of Propel's suppliers will be unable to fulfil their operating obligations in the future. There is a risk that Propel is unable to secure or renew supplier contracts on favourable terms.

6.2.12 Management Shareholders will retain significant stakes in the Company following Completion of the Offer

Following Completion of the Offer, Management Shareholders will have a relevant interest in approximately 20.7% of the issued share capital of the Company. Whilst escrow restrictions will apply to the majority of Shares held by the Management Shareholders for the periods disclosed in Section 8.9, there will be no restrictions on the sale of any Shares on and from the date on which those escrow restrictions are released. A significant sale of Shares by some or all Management Shareholders, or the perception that such sales may occur, could adversely affect the market price of Shares.

As a result of the size of their shareholding, Management Shareholders will have the potential to exert a significant degree of influence over Propel's management and affairs and over matters requiring Shareholder approval, including (among other things) the election of Directors and approval of significant corporate transactions.

There is a risk that the interests of the Management Shareholders may not be aligned to the interests of other Shareholders.

6.2.13 The protection of confidential information may be compromised

Through the ordinary course of business, Propel is supplied or collects a range of personal and financial data from customers. This includes information such as personal contact details and customer preferences. There is a risk that cyber-attacks or other security breaches may lead to a compromise or even a breach by Propel of its obligations in respect of confidential information.

It is possible that the potential measures taken by Propel will not be sufficient to detect or prevent unauthorised access to, or disclosure of, confidential or personal information. Any successful cyber-attack or other breach of security could result in loss of information integrity, breaches of Propel's obligations under applicable laws or customer agreements. Each of these potential outcomes may adversely impact on Propel's reputation, retention of customers, ability to attract new customers and financial performance.

6.2.14 Core technologies and systems may fail or be damaged

The information technology and equipment infrastructure and systems used by Propel could be exposed to damage or interruption from system failures, computer viruses, cyber-attacks, power or telecommunication providers' failure, fire, natural disasters, terrorist acts, war or human error. These events may cause an interruption to operations which could result in business interruption, the loss of customers and revenue, reputational damage and weakening of Propel's competitive position. This could adversely affect Propel's operating and financial performance.

6.2.15 Propel may be adversely affected by legal and regulatory matters

Propel is subject to a number of laws and regulations, and the regulatory burden on Propel will increase as a listed company. These regulations are largely in relation to disclosure, reporting and record-keeping, fair trading and consumer protection, employment, property, customs, taxation and customs and tariffs. Changes to laws and regulations in these areas may adversely affect Propel's future financial performance, and failure by Propel to comply with applicable laws and regulations may subject Propel to significant penalties, payment of compensation, damage to its reputation and to its business.

6.2.16 Lease arrangements

Some properties are, and will be, operated on land leased from third parties. Each lease or proposed lease requires Propel to comply with various obligations including the payment of rent and other monies due. In the event of default by Propel under a lease, the landlord may terminate the lease if the default is not remedied. There is also no guarantee that leases will be renewed at the end of their term. Termination or expiry (particularly of key operating sites) could have an adverse effect on Propel's profitability.

A substantial change in rent under any of the property leases that cannot be quickly recouped through fee increases or other efficiencies will have an impact on Propel's profitability.

6.3 GENERAL RISKS OF AN INVESTMENT IN PROPEL

6.3.1 Share prices may fall

The price of the Shares quoted on ASX may rise or fall and the Shares may trade below or above the Offer Price due to a number of factors. There is no assurance that the price of Shares will increase following quotation on ASX, even if the Company's earnings meet or exceed forecasts. The factors which may affect the price of Shares include but are not limited to:

- general economic conditions including interest rates, exchange rates, inflation rates and commodity prices;
- fluctuations in the local and global market for listed stocks;
- changes to government policy, legislation or regulation;
- inclusion in or removal from market indices (including the various S&P/ASX indices);
- the nature of markets in which the Company operates; and
- general and operational business risks.

Other factors that may negatively affect the investor sentiment and influence the Company specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities, fires, flood, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man made or natural events.

6.3.2 Trading in Shares may not be liquid

Once the Shares are quoted on ASX, there can be no guarantee that an active trading market for the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This could result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid.

The Escrowed Shareholders will hold approximately 19.99% of the Shares following Completion of the Offer, which may impact on liquidity. The Escrowed Shareholders have entered into voluntary escrow arrangements in relation to 19.99% of the Shares they hold immediately following Completion of the Offer. A summary of the escrow arrangements is set out in Section 8.9. The absence of any sale of Shares by the Escrowed Shareholders during this period may cause, or contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares.

6.3.3 Taxation changes may negatively affect Propel or investors directly

There is the potential for changes to tax laws and changes in the way tax laws are interpreted. Any change to the current tax rates imposed on Propel (including in foreign jurisdictions that Propel may operate) is likely to affect returns to Shareholders.

An investment in the Shares involves tax considerations which differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in Propel.

6.3.4 Shareholders may be diluted

In the future, Propel may elect to issue shares or engage in capital raisings to fund investments or acquisitions that Propel may decide to undertake. While Propel will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of shares and capital raisings.

6.3.5 Propel may not be able to secure future debt funding on acceptable terms

Propel may seek debt finance in the future to support growth. The terms which debt financiers are willing to offer in the future may depend on macroeconomic conditions at the time, the tenor of the facilities, the performance of Propel and the risks associated with the proposed use of funds. Propel is subject to the risk that it may not be able to refinance its future bank facilities as and when they fall due, or that the terms available to Propel on refinancing will not be as favourable as the terms of its future bank facilities. An inability for Propel to secure debt funding on reasonable terms in the future could constrain growth and could adversely impact Propel's operating and financial performance.

6.3.6 General economic and financial market conditions may impact on Propel's financial performance

Demand for Propel's products and services is affected by general economic conditions in Australia, as well as general economic conditions globally. A prolonged downturn in general economic conditions, or other macroeconomic factors, may affect Propel's customers and in turn result in reduced demand or pricing for certain products or services. The structure and segment dynamics of the industries in which Propel operates may also be affected. These events could be expected to have a material impact on Propel's business and financial performance.

6.3.7 Accounting standards may change

Australian Accounting Standards are set by the AASB and are outside the control of Propel, the Directors and the Manager. The AASB is due to introduce new or refined Australian Accounting Standards during the period from 2015 to 2018, which may affect future measurement and recognition of key statement of profit and loss and balance sheet items, including sales and receivables.

There is also the risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statement of profit and loss and balance sheet items, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in Propel's consolidated financial statements.

6. Risks

6.3.8 Dividends may not be paid or if paid may not be fully franked

Depending on available profits and the financial position of Propel, it is the current intention of the Board to pay dividends. The payment of dividends by Propel is at the complete discretion of the Directors. The payout ratio is expected to vary between periods depending on the factors outlined in Section 5.10 and, in particular, should strategic growth, acquisition or investment opportunities arise, it may result in a payout ratio in the future that is less than the Company's target range.

No assurances can be given by any person, including the Directors, about the payment of any dividend.

Propel expects future dividends to be franked to the maximum extent possible. However, there is no guarantee that Propel will have sufficient franking credits in the future to fully frank dividends or that the franking system will not be varied or abolished. In addition, if the proportion of Propel's earnings from offshore operations increases, it may not be possible to fully frank dividends.

The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

6.3.9 Propel may fail to meet its occupational health and safety obligations

Propel must comply with laws and regulations in respect of occupational health and safety. If the Company breaches these laws and regulations, including for example where Propel is held responsible for an injury or death, Propel could be subject to sanctions and penalties. Workplace accidents and incidents may adversely affect Propel's safety record and reputation, which may make it difficult for Propel to hire and retain employees, and to win and retain customers.

6.3.10 Propel may be involved in disputes or litigation

Propel may be subject to litigation, complaints and other claims or disputes, regulatory inquiries or investigations and other enforcement action initiated by customers, employees, suppliers, regulators or other third parties in the course of its business. Such matters may adversely affect Propel's financial performance and position. Even if such matters are successfully defended or settled without financial consequences, they may have an adverse effect on Propel's reputation.

6.3.11 Propel could be impacted by force majeure events

Events may occur within or outside Australia or New Zealand that may have potential impacts on the Australian or New Zealand economies, the operations of Propel and the price of Shares. These events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for Propel's products and services and its ability to conduct business.

7. Key People, Interests and Benefits







Gympie Funeral Services is one of Propel's funeral service providers, located in Queensland.

7. Key People, Interests and Benefits

7.1 BOARD OF DIRECTORS

The Directors bring to the Board relevant skills and experience including in the areas of mergers and acquisitions, financial management, legal expertise, corporate strategy and corporate governance. Profiles of each member of the Board are set out below:

Director	Expertise, experience and qualifications
 <p>Brian Scullin Independent Non-Executive Chairman</p>	<p>Mr Scullin is the current Chairman of Hastings Funds Management, Macquarie Point Development Corporation and the Tasmanian Development Board. He is a Non-Executive Director of Tasplan Super and OAK Possability (a not-for-profit in the Tasmanian disability sector). He is a former Chairman of Spark Infrastructure Limited, BT Investment Management Limited and a former Non-Executive Director of Dexus Property Group and State Super Financial Services.</p> <p>Mr Scullin has more than 20 years' experience in the funds management industry in both Australia and Asia. Following a career in the Federal Government and politics, Mr Scullin was appointed the Executive Director of the Association of Superannuation Funds of Australia ("ASFA") in 1987. In 1993, Mr Scullin joined Bankers Trust, holding a number of senior positions, including President of Japan Bankers Trust. He was appointed Chief Executive Officer – Asia/Pacific for Deutsche Asset Management in 1999. He retired from that full time position in 2002, although remained a Non-Executive Director of Deutsche Asset Management until June 2007.</p> <p>Mr Scullin has held many industry positions including Vice Chair of the Financial Services Council (then known as IFSA), a part-time member of the Federal Government's Financial Reporting Council and a panel member for the Financial Industry Complaints Service.</p>
 <p>Naomi Edwards Independent Non-Executive Director</p>	<p>Ms Edwards is the current Chairwoman of Tasplan Super and is a professional company director who has chaired listed ASX companies, industry super funds and not-for-profits. An actuary by training, with an executive background in the financial services industry, Ms Edwards has a strong reputation in the responsible investing industry, having sat on the boards of two ASX listed industry leaders – Australian Ethical Investments Limited and Hunter Hall Limited. Ms Edwards is a member of the Tasmanian Economic Development Board and is a Non-Executive Director of the Australian Institute of Superannuation Trustees. Ms Edwards is a former Partner of Deloitte and a former director of Trowbridge Consulting.</p> <p>Ms Edwards has a first class honours degree in mathematics from the University of Canterbury and is a Fellow of the Institute of Actuaries (London) as well as a Fellow of the Australian and New Zealand Institutes of Actuaries.</p>
 <p>Jonathan Trollip Independent Non-Executive Director</p>	<p>Jonathan Trollip is an experienced Director with over 30 years of commercial, corporate, governance, legal and transaction experience.</p> <p>Jonathan is currently non-executive chairman of ASX listed Antipodes Global Investment Company Limited, Future Generation Investment Company Limited, Plato Income Maximiser Limited, Spicers Limited and Global Value Fund Limited, and a Non-Executive Director of Kore Potash Limited. He holds commercial private company directorships with Meridian International Capital Limited and BCAL Diagnostics Pty Ltd. In the philanthropy area he is chairman of Science for Wildlife Limited, and a director of The Watarrka Foundation and the University of Cape Town Australia Alumni Trust.</p> <p>Jonathan has worked as a principal of Meridian for the past 22 years. Prior to that, he was a Partner with law firm Herbert Smith Freehills. He holds postgraduate degrees in economics and law, was admitted as a qualified lawyer in England and Australia and is a Fellow of the Australian Institute of Company Directors.</p>
 <p>Albin Kurti Managing Director & Head of Investments</p>	<p>See Section 4.4</p>

Director	Expertise, experience and qualifications
 <p data-bbox="167 566 464 674">Fraser Henderson Head of Mergers & Acquisitions, General Counsel and Company Secretary</p>	See Section 4.4

A summary of the Board's key corporate governance policies is set out in Section 7.4.

7.2 KEY PERSONNEL OF THE MANAGER

Profiles of the key members of the Manager are set out in Section 4.4.

7.3 INTERESTS AND BENEFITS

This Section 7.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed director of the Company;
 - person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
 - promoter of the Company; or
 - underwriter of the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,
- holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:
- the formation or promotion of the Company;
 - property acquired or proposed to be acquired by the Company in connection with its formation or promotion; or
 - the Offer;

and no other amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

7.3.1 Interests of advisers

Propel has engaged the following professional advisers in relation to the Offer:

- Bell Potter Securities Limited has acted as Lead Manager to the Offer. Propel has agreed to pay Bell Potter Securities Limited the fees described in Section 10.6 for these services;
- KardosScanlan Pty Ltd has acted as Australian legal advisor to Propel in relation to the Offer. Propel has paid, or agreed to pay, approximately \$0.175 million (excluding GST) for these services up until the Prospectus Date. Further amounts may be paid to KardosScanlan Pty Ltd for other work in accordance with its normal time-based charges; and
- Nexia Sydney Corporate Advisory Pty Ltd has acted as investigative accountant to the Offer, and performed work in relation to the Financial Information included in Section 5 and the Investigative Accountant's Report included in Section 9. Propel has paid, or agreed to pay, approximately \$0.165 million (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Nexia Sydney Corporate Advisory Pty Ltd for other work in accordance with its normal time-based charges.

7.3.2 Directors' interests and remuneration

Albin Kurti is a founder and shareholder (through an associated entity) of the Manager and holds the position of Managing Director & Head of Investments of Propel. Refer to Section 4.4 for further details.

Fraser Henderson is a director and shareholder (through an associated entity) of the Manager and holds the position of Head of Mergers & Acquisitions, General Counsel and Company Secretary of Propel. Refer to Section 4.4 for further details.

7. Key People, Interests and Benefits

7.3.2.1 Non-Executive Director remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for their services as a Director. However, under the Constitution and the ASX Listing Rules, the total amount of fees paid to all Non-Executive Directors in any financial year must not exceed the aggregate amount of Non-Executive Directors fees approved by Shareholders at the Company's general meeting. This amount has initially been fixed by the Company at \$250,000. In respect of FY2018, the fees payable to the current Non-Executive Directors will not exceed \$180,000 in aggregate. The annual Directors' fees currently agreed to be paid to the Chairman is \$80,000 (inclusive of superannuation) and to the other Non-Executive Directors is \$50,000 (inclusive of superannuation).

Albin Kurti and Fraser Henderson will not receive any directors' fees from Propel.

7.3.2.2 Deeds of indemnity, insurance and access for Directors

The Directors each have previously entered into Deeds of Indemnity, Insurance and Access with PFP Midco. The Company has entered into a deed of confirmation with each director which accedes the Company into those Deeds of Indemnity, Insurance and Access which, confirms each Director's right of access to Board papers and requires the Company to indemnify that Director, on a full indemnity basis and to the fullest extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by that Director as an officer of the Company or of a related body corporate.

Under the deeds of indemnity, insurance and access, the Company must maintain a D&O insurance policy insuring each Director (among others) against liability as a Director and officer of the Company and its related bodies corporate until seven years after each Director ceases to hold office as a Director of the Company or a related body corporate (or the date any relevant proceedings commenced during the seven year period have been finally resolved).

7.3.2.3 Other information

Directors (including Directors nominated by the Manager) may also be reimbursed for travel and other expenses incurred in attending to Propel's affairs, including attending and returning from general meetings of the Company or meetings of the Board or committees of the Board. Non-Executive Directors may be paid such additional or special remuneration (out of the funds of Propel) as the Board may determine is appropriate where a Director performs extra work or services which are outside the scope of ordinary duties of a director of the Company or a subsidiary of the Company.

Propel does not pay benefits (other than statutory superannuation contributions) on retirement of Directors.

7.3.2.4 Director shareholdings

Directors are not required under the Constitution to hold any Shares. The Directors are entitled to apply for Shares under the Offer. Final Directors' shareholdings will be notified to ASX following Listing. The Directors' proposed holdings (either personally or through entities associated with the Director) on Completion of the Offer are outlined below:

Table 7.1: Directors' proposed shareholdings on Completion of the Offer

Directors	Shares held at Completion of the Offer ¹	Shares held at Completion of the Offer (%) ¹
Brian Scullin	388,652	0.4%
Naomi Edwards	32,878	0.0%
Jonathan Trollip	381,495	0.4%
Albin Kurti	9,839,211	10.0%
Fraser Henderson	6,887,302	7.0%

1. This does not include any Shares acquired by the Management Shareholders and the Non-Executive Directors (or their associated entities) as part of the Priority Offer.

The majority of Shares held by Directors (and their associated entities) will be subject to voluntary escrow arrangements. Please refer to Section 8.9 for further details.

7.4 CORPORATE GOVERNANCE

This Section 7.4 explains how the Board will oversee the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, noting however that the Manager has been appointed to provide certain services to Propel pursuant to the terms of the Management Agreement.

The Board monitors the operational and financial position and performance of the Company, the Manager's compliance with the Management Agreement and is responsible for capital management initiatives. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company.

In conducting business with these objectives, the Board is committed to ensuring that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its officers and employees and the Manager operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices, which it believes, having regard to the terms of the Management Agreement, are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

Details of the Company's corporate governance policies, which will take effect from Listing, are set out below in this Section 4.

Details of the Company's key policies and the charters for the Board and each of its committees are available on the Company's website at www.propelfuneralpartners.com.au.

7.4.1 ASX corporate governance principles

The Company is seeking a listing on ASX. The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations for ASX listed entities in order to promote investor confidence and to assist companies to meet stakeholder expectations.

The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

7.4.2 Board of Directors

The Board will, from Listing, comprise of 5 Directors, being the independent Non-Executive Chairman, the two independent Non-Executive Directors and the two non-independent Non-Executive Directors that have been appointed by the Manager. Detailed biographies of the Directors are provided in Sections 4.4 and 7.1. All Directors will hold Shares following Completion of the Offer. The Board considers an independent Director to be a Director who is not a member of management (or associated with the Manager) and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with, the Director's ability to act in the best interests of the Company. The Board regularly reviews the independence of each Director in light of information disclosed by each Director to the Board.

The Board considers that each of Brian Scullin, Naomi Edwards and Jonathan Trollip is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with the Director's ability to act in the best interests of the Company; and is able to fulfil the role of an independent Director for the purposes of the ASX Recommendations.

Albin Kurti and Fraser Henderson are directors and shareholders of the Manager and are considered by the Board not to be independent for the purposes of the ASX Recommendations.

7.4.3 Board policy

The Board has adopted a written charter, which contains a board policy, to provide a framework for the effective operation of the Board. The Board charter sets out:

- the Board's composition and process;
- the Board's role and responsibilities; and
- the authority delegated by the Board to the Manager and Board committees.

The Board's role is to, among other things:

- represent and serve the interests of Shareholders by overseeing and appraising performance of the Manager and ensuring that its actions are consistent with the Investment Strategy;
- liaise with the Manager to identify and manage risk with a view to protecting and optimising the Company's performance and build sustainable value for Shareholders;
- ensure Shareholders are kept informed of the Company's performance and major developments affecting its state of affairs; and
- set, review and ensure compliance with the Company's values and governance framework (including establishing and observing high ethical standards).

Directors are entitled to request information at any time they consider it appropriate. The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chair, or the board as a whole.

7.4.4 Board committees

The Board may, from time-to-time, establish committees to assist in the discharge of its responsibilities.

The Board has established an audit and risk committee, which will consist of all the Directors as well as the Head of Finance. The audit and risk committee will be chaired by Naomi Edwards.

In respect of other committees, the Board will review its position from time to time in line with the ASX Recommendations and in the context of any changes to the size or nature of the Company, and the terms of the Management Agreement. If required, it may establish committees to assist it in the carrying out of its functions. At that time, the Board will adopt a policy or charter for such committees having regard to the ASX Recommendations and industry best practices.

7. Key People, Interests and Benefits

7.4.5 Corporate governance policies

7.4.5.1 Continuous Disclosure Policy

Once listed, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company will be required to disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Company's securities. The Company is committed to observing its disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Company has adopted a Continuous Disclosure Policy to take effect from Listing which establishes procedures which are aimed at ensuring that Directors (among others) are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX and continuous disclosure announcements will also be made available on the Company's website at www.propelfuneralpartners.com.au.

7.4.5.2 Securities Dealing Policy

The Company has adopted a Securities Dealing Policy for dealing in securities which is intended to explain the types of conduct in relation to dealings in securities that are prohibited under the Corporations Act and establish a best practice procedure for the buying and selling of securities that protects the Company, the Directors, the Manager and employees against the misuse of unpublished information that could materially affect the value of securities. The Securities Dealing Policy applies to all Directors, officers, senior executives and employees of the Company, the Manager, and their connected persons.

The Securities Dealing Policy sets out restrictions that apply to dealing with securities, including "blackout periods", during which relevant persons are not permitted to deal in securities (except in exceptional circumstances) and a notification procedure which applies to relevant persons in other periods.

7.4.5.3 Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal code of conduct which outlines how the Company expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. The Directors and other officers and all employees of the Manager and any other service providers responsible for strategic or operational management are obliged to comply with the code of conduct.

The code of conduct is designed to:

- provide a benchmark for professional behavior throughout the Company;
- support the Company's business reputation and corporate image within the community; and
- make Directors and employees aware of the consequences if they breach the policy.

7.4.5.4 Diversity policy

Propel has adopted a diversity policy, which sets out its commitment and inclusiveness in the workplace. The diversity policy provides a framework to help Propel achieve its diversity goals while creating a commitment to a diverse work environment where staff consider they are treated fairly and with respect while feeling accountable and responsible for the reputation and performance of Propel. The Board will oversee implementation of the diversity policy and assess progress in achieving its objectives.

7.4.5.5 Communications standards

The Company aims to keep Shareholders informed of major developments affecting the state of affairs of Propel. The Company recognises that potential investors and other interested stakeholders may wish to obtain information about Propel from time to time.

To achieve this, the Company will endeavour to communicate information regularly to Shareholders and other stakeholders through a range of forums and publications, including via Propel's website, at the Company's annual general meeting, through the annual report and ASX announcements.

7.5 DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURE

There is no:

- company of which a Director was an officer that entered into a form of external administration because of insolvency during the time the Director or key manager was an officer; or
- legal or disciplinary action against a Director that is less than 10 years old.

8. Details of the Offer



Quinn Funeral Services is one of Propel's funeral service providers, located in Victoria.

8. Details of the Offer

8.1 DESCRIPTION OF THE OFFER

This Prospectus relates to an initial public offering of 83.4 million Shares in Propel at an Offer Price of \$2.70 per Share. Of these Shares, 48.6 million Shares are being offered to New Shareholders at the Offer Price to raise \$131.2 million. On Completion of the Offer, 21.1 million Shares will be held by or on behalf of the Directors and the Management Shareholders, the majority of which will be subject to the voluntary escrow agreements described in Section 8.9.

All Shares on issue on Completion of the Offer will rank equally with each other. A summary of the rights attaching to the Shares is set out in Section 8.14.

The Offer comprises the Broker Firm Offer (see Section 8.3), the Priority Offer (see Section 8.4) and the Institutional Offer (see Section 8.6). There is no general public offer of Shares. Members of the public wishing to apply for Shares under the Offer must do so through a Broker with a firm allocation of Shares. The allocation of Shares between the Broker Firm Offer, the Priority Offer and the Institutional Offer will be determined by the Lead Manager and the Company having regard to the allocation policies outlined in Sections 8.3.4, 8.4.5 and 8.6.2.

The Shares offered to New Shareholders under the Offer is fully underwritten by the Lead Manager. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 10.6.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

8.1.1 Purpose of the Offer and use of proceeds

At the Offer Price, the Offer will raise approximately \$131.2 million from New Shareholders.

The purpose of the Offer is to:

- provide Propel access to capital markets which it expects will provide additional financial flexibility to pursue further growth opportunities in-line with the Investment Strategy;
- achieve a listing on ASX to broaden the Company's shareholder base and provide a liquid market for its Shares;
- provide an opportunity for the Existing Shareholders to realise part or all of their investment in PFP Midco;
- provide an opportunity for Noteholders to become Shareholders;
- assist Propel in attracting and retaining staff; and
- fully repay the Debt and create a net cash position of approximately \$50.0 million on Completion of the Offer.

Table 8.1: Sources and uses of Offer proceeds

Sources	\$m	Uses	\$m
Cash proceeds received from the issue of Shares to New Shareholders under the Offer	131.2	Payment of cash proceeds to Existing Shareholders	19.6
		Repayment of Debt ¹	55.2
		Payment of costs of the Offer	6.4
		Cash to balance sheet	50.0
Total sources	131.2	Total uses	131.2

8.1.2 Potential effect of the fundraising on the future of Propel

The Directors believe that on Completion of the Offer, the Company will have sufficient funds available from the proceeds of the Offer and its operations to fulfil the purposes of the Offer and carry out its stated business objectives.

1. \$52.3 million of senior debt drawn as at 30 June 2017 less a voluntary repayment of \$0.4 million prior to Completion of the Offer plus Notes of \$3.4 million to be repaid on Completion of the Offer.

8.1.3 Shareholding structure

The details of the ownership of Shares immediately prior to Completion of the Offer and Shares on Completion of the Offer are set out below:

Table 8.2: Details of the ownership of Shares

	PFP Midco Shares held at the Prospectus Date		Shares held at Completion of the Offer ^{5,6}	
	No. of PFP Midco Shares ¹	%	No. of Shares	%
Existing Shareholders (excluding Management Shareholders and Non-Executive Directors) ¹	23,372,133	76.8%	17,524,551	17.9%
Noteholders (excluding Notes held by Management Shareholders and Non-Executive Directors) ²	0	0.0%	10,919,383	11.1%
Management Shareholders ¹	6,531,785	21.5%	20,339,847 ³	20.7%
Non-Executive Directors ¹	528,568	1.7%	803,025 ⁴	0.8%
New Shareholders	0	0.0%	48,576,283	49.5%
Total	30,432,486	100.0%	98,163,089	100.0%

1. On Completion of the Offer:

- Existing Shareholders (excluding Management Shareholders and Non-Executive Directors) will sell 100% of their ordinary shares in PFP Midco and will be issued 17,524,551 Shares (as part of the Restructure);
- Management Shareholders will sell 100% of their ordinary shares in PFP Midco to the Company, 20% for cash and 80% for Shares. Following Completion of the Offer, Management Shareholders will hold 20,339,847 Shares, the majority of which will be subject to voluntary escrow as more particularly described in Section 8.9; and
- Non-Executive Directors will sell 100% of their ordinary shares in PFP Midco, 20% for cash and 80% for Shares. Following Completion of the Offer, the Non-Executive Directors will hold 803,025 Shares.

2. As part of the Restructure, Noteholders have the right (but not the obligation) to elect to subscribe for Shares on the face value of their Notes being repaid. The issue price of the Shares issued to Noteholders is the Offer Price. Following Completion of the Offer, the holders of the Notes (in that capacity) will hold 11,681,305 Shares.

3. This includes Shares subscribed for by the Management Shareholders upon the face value of their Notes being repaid.

4. This includes Shares subscribed for by the Non-Executive Directors upon the face value of their Notes being repaid.

5. On Completion of the Offer, 19.99% of the Shares will be subject to voluntary escrow. See Section 8.9 for further information.

6. This does not include any Shares acquired by the Management Shareholders and the Non-Executive Directors (or their associated entities) as part of the Priority Offer.

8.1.4 Control implications of the Offer

The Directors do not expect that any single Shareholder will control the Company after Completion of the Offer (as defined in section 50AA of the Corporations Act). However, at Completion of the Offer, the Management Shareholders will have voting power of approximately 20.7% and will have the potential to exert a significant degree of influence over Propel's management and affairs, and over matters requiring Shareholder approval.

8.2 TERMS AND CONDITIONS OF THE OFFER

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in the capital of Propel).
What are the rights and liabilities attached to the Shares being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 8.14
What is the consideration payable for each Share being offered?	The Offer Price is \$2.70 per Share.
What is the Offer period?	<p>The key dates, including details of the Offer period, are set out in the key dates on page 2 of this Prospectus.</p> <p>The key dates are indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time.</p> <p>The Company, in consultation with the Lead Manager reserves the right to amend any or all of the dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws, including closing the Offer early, extending the Offer, deferring the date of Completion of the Offer, accepting late Applications either generally or in particular cases, allotting Shares at different times to investors, or to withdraw the Offer, without prior notice. The quotation and commencement of trading of the Shares is subject to confirmation from ASX.</p>
What are the cash proceeds to be raised under the Offer?	\$131.2 million will be raised from New Shareholders under the Broker Firm Offer, the Priority Offer and the Institutional Offer, if the Offer proceeds.

8. Details of the Offer

Topic	Summary
What is the minimum Application size under the Offer?	<p>The minimum Application size under the:</p> <ul style="list-style-type: none"> – Broker Firm Offer is \$2,700 (equivalent to 1,000 Shares in aggregate). There is no maximum Application size under the Broker Firm Offer; however the Company and the Lead Manager reserve the right to reject any Application or to allocate to an Applicant a lesser number of Shares than that applied for; and – Priority Offer is \$2,700 (equivalent to 1,000 Shares in aggregate). Priority Offer Applicants may apply for up to the value of Shares indicated in their Priority Offer invitation made under this Prospectus. <p>For more information, see Sections 8.3.2 and 8.4.3.</p>
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer, the Priority Offer and the Institutional Offer will be determined by the Lead Manager and the Company having regard to the allocation policies outlined in Sections 8.3.4, 8.4.5 and 8.6.2.</p> <p>With respect to the Broker Firm Offer, it will be a matter for Brokers as to who they allocate Shares.</p> <p>The final allocation of Shares under the Priority Offer will be at the absolute discretion of the Company, subject to the guaranteed minimum allocation for Applicants under the Priority Offer.</p>
When will Applicants receive confirmation whether Applications are successful?	<p>It is expected that holding statements will be despatched by standard post on or about 20 November 2017.</p>
Will the Shares be listed?	<p>Propel will apply to ASX within seven days of the Prospectus Date, for its admission to the Official List, and quotation of Shares by, ASX under the code "PFP".</p> <p>Completion of the Offer is conditional on ASX approving the application and granting permission for the Shares to be quoted on ASX on terms acceptable to the Company. If this approval and permission is not given within three months of the Prospectus Date (or any longer period permitted by law), the Offer will be withdrawn and all monies received from Applicants will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.</p> <p>ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of Propel or the Shares offered for subscription.</p>
When are the Shares expected to commence trading?	<p>It is expected that trading of the Shares on ASX will commence on or about 23 November 2017.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive a statement of holding do so at their own risk.</p> <p>The Company and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by the Propel Offer Information Line, by a Broker or otherwise.</p>
Is the Offer underwritten?	<p>Yes. The Shares offered to New Shareholders under the Offer is fully underwritten by the Lead Manager pursuant to the Underwriting Agreement. Details are provided in Section 10.6.</p>
Are there any escrow arrangements?	<p>Yes. Details are provided in Section 8.9.</p>
Have any ASX waivers been obtained or been relied on?	<p>Yes. Details are provided in Section 10.11.</p>
Are there any tax considerations?	<p>Yes. Refer to Section 10.10.</p>
Are there any brokerage, commission or stamp duty considerations?	<p>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 7.3.1 for details of various fees payable by the Company to the Lead Manager.</p>

Topic	Summary
What should I do with any enquiries?	<p>All enquiries in relation to this Prospectus should be directed to the Propel IPO Information Line on 1800 550 560 (within Australia) and +61 1800 550 560 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday (excluding public holidays).</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether Propel is a suitable investment for you, you should consult with your stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p>

8.3 BROKER FIRM OFFER

8.3.1 Who can apply?

The Broker Firm Offer is open to clients of participating Brokers who have a registered address in Australia or New Zealand respectively and who received an invitation from a Broker to acquire Shares under this Prospectus and are not in the United States. You should contact your Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.

8.3.2 How to apply

If you have received an invitation to apply for Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms or payment to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a copy of this Prospectus and Broker Firm Offer Application Form, or download a copy at www.propelfuneralpartners.com.au. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Broker Firm Application Form and Application Monies are received before 5:00pm (Sydney time) on the Closing Date or any earlier closing date as determined by your Broker.

Broker clients should complete and lodge their Broker Firm Offer Application Form with the Broker from whom they received their invitation to participate in the Broker Firm Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The minimum Application size under the Broker Firm Offer is \$2,700 (equivalent to 1,000 Shares in aggregate). There is no maximum Application size under the Broker Firm Offer, however the Company and the Lead Manager reserve the right to reject any Application or to allocate to an Applicant a lesser number of Shares than that applied for. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

The Broker Firm Offer opens at 9:00am (Sydney time) on 2 November 2017 and is expected to close at 5:00pm (Sydney time) on 14 November 2017. The Company and the Lead Manager may elect to close the Broker Firm Offer or any part of it early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. The Broker Firm Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible after the Offer opens. Please contact your Broker for instructions.

8.3.3 How to pay

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by your Broker.

8.3.4 Broker Firm Offer allocation policy

The allocation of Shares to Brokers will be determined by the Lead Manager, in consultation with the Company. Shares which are allocated to Brokers for allocation to their Australian and New Zealand retail resident clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Company and the Lead Manager to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

8.3.5 How do I confirm my allocation?

Applicants under the Broker Firm Offer should contact their Broker to confirm their allocation.

8. Details of the Offer

8.4 PRIORITY OFFER

8.4.1 Who can apply?

The Priority Offer is open to selected investors nominated by the Company which will include (but will not be limited to) the Existing Shareholders and the Noteholders (Priority Applicants).

If you have been invited by the Company, or are entitled to participate in the Priority Offer, you will be treated as an applicant under the Priority Offer in respect of those Shares that are allocated to you.

8.4.2 How to apply

If you have received a personalised invitation to apply for Shares under the Priority Offer made under this Prospectus and you wish to apply for all or some of those Shares, you must apply in accordance with the relevant instructions.

Priority Applicants should read this Prospectus carefully and in its entirety before deciding whether to apply under the Priority Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

To apply under the Priority Offer, you must complete the online Priority Offer Application Form in accordance with the instructions provided on the website containing the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with the Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applications must be received by no later than 5:00pm (Sydney time) on 14 November 2017 and it is your responsibility to ensure that this occurs.

8.4.3 Is there a minimum or maximum Application size?

Applications under the Priority Offer must be for a minimum size of \$2,700 (equivalent to 1,000 Shares in aggregate).

8.4.4 How to pay

Applicants under the Priority Offer must pay their Application Monies by BPAY® in accordance with the instructions on the Priority Offer Application Form.

When completing your BPAY® payment, please make sure to use the specific biller code and unique Customer Reference Number (**CRN**) provided to you or generated by the online Priority Offer Application Form. Application Monies paid by BPAY® must be received by the Share Registry by no later than 5:00pm (Sydney time) on 14 November 2017 and it is your responsibility that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither the Company nor the Lead Manager take any responsibility for any failure by the Company to receive Application Monies or payment by BPAY® before the Priority Offer closes arising as a result of, among other things, delays in processing of payments by financial institutions.

For more details, Priority Applicants should refer to www.propelfuneralpartners.com.au or contact the Propel IPO Offer Information Line on 1800 550 560 (within Australia) or +61 1800 550 560 (from outside Australia) from 8:30am to 5:30pm (Sydney time), Monday to Friday (excluding public holidays).

8.4.5 What is the Priority Offer allocation policy?

The allocation of Shares to Applicants under the Priority Offer will be determined by the Company, in consultation with the Lead Manager. Shares offered under the Priority Offer that are not taken up will be allocated by the Company under the Institutional Offer or the Broker Firm Offer.

8.5 APPLICATION MONIES

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Monies received from Applicants under the Broker Firm Offer or the Priority Offer will be held in a special purpose account until the Shares are issued to Applicants. Applicants under the Broker Firm Offer and the Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the amount applied for by the Offer Price. Where the Offer Price does not divide exactly into the amount applied for, the number of Shares to be allocated will be rounded down. No refunds pursuant solely to rounding will be provided.

Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of your BPAY® payment. If the amount of your BPAY® payment for Application Monies is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares or your Application may be rejected.

8.6 INSTITUTIONAL OFFER

8.6.1 Invitations to Bid

Under the Institutional Offer, Institutional Investors in Australia, New Zealand and certain other eligible jurisdictions outside the United States were invited to bid for an allocation of Shares under this Prospectus. The Lead Manager separately advised Institutional Investors of the Application procedures for the Institutional Offer. Offers and acceptances in the Institutional Offer are made under this Prospectus and are at the Offer Price per Share.

8.6.2 Allocation policy under the Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer was determined by the Lead Manager in consultation with the Company. The Lead Manager, in consultation with the Company, had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Lead Manager. The allocation policy was influenced, but not constrained, by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- the Company's desire for an informed and active trading market following Completion of the Offer;
- the Company's desire to establish a wide spread of institutional Shareholders;
- overall anticipated level of demand under the Broker Firm Offer, Priority Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long-term Shareholders; and
- other factors that the Company and the Lead Manager considered appropriate.

8.7 ACKNOWLEDGEMENTS

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the AUD amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Lead Manager and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and taxation issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia and New Zealand (except as applicable to the Institutional Offer and Priority Offer), or otherwise satisfies the requirements in Section 10.16;
- acknowledged and agreed that the Offer may be withdrawn by the Company and or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant in the Broker Firm Offer, the Priority Offer, and each person to whom the Institutional Offer has been made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws in accordance with the US Securities Act registration requirements or of any state of the United States and may not be offered, sold or resold, pledged or transferred in the United States, except in accordance with the US Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable state securities laws;
- it is not in the United States;
- it has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the United States;
- it is purchasing the Shares in an offshore transaction meeting the requirements of Regulation S; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

8. Details of the Offer

8.8 UNDERWRITING ARRANGEMENTS

The Shares offered to New Shareholders under the Offer is fully underwritten. The Lead Manager and Propel have entered into an Underwriting Agreement under which the Lead Manager has been appointed as lead manager, bookrunner and underwriter of the Offer. The Lead Manager agrees, subject to certain conditions and termination events, to underwrite the Offer. The Underwriting Agreement sets out a number of circumstances under which the Lead Manager may terminate the Underwriting Agreement and its underwriting obligations.

A summary of the Underwriting Agreement, including the termination provisions, is provided in Section 10.6.

8.9 VOLUNTARY ESCROW ARRANGEMENTS

Management Shareholders and Non-Executive Directors have agreed to enter into voluntary escrow arrangements in relation to 19,622,801 Shares in which they will have a relevant interest on Completion of the Offer. An 'escrow' is a restriction on sale, disposal, or encumbering of, or certain other dealings in respect of, the Shares concerned for the period of the escrow, subject to certain exceptions set out in the escrow deeds.

Table 8.3: Voluntary Escrowed Shareholders

Escrowed Shareholder	Number of Escrowed Shares on Completion of the Offer	Escrowed Shares (as a % of Shares on issue on Completion of the Offer)
Brian Scullin	388,652	0.40%
Naomi Edwards	32,878	0.03%
Jonathan Trollip	381,495	0.39%
Albin Kurti	9,143,629	9.31%
Fraser Henderson	6,607,639	6.73%
Peter Dowding	3,011,366	3.07%
Lilli Gladstone	57,142	0.06%
Total	19,622,801	19.99%

The majority of the Shares held (directly or through associated entities) on Completion of the Offer by Brian Scullin, Naomi Edwards, Jonathan Trollip, Albin Kurti, Fraser Henderson, Lilli Gladstone and Peter Dowding will be subject to voluntary escrow deeds.²

The majority of the Shares held at Completion of the Offer by the persons described in the preceding paragraph (being the **Escrowed Shareholders**), excluding any Shares acquired other than pursuant to the Restructure, will be subject to voluntary escrow arrangements which prevent them from disposing of their Escrowed Shares for a specified period. Shares held by the Escrowed Shareholders will be escrowed until the following dates (**Relevant Date**):

- In relation to Shares held (directly or through associated entities) on Completion of the Offer by Brian Scullin, Naomi Edwards, Jonathan Trollip and Lilli Gladstone until the Company's financial statements for FY2018 are released to ASX;
- In relation to 4,029,967 Shares held (directly or through associated entities) on Completion of the Offer by Albin Kurti, Fraser Henderson and Peter Dowding until the Company's financial statements for FY2018 are released to ASX; and
- In relation to 14,732,667 Shares held (directly or through associated entities) on Completion of the Offer by Albin Kurti, Fraser Henderson and Peter Dowding until the tenth anniversary of the date of Listing.

Each of the persons and entities who hold any Escrowed Shares has entered into an escrow deed in respect of their Escrowed Shares, which prevents them from disposing of their respective Escrowed Shares for the Escrow Period. The restriction on 'disposing' is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interest in the Shares, encumbering or granting a security interest over the Shares, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control (including economic ownership or control) of any of the Shares or agreeing to do any of those things.

All of the Escrowed Shares may be released early from these escrow obligations to enable:

- the Escrowed Shareholder to accept an offer under a takeover bid in relation to its Shares if at least half of the holders of the Shares which are the subject of the bid that are not held by the Escrowed Shareholders have accepted the takeover bid;
- the Shares held by the Escrowed Shareholder to be transferred or cancelled as part of a scheme of arrangement under Part 5.1 of the Corporations Act;
- the shares to be released from escrow where the Manager has a right to terminate the Management Agreement for a material breach (for example, a failure by the Company to comply with its obligation not to appoint another manager or to manage the Company itself, or to consider investment proposals provided by third parties);
- limited related entity transfers, provided the transferee executes a similar voluntary escrow deed; or
- the release of shares in circumstances where an insolvency event occurs with respect to the Company.

During the Escrow Period, the Escrowed Shareholders may deal in any of their Escrowed Shares to the extent the dealing is required by applicable law (including an order of a court of competent jurisdiction).

2. 1,576,722 Shares held by entities associated with Albin Kurti, Fraser Henderson and Peter Dowding (i.e. 1.6% of the Company) will not be subject to any voluntary escrow arrangements.

8.10 BROKERAGE, COMMISSION AND STAMP DUTY

No brokerage, commission or stamp duty is payable by applicants who apply for Shares.

8.11 RESTRICTIONS ON DISTRIBUTION

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside of Australia and New Zealand.

This Prospectus does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States, and may only be distributed to persons outside the United States to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

In particular, the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

See Section 10.16 for further details regarding foreign selling restrictions.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

8.12 DISCRETION REGARDING THE OFFER

The Company may withdraw the Offer at any time before the issue and allotment of Shares to successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant monies received from Applicants will be refunded (without interest). The Lead Manager and the Company also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than those applied for.

8.13 ASX LISTING, REGISTERS AND HOLDING STATEMENTS

8.13.1 Application to ASX for listing of Propel and quotation of Shares

Propel will apply to ASX for admission to the Official List and quotation of the Shares on ASX (under the code "PFP").

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit Propel to the Official List is not to be taken as an indication of the merits of Propel or the Shares offered for subscription.

If permission is not granted for the Shares to be quoted on ASX on terms acceptable to the Company within three months of the Prospectus Date (or any later date permitted by law), all monies received by Propel in connection with the Offer will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.

8.13.2 CHESS and issuer sponsored holdings

Propel has applied, or will apply prior to Listing, to participate in the ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are affected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Security holder Reference Number (**SRN**) of issuer sponsored holders.

Shareholders will subsequently receive statements showing any changes to their shareholding. Share certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

8. Details of the Offer

8.14 DESCRIPTION OF SHARES AND SUMMARY OF THE CONSTITUTION

8.14.1 Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the Official List.

8.14.2 Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each Share held (with adjusted voting rights for partly paid shares).

If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote except where the chairperson is also a member of the Company in which case they do not have a casting vote in addition to their deliberative vote.

8.14.3 Meetings of Shareholders

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. The Company must give Shareholders at least 28 days' written notice of a general meeting.

8.14.4 Dividends

The Board may pay interim and final dividends that, in its judgment, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a share, and fix a record date for a dividend and the timing and method of payment.

For further information in respect of the Company's proposed dividend policy, see Section 5.10.

8.14.5 Transfer of shares

Subject to the ASX Listing Rules, the Corporations Act and the Escrow Deeds, the Shares are freely transferable.

The Board may decline to register, or prevent registration of, a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

8.14.6 Issue of further shares

Subject to the Corporations Act and the ASX Listing Rules, the Board has full discretion to issue new Shares and grant options over unissued Shares.

8.14.7 Winding up

If the Company is wound up, then subject to the Constitution, the Corporations Act and the rights or restrictions attached to any shares or classes of shares, Shareholders will be entitled to any surplus property of the Company in proportion to the number of Shares held by them.

If the Company is wound up, the liquidator may, with the sanction of a special resolution of Shareholders, divide the property of the Company amongst the Shareholders and decide how the property will be decided between the Shareholders.

8.14.8 Unmarketable parcels

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Board may sell the Shares of a Shareholder who holds less than a marketable parcel by following the procedures set out in the Constitution.

8.14.9 Power to alter capital

Subject to the Corporations Act and the ASX Listing Rules, the Company may buy back Shares on terms and at times determined by the Board.

8.14.10 Variation of class rights

At present, the Company's only class of shares on issue is Shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied by a special resolution passed at a separate meeting of the holders of shares of that class.

In either case, in accordance with the Corporations Act, the holders of not less than 10% of the votes in the class of shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such variation, cancellation or modification.

8.14.11 Dividend reinvestment plan

Subject to the ASX Listing Rules, the Constitution authorises the Directors, on any terms and at their discretion, establish a dividend reinvestment plan (under which any Shareholder may elect that the dividends payable by the Company be reinvested by a subscription for new Shares).

8.14.12 Directors – appointment and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is 3 and the maximum is 5 unless the Shareholders pass a resolution varying that number.

The Directors may at any time appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number determined in accordance with the Constitution. Any Director so appointed holds office only until the end of the next annual general meeting and is eligible for re-election at that meeting.

At every annual general meeting of the Company, one of the Directors (other than the Managing Director) must retire from office and be eligible for re-election. The Director to retire at each general meeting of the Company is the Director longest in office since last being elected or re-elected. If two or more Directors were elected on the same day, the Director to retire, if they cannot otherwise agree, must be determined by lot. A retiring Director is eligible for re-election without needing to give any prior notice of his/her intention to submit himself for re-election and acts as Director throughout the meeting at which he/she retires.

8.14.13 Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote, unless only two Directors are present or entitled to vote, in which case the chairperson of the meeting does not have a casting vote and the proposed resolution is taken as lost.

8.14.14 Directors – remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director (other than the Directors nominated by the Manager, who will not receive any remuneration) is entitled for his or her services as a Director. However, the total amount provided to all non-executive Directors for their services must not exceed \$250,000 in any financial year or such other amount fixed by the Company in general meeting. In respect of FY2018, this amount has been fixed at \$180,000 in aggregate. The Constitution also makes provision for the Company to pay travelling and other expenses of Directors (including the Directors nominated by the Manager) incurred in attending to the Company's affairs, including attending general meetings of the Company or meetings of the Board. Any Director (other than the Directors nominated by the Manager) who devotes special attention to the business of the Company or who performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a director may be remunerated for the services (as determined by the Board) out of the funds of the Company.

The Constitution expressly provides that for so long as the Managing Director is a person nominated by the Manager in accordance with the Management Agreement, the Managing Director will not receive any director fees or other remuneration from the Company. In addition, any other person nominated as a Director by the Manager will not receive any director fees or other remuneration from the Company.

8.14.15 Powers and duties of Directors

The business and affairs of the Company are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the power of the Company that are not required by law or by the Constitution to be exercised by the Company in general meeting.

8.14.16 Indemnities

The Company indemnifies each Director or other officer of the Company to the maximum extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by that person as an officer of the Company or its related bodies corporate unless the liabilities arise out of conduct involving a lack of good faith.

The Company also indemnifies each Director or other officer of the Company to the maximum extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by the person in defending any proceedings (whether civil or criminal) relating to that person's position with the Company in which judgment is given in that person's favour or in which that person is acquitted or which are withdrawn before judgment, in connection with any administrative proceedings relating to that person's position with the Company except proceedings which give rise to proceedings (whether civil or criminal) against that person in which judgment is not given in that person's favour or in which that person is not acquitted or which arise out of conduct involving a lack of good faith or in connection with any application in relation to any proceedings (whether civil or criminal) relating to that person's position with the Company in which relief is granted to that person under the Corporations Act by the court.

The Company may, to the extent permitted by law, purchase and maintain insurance, or pay and agree to pay, a premium for insurance for each Director, alternate director and executive officer of the Company against any liability incurred by that person as an officer of the Company or its related bodies corporate, including a liability for negligence or for reasonable costs and expenses incurred in defending or responding to proceedings (whether civil or criminal and whatever the outcome).

8.14.17 Amendment

The Constitution can only be amended by special resolution passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution at a general meeting of the Company.

9. Investigating Accountant's Report



Seasons Funerals is one of Propel's funeral service providers, located in Western Australia.



25 October 2017

The Directors
Propel Funeral Partners Ltd
Suite 4 Jones Bay Wharf
26-35 Pirrama Road
Pyrmont NSW 2009

Dear Sirs/Madams

Investigating Accountant's Report and Financial Services Guide

We have been engaged by Propel Funeral Partners Limited (the "Company") to prepare this report for inclusion in the prospect to be issued by the Company (the "Prospectus") in respect of the initial public offering of ordinary shares (the "Offer") and listing of the Company on the Australian Securities Exchange.

Expressions and terms defined in the document have the same meaning in this report.

Nexia Sydney Corporate Advisory Pty Ltd holds the appropriate Australian Financial Services License under the Corporations Act 2001 for the issue of this report.

Scope

Statutory Historical Financial Information

Nexia Sydney Corporate Advisory Pty Ltd has been engaged to review the:

- statutory consolidated historical income statements for the years ended 30 June 2015, 2016 and 2017;
- statutory consolidated historical cash flow statements for the years ended 30 June 2015, 2016 and 2017; and
- statutory consolidated balance sheet as at 30 June 2017.

(together the "Statutory Historical Financial Information")

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The Statutory Historical Financial Information has been extracted from the financial report of PFP Midco Limited for the years ended 30 June 2015, 2016 and 2017, which was audited by Nexia Sydney Partnership in accordance with the Australian Auditing Standards. Nexia Sydney Partnership issued an unmodified audit opinion on the financial report.

The historical financial information is presented in the public document in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Nexia Sydney
Corporate Advisory Pty Ltd
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Sydney NSW 2000
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Australia Square NSW 1215
p +61 2 9251 4600
f +61 2 9251 7138
e info@nexiasydney.com.au
w nexia.com.au

Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omission of financial services licensees.

Nexia Sydney Corporate Advisory Pty Ltd (ABN 68 114 696 945) is an Authorised Representative of Nexia Sydney Financial Solutions Pty Ltd, AFSL No. 247300 an associated entity of Nexia Sydney Pty Ltd an independent firm of chartered accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd, deliver services in its own name or otherwise. Nexia International Limited and the member firms of the Nexia International network (including those members which trade under a name which includes NEXIA) are not part of a worldwide partnership.

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9. Investigating Accountant's Report



Pro Forma Historical Financial Information

Nexia Sydney Corporate Advisory Pty Ltd has been engaged to review the:

- pro forma consolidated historical income statements for the years ended 30 June 2015, 2016 and 2017;
- pro forma consolidated historical cash flow statements for the years ended 30 June 2015, 2016 and 2017; and
- pro forma consolidated balance sheet as at 30 June 2017.

(together the "Pro Forma Historical Financial Information")

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of the Company, after adjusting for the effects of pro forma adjustments described in section 5.2.3 of the Prospectus.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 5.2.3 of the Prospectus, as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

Forecast Financial Information

Nexia Sydney Corporate Advisory Pty Ltd has been engaged to review the:

- statutory consolidated forecast income statement and statutory consolidated forecast cash flow statement of the Company for the year ended 30 June 2018, as described in section 5.2.4 of the Prospectus (the "Statutory Forecast Financial Information"). The directors' best-estimate assumptions underlying the Statutory Forecast Financial Information are described in sections 5.8.1 and 5.8.2 of the Prospectus. The stated basis of preparation used in the preparation of the forecast is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; and
- pro forma consolidated forecast income statement and pro forma consolidated forecast cash flow statement of the Company for the year ended 30 June 2018, described in section 5.2.4 of the Prospectus (the "Pro Forma Forecast Financial Information"). The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in section 5.2.4 of the Prospectus. The stated basis of preparation used in the preparation of the Pro Forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 5.2.4 of the Prospectus, as if those events or transactions had occurred as at 1 July 2017. Due to its nature, the pro forma forecast does not represent the company's actual prospective, financial performance, and/or cash flows for the year ended 30 June 2018.

(together the "Forecast Financial Information")

The Forecast Financial Information has been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the year ended 30 June 2018. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information



since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the Forecast Financial Information are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. We do not express any opinion on the achievability of the results. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the risks and sensitivities as described in sections 6 and 5.9 of the Prospectus.

The sensitivity analysis described in section 5.9 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to use and that the information provided to use for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Directors' responsibility

The directors of the Company are responsible for the:

- preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information;
- preparation of the Forecast Financial Information, including the best-estimate assumptions underlying the Forecast Financial Information. They are also responsible for the preparation of the Pro Forma Forecast Financial Information, including the selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information.

This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Statutory Historical Financial Information, Pro Forma Historical Financial Information and Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion, based on our review, on the:

- Statutory Historical Financial Information;
- Pro Forma Historical Financial Information; and

9. Investigating Accountant's Report



- the Forecast Financial Information, the best-estimate assumptions underlying the Forecast Financial Information, and the reasonableness of the Forecast Financial Information,

We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 5.2 of the Prospectus.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 5.2.3 of the Prospectus.

Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information; and
- in all material respects, the Statutory Forecast Financial Information:
 - is not prepared on the basis of the directors' best-estimate assumptions as described in sections 5.8.1 and 5.8.2 of the Prospects; and
 - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies; and
- the Statutory Forecast Financial Information itself is unreasonable.

Pro Forma Forecast

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information do not provide reasonable grounds for the pro forma forecast; and
- in all material respects, the Pro Forma Forecast Financial Information:



- is not prepared on the basis of the directors' best-estimate assumptions, as described in sections 5.8.1 and 5.8.2 of the Prospectus; and
- is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies, applied to the Statutory Forecast Financial Information and the pro forma adjustments as if those adjustments had occurred as at 1 July 2017; and
- the Pro Forma Forecast Financial Information itself is unreasonable.

Restriction on Use

Without modifying our conclusions, we draw attention to section 5 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Nexia Sydney Corporate Advisory Pty Ltd has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

Declaration of Interest

Nexia Sydney Corporate Advisory Pty Ltd does not have any interest in the outcome of this Offer other than the preparation of this report for which normal professional fees will be received.

Nexia Sydney Audit Pty Ltd a related entity to Nexia Sydney Corporate Advisory is the current auditor for the Company. This report has been prepared independently to any work carried out as auditor by Nexia Sydney Audit Pty Ltd.

Yours faithfully,

Nexia Sydney Corporate Advisory Pty Ltd

A handwritten signature in black ink, appearing to read "B. Goldman", written over a horizontal line.

Brent Goldman

Director

(Authorised representative of Nexia Sydney Financial Solutions Pty Ltd, AFSL 247300)

9. Investigating Accountant's Report



FINANCIAL SERVICES GUIDE

Dated: 25 October 2017

What is a Financial Services Guide ("FSG")?

This FSG is designed to help you decide whether to use any of the general financial product advice provided by Nexia Sydney Corporate Advisory Pty Ltd ABN 68 114 696 945 ("NSCA"), a corporate authorised representative of Nexia Sydney Financial Solutions Pty Ltd ("NSFS"), Australian Financial Services Licence Number 247300 ("AFSL").

This FSG includes information about:

- NSCA and how they can be contacted
- the services NSCA is authorised to provide
- how NSCA are paid
- any relevant associations or relationships of NSCA
- how complaints are dealt with as well as information about internal and external dispute resolution systems, and how you can access them; and
- the compensation arrangements that NSCA has in place.

Where you have engaged NSCA we act on your behalf when providing financial services. Where you have not engaged NSCA, NSCA acts on behalf of our client when providing these financial services and are required to provide you with a FSG because you receive a report or other financial services from NSCA.

Financial Services that NSCA is authorised to provide

NSCA is a corporate authorised representative of NSFS, which holds an AFSL authorising it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products.

NSCA's responsibility to you

NSCA has been engaged by the directors of Propel Funeral Partners Limited (the "Company" or the "Client") to provide general financial product advice in the form of an investigating accountant's report to be included in the Prospectus.

You have not engaged NSCA directly but have received a copy of the report because you have been provided with a copy of the Prospectus. NSCA or the employees of NSCA are not acting for any person other than the Client.

NSCA is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the report.

General Advice

As NSCA has been engaged by the Client, the report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the report having regard to your circumstances before you act on the general advice contained in the report.



You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

Fees NSCA may receive

NSCA charges fees for preparing reports. These fees will usually be agreed with, and paid by the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay NSCA \$171,500 (excluding GST and out of pocket expenses) for preparing the report. NSCA and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this report.

Referrals

NSCA does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and Relationships

Through a variety of corporate and trust structures NSCA is controlled by and operates as part of the Nexia Sydney Pty Ltd. NSCA's directors and authorised representative may be directors and shareholders in the Nexia Sydney Pty Ltd. Mr Brent Goldman, authorised representative of NSFS and director and shareholder in the Nexia Sydney Pty Ltd, has prepared this Report. The financial product advice in the Report is provided by NSCA and not by the Nexia Sydney Pty Ltd.

From time to time NSCA, the Nexia Sydney Pty Ltd and related entities ("Nexia entities") may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Over the past two years \$206,658 (excluding GST) in professional fees has been received from the Client for Audits of financial statements and tax advice.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Proposed Transaction.

Complaints Resolution

If you have a complaint, please let NSFS know. Formal complaints should be sent in writing to:

Nexia Sydney Financial Solutions Pty Ltd
Head of Compliance
PO Box H195
Australia Square NSW 1215

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Craig Wilford, on +61 2 9251 4600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External Complaints Resolution Process

If NSFS cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

9. Investigating Accountant's Report



Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Financial Ombudsman Service Limited
GPO Box 3, Melbourne Victoria 3001

Telephone: 1300 56 55 62
Facsimile (03) 9613 6399
Email: info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation Arrangements

NSCA has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact NSCA at:

Nexia Sydney Corporate Advisory Pty Ltd
PO Box H195
Australia Square NSW 1215

10. Additional Information



Gears Funeral Home is one of Propel's funeral service providers, located in New Zealand.

10. Additional Information

10.1 REGISTRATION

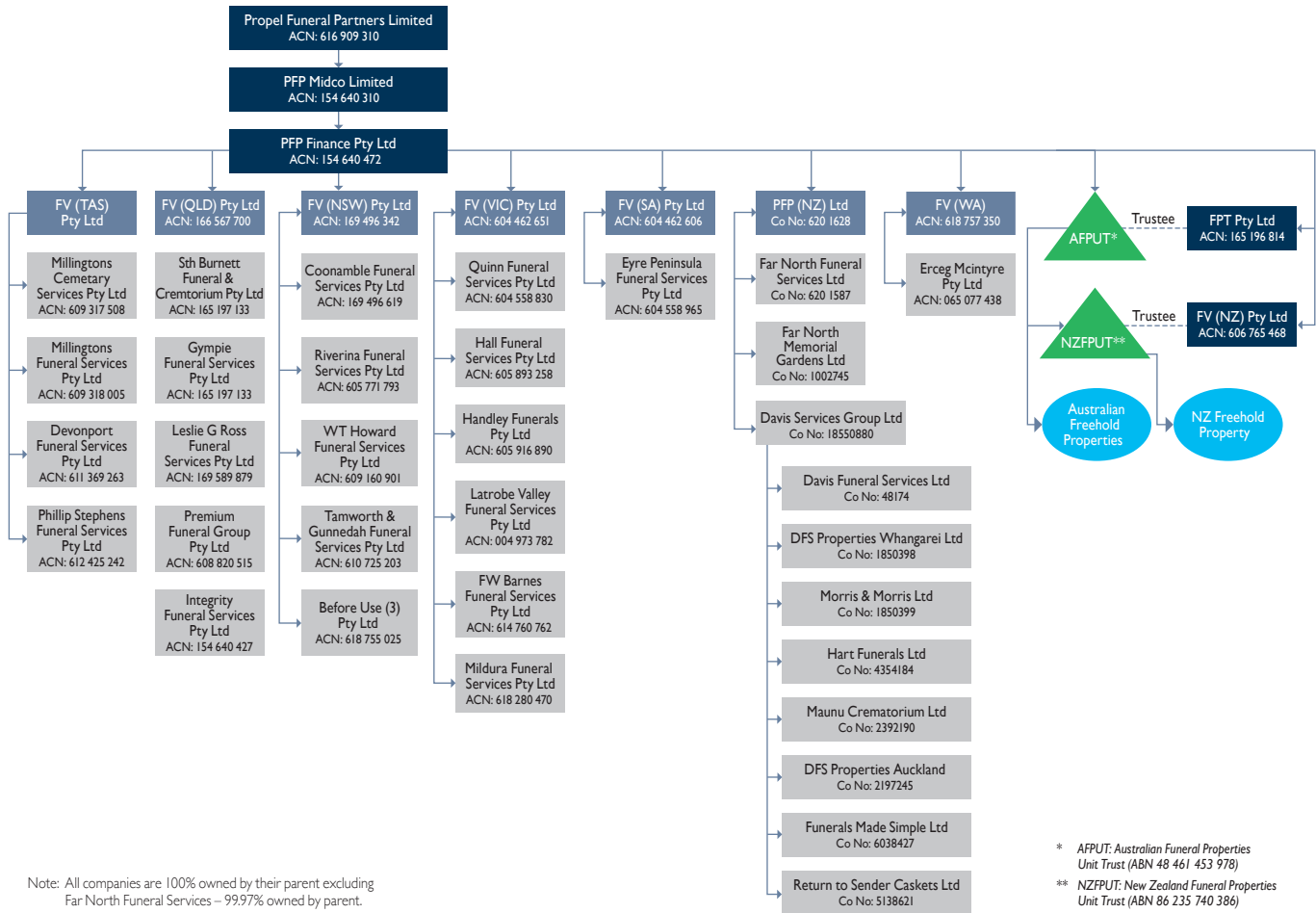
The Company was registered in Victoria on 19 January 2017 under the name ACN 616 909 310 Pty Ltd. The Company changed its status to be a public company on 1 September 2017 and its name to Propel Funeral Partners Limited on or around 11 October 2017.

10.2 COMPANY TAX STATUS

The Company is, and will be, subject to tax at the Australian corporate tax rate on its taxable income. Propel's financial year ends on 30 June annually.

10.3 CORPORATE STRUCTURE

Set out below is Propel's corporate structure after Completion of the Offer:



Note: All companies are 100% owned by their parent excluding Far North Funeral Services – 99.97% owned by parent.

* AFPUT: Australian Funeral Properties Unit Trust (ABN 48 461 453 978)

** NZFPUT: New Zealand Funeral Properties Unit Trust (ABN 86 235 740 386)

10.4 RESTRUCTURE

In anticipation of Listing, the Company and PFP Midco (among others) have entered into certain contractual arrangements to implement a restructure (**Restructure**) pursuant to which (among other things) PFP Midco will become a wholly owned subsidiary of the Company.

In consideration for selling their shares in PFP Midco to the Company, the shareholders of PFP Midco had the right to receive either Shares and/or cash. Under the constitution of PFP Midco, the shareholders of PFP Midco were required to sell a minimum percentage of 20% of their shares in PFP Midco for cash. In fact, the shareholders of PFP Midco have elected to receive 24% of their consideration as cash (i.e. 76% of their shares in PFP Midco for Shares).

Prior to the Restructure, PFP Midco had on issue \$34.9 million worth of Notes. As part of the Restructure, PFP Midco will, with the consent of the holders of the Notes, assign the Notes to the Company. The Notes will be repaid as part of the Restructure. The holders of the Notes (many of whom were also shareholders of PFP Midco) have the right (but not the obligation) to receive Shares (at no discount to the Offer Price) rather than receiving cash. 90% of the holders of the Notes have elected to receive Shares. Following the Restructure, no Notes will remain outstanding.

The transactions described above will become effective on ASX granting conditional approval to the listing of the Shares on ASX and the Board resolving to proceed with the Listing following receipt of such conditional approval. All Shares issued as a result of the Restructure to existing shareholders of PFP Midco and Noteholders who elect to receive some or all of their consideration as Shares will be issued under this Prospectus.

The Restructure will not have any effect on the subsidiaries which operate the various businesses in Australia and New Zealand.

10.5 MANAGEMENT AGREEMENT

The Company has entered into the Management Agreement with the Manager prior to the date of this Prospectus with respect to the management services to be provided by the Manager to Propel. Set out below is a summary of the material terms of the Management Agreement.

Services

The Manager must provide management services. The management services are limited to investment opportunities in the funeral or death care industry. The Manager must also provide or procure the provision of reasonable administrative support services reasonably required by the Company to conduct its business. These services may include:

- maintenance of the corporate and statutory records of the Company;
- liaison with ASX with respect to compliance with the ASX Listing Rules;
- liaison with ASIC with respect to compliance with the Corporations Act;
- liaison with the share registrar of the Company; and
- the provision of information necessary for the maintenance of financial accounts of the Company to be completed.

Permitted investments

The Manager is permitted to undertake investments on behalf of the Company without Board approval provided the investments are within the Investment Strategy. Any changes or amendments to the Investment Strategy requires the consent of both the Company and the Manager.

Powers of the Manager

Subject to the Corporations Act, the Listing Rules and the investment strategy agreed with the Company from time-to-time, the Manager has the powers necessary to manage Propel including arranging for the Company's assets to be valued and may, on behalf of the Company, invest money constituted in or available to Propel, and make, hold, realise and dispose of any of Propel's investments.

Delegation

The Manager may delegate to any person, including any related body corporate of the Manager, the power to perform any or all of the duties and obligations imposed on the Manager by the Management Agreement. The Company must ratify all such delegations. The Manager does not currently have any related bodies corporate.

Exclusivity

During the Initial Term, the Manager will provide the management services to the Company on an exclusive basis. Accordingly, during the Initial Term, the Manager is precluded from providing similar management services in connection with the death care industry to anyone other than the Company.

The Company appoints the Manager on an exclusive basis and must not assume the role of 'manager' itself or appoint any other person to provide services within the scope of the management services or invest in industries other than the funeral or death care industry during the term of the Management Agreement.

10. Additional Information

Confidentiality

To protect the confidentiality of information related to the Company and its assets, the Manager has provided various confidentiality undertakings in the Management Agreement. These undertakings are consistent with market practice. Importantly these undertakings prohibit the Manager from disclosing the Company's information without the Company's prior consent; and effectively require the Manager to take all reasonable, proper and effective precautions to maintain the confidential nature of the Company's information.

The Company has given the same undertakings to the Manager to not disclose the Manager's confidential information without the Manager's prior consent.

Related party protocols

The Manager is not prohibited under the Management Agreement from acquiring assets from, or disposing assets to, a related party.

Any director fees or other monetary benefits, fees or commissions that the Manager or any related body corporate or associate of the Manager (including any of the Manager's nominees on the Board) receives (directly or indirectly) from the Company or one of its subsidiaries will be deducted from the fees that would otherwise be payable to the Manager under the Management Agreement.

Amendment

The Management Agreement may only be altered by the agreement of the Company and the Manager. The Company and the Manager have agreed that they will only make material changes to the Management Agreement if the Company has obtained shareholder approval for these material changes.

Change of control provisions

The Manager has no right to terminate the Management Agreement in the event of a change of control of the Company. Similarly, the Company has no right to terminate the Management Agreement in the event of a change of control of the Manager.

The Management Agreement does not contain any pre-emptive rights over Propel's assets which are exercisable by either the Company, the Manager or a related entity of the Manager in the event of a change of control of either the Company or the Manager.

Company indemnity

The Company must indemnify the Manager against any claims, demands, suits, actions, liabilities, direct losses, fees, costs, charges, expenses or outgoings suffered or incurred by the Manager arising from or in connection with any gross negligence, fraud or dishonesty on the part of the Company or its officers, employees or representatives except to the extent that the liability was caused by the Manager or any of its officers, employees or representatives. This obligation continues after the termination of the Management Agreement.

Manager's liability

Subject to the Corporations Act and the Listing Rules, the Manager will, in relation to all the powers, authorities and discretions vested in it, have absolute and uncontrolled discretion as to:

- whether or not to exercise them; and
- the manner or mode of, and time for, their exercise.

Manager indemnity

The Manager indemnifies the Company against any claims, demands, suits, actions, liabilities, direct losses, fees, costs, charges, expenses or outgoings suffered or incurred by the Company arising from or in connection with any gross negligence, fraud or dishonesty on the part of the Manager or its officers, employees or representatives except to the extent that the liability was caused by the Company or any of its officers, employees or representatives.

Fees

During the Initial Term, the Manager is entitled to be paid by the Company the Administration Fee and the Performance Fee.

Administration Fee

The Manager will be paid an Administration Fee of \$240,000 (plus GST) per annum (payable quarterly in arrears). The Administration Fee is escalated by CPI annually. The Administration Fee is payable regardless of the performance of the Company.

Performance Fee

The Manager is entitled to be paid by the Company a fee in respect of each Calculation Period (**Performance Fee**) calculated as follows:

- if the annualised Total Shareholder Return (including dividends) in a Calculation Period is less than or equal to the Benchmark, the Performance Fee for that Calculation Period will be zero; and
- if the annualised Total Shareholder Return (including dividends) in a Calculation Period is greater than the Benchmark, the Performance Fee for that Calculation Period will be 20% of the absolute dollar value that the Total Shareholder Return outperforms the Benchmark.

Total Shareholder Return (**TSR**) means the number, calculated and expressed as a percentage, as follows:

$$(\mathbf{CP} - \mathbf{OP} + \mathbf{D} + \mathbf{FC}) \div \mathbf{OP}$$

where:

“**CP**” is the average of the daily VWAP for the 10 trading days up to and including the last day of the relevant Calculation Period, unless there is a Control Transaction in which case the CP shall be the highest price paid by the offeror in connection with the Control Transaction;

“**OP**” in respect of Calculation Periods is the “CP” in respect of “TSR” for the immediately preceding Calculation Period (subject to appropriate adjustment in respect of any reconstruction, consolidation, division or reclassification of shares into a lesser or greater number of shares, other than a buyback or capital reduction, during that period). For the first Calculation Period, the OP is the Issue Price. For subsequent Calculation Periods, the OP is the CP in respect of the “TSR” for the immediately preceding calculation period;

“**D**” is dividends or other distributions per share paid or payable to shareholders, or the value of entitlements other than cash dividends or distributions where those other entitlements are given or due to shareholders where the shares were quoted “ex” dividend, distribution or other entitlement on ASX in respect of such dividend, distribution or other entitlement at any time during the relevant calculation period; and

“**FC**” represents the income tax per share that the Company has already paid on the dividends or other distributions per share paid or payable to shareholders, and is calculated by dividing the product of D and the Company’s tax rate by $1 - \text{the Company’s tax rate}$.

The Outperformance Amount shall be calculated as follows:

$$\mathbf{Outperformance\ Amount} = \mathbf{CMC} - (\mathbf{OMC} \times (\mathbf{1} + \mathbf{Benchmark})^\#) + \mathbf{DA} + \mathbf{FCA} - \mathbf{NC}$$

Where:

“**CMC**” is the closing market capitalisation of the Company at the end of the relevant Calculation Period. The market capitalisation shall be calculated by multiplying the number of shares on the last day of the relevant Calculation Period by the average of the daily VWAP for the last 10 trading days up to and including the last day of that period;

“**OMC**” is the opening market capitalisation of the Company at the beginning of the relevant Calculation Period. The market capitalisation shall be calculated by multiplying the number of shares on the first day of the relevant Calculation Period by the average of the daily VWAP for the last 10 trading days up to and including the first day of that period;

“**DA**” is the aggregate of all dividends or other distributions in respect of all shares paid or payable to shareholders, or the value of entitlements other than cash dividends or distributions where those other entitlements are given or due to shareholders where the shares were quoted “ex” dividend, distribution or other entitlement on ASX in respect of such dividend, distribution or other entitlement at any time during the relevant Calculation Period;

“**FCA**” is the aggregate of all franking credits that have been distributed or will be distributed to the Company’s shareholders during the relevant Calculation Period; and

“**NC**” is the aggregate dollar value of any new capital subscribed for shares during the relevant Calculation Period, calculated at the subscription price for that new capital.

Where the Outperformance Amount is a negative number, it is to be carried forward to the following Performance Calculation Period(s) until it has been recouped in full against future positive Outperformance Amount(s). No Performance Fees will be payable until the full recoupment of prior underperformance (i.e. negative Outperformance Amount(s)).

[#] In a Calculation Period which is a full financial year, $1 + \text{Benchmark}$ equates to 1.08 (i.e. $1 + 8\%$). In a Calculation Period which is less than a full financial year, the Benchmark shall be reduced on a pro-rata basis. For example, in a 9 month Calculation Period, $1 + \text{Benchmark}$ would equate to 1.06 (i.e. $1 + 8\% \times (9/12)$).

10. Additional Information

Performance Fee – worked example		Year 1	Year 2	Year 3
OP	\$ps	\$2.70	\$2.80	\$2.85
CP	\$ps	\$2.80	\$2.85	\$3.00
D	\$ps	\$0.09	\$0.10	\$0.10
FC	\$ps	\$0.04	\$0.04	\$0.04
Number of shares on issue	m	98.2	107.1	107.1
TSR	%	8.7%	6.8%	10.3%
Benchmark	%	8.0%	8.0%	8.0%
OMC	\$m	\$265.0	\$274.9	\$305.2
CMC	\$m	\$274.9	\$305.2	\$321.3
DA	\$m	\$9.3	\$10.5	\$10.7
FCA	\$m	\$4.0	\$4.5	\$4.6
NC	\$m	\$0.0	\$25.0	\$0.0
Outperformance Amount	\$m	\$1.9	(\$1.6)	\$6.9
Recoupment of prior negative Outperformance Amount	\$m	\$0.0	\$0.0	(\$1.6)
Outperformance Amount (aggregate)	\$m	\$1.9	(\$1.6)	\$5.3
Performance Fee (20%) ex GST	\$m	\$0.4	\$0.0	\$1.1

The Manager may, by notice to the Company (**Notice**) and subject to any approvals required for the purposes of the Corporations Act or the ASX Listing Rules, require the Company to pay up to a maximum of 50% of the amount of the Performance Fee for any relevant Calculation Period by the issue of shares to the Manager (or as it directs). To determine the price per Share at which shares are to be issued to the Manager (or as it directs) under this clause, the VWAP for the 10 trading days up to and including the date of the Notice shall be used. Any shares issued to the Manager in connection with the Performance Fee will not be subject to escrow arrangements.

Management Fee

After the Initial Term, the Manager will be entitled to be paid a quarterly Management Fee in cash and in return for the performance of its duties as Manager of Propel. The Management Fee will be paid in addition to Administration Fees and any Performance Fees (detailed above). Each quarter, the Management Fee will be equal to 0.375% (plus GST) of the Company's market capitalisation. The Management Fee will be calculated at the end of each quarter ending after the Initial Term and will be payable in arrears.

The Company's Market Capitalisation shall be calculated by multiplying the number of shares on issue on the last business day of the relevant quarter by the daily VWAP of shares for the previous 10 trading days.

The Management Fee is to be paid to the Manager regardless of the performance of the Company. The Management Fee will increase as the Company's Market Capitalisation increases, and decrease if the Company's Market Capitalisation decreases.

Expenses

The Company must pay or reimburse the Manager for the fees, costs and expenses (excluding the costs incurred by the Manager in engaging its own officers and employees) properly incurred in connection with the investment and management of Propel or the acquisition, disposal or maintenance of any investment, including:

- fees payable to any securities exchange, ASIC, share register, or other regulatory body; and
- all costs, stamp duties, financial institution duties, bank account fees, legal fees and other duties, taxes, fees, disbursements and expenses, commissions and brokerage fees incurred by the Company in connection with:
 - the acquisition and negotiation of any investment or proposed investments;
 - any sale or proposed sale, transfer, exchange, replacement or other dealing or proposed dealing with or disposal or proposed disposal of any investment;
 - the receipt of income or other entitlements from the Company's assets;
 - the engagement of a custodian to hold any security owned by Propel;
 - outgoings in relation to the Company's assets such as rates, levies, duties, taxes and insurance premiums;
 - all accounting and audit costs of the Company; and
 - marketing expenses including website and research reports.

Assignment

Neither the Manager nor the Company may assign the Management Agreement without the prior written consent of the other.

Representatives on the Board

Subject to the Corporations Act, the Constitution and the fiduciary and other duties of the Directors from time to time, the Company must take such steps as are necessary to ensure the appointment and continuation in office as Directors during the term of the Management Agreement of such number of persons nominated by the Manager from time to time, provided that number is less than half of the number of Directors appointed at any point in time.

If the Manager's nominees are either not appointed, are removed or are not re-elected by the Company at a general meeting, the Manager may nominate an equal number of persons to attend meetings of the Board in the capacity as observers. Such observers shall have no right to vote, but shall have the right to speak at, attend and receive notices of, meetings of the Board.

The Manager may nominate one of its nominees to be the Managing Director of the Company.

The persons nominated by the Manager as Directors or observers shall not be paid any director or observer fee by the Company.

Term of Agreement

The initial term of the Management Agreement is 10 years from Completion of the Offer, which will be automatically extended for successive five year periods, unless terminated earlier in accordance with the Management Agreement.

The Management Agreement gives the Company certain termination rights. The Company may terminate the Management Agreement after the Initial Term on three months' notice if Shareholders pass an ordinary resolution directing the Company to terminate the Manager's appointment. If the Company terminates the Management Agreement in this way, it must pay to the Manager:

- a termination fee equal to all Fees that accrued in the 12 month period up to the date of termination; and
- any other accrued but unpaid Fees owing to the Manager.

The Management Agreement also gives the Company the right to immediately terminate if the Manager becomes insolvent or breaches its obligations under the Management Agreement in a material respect. No termination fee is payable to the Manager if the Management Agreement is terminated in accordance with these rights.

The Manager may terminate the Management Agreement at any time after the Initial Term by giving the Company at least six months' written notice.

After termination

If the Management Agreement is terminated by the Company following a Shareholder resolution, the Company must call a general meeting to change the Company's name by removing the word "Propel". If the Company's name has not been changed within 3 months of the date of termination, the Manager will grant the Company a personal, non-transferable licence to use the "Propel" name for so long as the Company's name includes the word "Propel". In consideration for this licence, the Company must pay the Manager an annual licence fee (in advance) equal to 0.2% of the Market Capitalisation calculated on the date of termination and each subsequent anniversary of that date.

10.6 UNDERWRITING AGREEMENT

The Shares offered to New Shareholders under the Offer is underwritten by Bell Potter pursuant to the Underwriting Agreement. Under the Underwriting Agreement, Bell Potter has agreed to arrange, manage and underwrite the Shares offered to New Shareholders under the Offer. The following is a summary of the principal provisions of the Underwriting Agreement.

For the purpose of this Section 10.6, 'Offer Documents' means the documents issued or published by or on behalf of the Company in respect of or relating to the Offer including:

- this Prospectus, any Application Forms, the "pathfinder prospectus" prepared and distributed in connection with the Offer and any supplementary prospectus;
- the "confirmation letters" sent by Bell Potter to investors under the Institutional Offer; and
- the roadshow presentation materials or other information provided to prospective investors approved by the Company to conduct the marketing of the Offer.

For the purpose of this Section 10.6, 'Offer Proceeds' means the amount raised under the Offer, less the amount raised under the Priority Offer.

10.6.1 Commissions, fees and expenses

The Company has agreed to pay Bell Potter:

- a management fee equal to 0.75% (plus GST, if any) of the Offer Proceeds; and
- a selling/underwriting fee equal to 2.00% (plus GST, if any) of the Offer Proceeds.

In addition to the above amounts, the Company may pay Bell Potter an incentive fee equal to 0.25% (plus GST, if any) of the Offer Proceeds at the discretion of the Company.

In addition to the fees described above, the Company has agreed to reimburse Bell Potter for certain agreed costs and expenses, including certain legal expenses, incurred by Bell Potter in relation to the Offer.

10. Additional Information

10.6.2 Termination events

Bell Potter may terminate the Underwriting Agreement at any time prior to Completion of the Offer or such other time as specified below on the occurrence of any of the following events:

- a statement contained in this Prospectus or other Offer Document is found to be misleading or deceptive or likely to mislead or deceive, or a matter required by the Corporations Act is omitted from this Prospectus (having regard to sections 710, 711 and 716 of the Corporations Act) or if any statement in this Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of this Prospectus becomes misleading or deceptive or likely to mislead or deceive;
- this Prospectus or other Offer Document or any aspect of the Offer does not comply with the Corporations Act, the ASX Listing Rules or any other applicable law or regulation;
- any forecast or forward looking statement in this Prospectus or other Offer Document becomes incapable of being met or unlikely to be met in the projected time;
- approval is refused or not granted, other than subject to standard conditions customarily imposed, for the Company's admission to the Official List or official quotation of all of the Shares on ASX on or before the Completion of the Offer or if approval is granted, such approval is subsequently withdrawn, qualified or withheld before Completion of the Offer, other than subject to standard conditions customarily imposed;
- the Company withdraws this Prospectus or any supplementary prospectus or the Offer;
- the Company lodges a supplementary prospectus without the consent of Bell Potter, or fails to lodge a supplementary prospectus in a form acceptable to the Bell Potter or, in Bell Potter's reasonable opinion, becomes required to lodge a supplementary prospectus because of a circumstance set out in section 719(1) of the Corporations Act and fails to do so;
- any of the documents relating to the Escrowed Shares are withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- any of the following occurs:
 - any government agency or regulatory body commences any public action against the Company, any member of Propel or the Manager or any of their respective directors or announces that it intends to take such action;
 - the Company, PFP Midco, the Manager or any of their respective directors or officers engage, or have been engaged in, any fraudulent activity, whether or not in connection with the Offer;
 - any director or senior executive of the Company or the Manager is charged with an indictable offence relating to a financial or corporate matter; or
 - any director of the Company or the Manager is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- a new circumstance occurs in relation to the Company that has arisen since this Prospectus was lodged with ASIC that would have been required to be included in this Prospectus if it had arisen before this Prospectus was lodged with ASIC and which is materially adverse from the point of view of an investor within the meaning of section 719 of the Corporations Act;
- ASIC or any other government agency commences or threatens to commence any hearing, inquiry, investigation, proceedings or prosecution, or takes any regulatory action or seeks any remedy, in connection with the Company, the Manager, the Offer, the Offer Documents or the Restructure;
- a person other than ASIC or any other government agency commences any inquiry, investigation or proceedings, or takes any regulatory action or seeks any remedy, in connection with the Company, the Manager, the Offer, the Offer Documents or the Restructure;
- a judgment in an amount exceeding \$100,000 is obtained against the Company, PFP Midco or a Related Body Corporate (as that term is defined in the Corporations Act) and is not set aside or satisfied within 21 days;
- any of the following occurs:
 - ASIC applies for an order under section 1324B or 1325 of the Corporations Act in relation to the Offer, this Prospectus or other Offer Document, and the application is not dismissed or withdrawn before the Completion of the Offer;
 - ASIC gives notice of intention to hold a hearing in relation to the Offer or this Prospectus or other Offer Document under section 739(2) of the Corporations Act or makes an order under section 731 of the Corporations Act or an interim order under section 739(3) of the Corporations Act; or
 - an application is made by ASIC for an order under Part 9.5 in relation to the Offer or this Prospectus or other Offer Document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer, this Prospectus or other Offer Document;
- any person (other than Bell Potter) gives a notice under section 733(3) of the Corporations Act or any person who has previously consented to the inclusion of their name in this Prospectus (or any supplementary prospectus) or to be named in this Prospectus withdraws their consent after lodgement;
- ASX withdraws, revokes or amends any waiver, confirmations and/or approvals issued by it or ASIC withdraws, revokes or amends any modification or exemption issued by it;
- any person gives a notice under section 730 of the Corporations Act in relation to this Prospectus;
- the Company, PFP Midco or Propel passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of Bell Potter;

- the S&P/ASX 200 Index closes at a level that is 10% or more below the level of that index at 5.00pm (Sydney time) on the trading day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 2 consecutive trading days;
- any event set out in the timetable in this Prospectus is delayed for more than two Business Days, unless Bell Potter consents to a variation (which consent must not be unreasonably withheld or delayed);
- any circumstance arises after lodgement of this Prospectus that results in the Company either repaying the Application Monies (other than to Applicants whose Application Forms were not accepted in whole or in part or which were rejected in accordance with the Underwriting Agreement) or offering Applicants an opportunity to withdraw their Application Form and be repaid their Application Monies;
- any of the following occurs:
 - any of the documents relating to the Restructure are terminated or the Restructure does not occur;
 - an event occurs which entitles a party to terminate any of the documents relating to the Restructure or which prevents, or is reasonably likely to prevent, the Restructure from completing in accordance with the terms of the documents relating to the Restructure;
 - there is a material breach of the documents relating to the Restructure including a failure to satisfy a condition precedent to completion of any of the documents relating to the Restructure;
 - a condition precedent to completion of any of the documents relating to the Restructure, in the reasonable opinion of Bell Potter, becomes incapable of being satisfied;
 - a party waives any rights it may have under any of the documents relating to the Restructure; or
 - any of the documents relating to the Restructure are amended without Bell Potter's prior written consent;
- any of the following occurs:
 - the Management Agreement is terminated;
 - an event occurs which entitles a party to terminate the Management Agreement;
 - there is a material breach of the Management Agreement;
 - a party waives any rights it may have under the Management Agreement; or
 - the Management Agreement is amended without Bell Potter's prior written consent;
- a party to the Underwriting Agreement (other than Bell Potter) does not provide a closing certificate in the manner required by the Underwriting Agreement;
- the Company, Propel, or the Manager is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act; or
- the Company is prevented from allotting or issuing the Shares within the time required by the Underwriting Agreement, the Offer Documents, the ASX Listing Rules, by any other applicable laws, or any order of a court of competent jurisdiction or a government agency.

10.6.3 Termination events subject to materiality

Bell Potter may terminate the Underwriting Agreement at any time prior to Completion of the Offer or such other time as specified below on the occurrence of any of the events set out below if Bell Potter has reasonable grounds to believe that such event has had or is likely to have (1) a material adverse effect on the marketing, outcome or Completion of the Offer, the willingness of investors to subscribe for the Shares, or the subsequent market for the Shares, or (2) has given rise to, or is likely to give rise to, a contravention by Bell Potter of, or Bell Potter being involved in a contravention of, the Corporations Act or any other applicable law or a liability for Bell Potter under any applicable law or regulation or rule of any stock exchange or regulatory body:

- information supplied by or on behalf of the Company to Bell Potter in relation to the due diligence process, the Shares, Propel, the Offer, or the Offer Documents is or becomes untrue, incorrect, misleading or deceptive (including by omission);
- any material adverse change occurs (including any change in the assets, liabilities, share capital, share structure, financial position or performance, profits, losses or prospects of the Company or Propel as a whole (insofar as the position in relation to a member of Propel affects the overall position of the Company)), or an event occurs which is likely to give rise to a material adverse change in or affecting the general affairs, management, assets, liabilities, financial position or performance, profits, losses, prospects or condition, financial or otherwise of the Company or Propel, including:
 - any change in the earnings, prospects or forecasts of the Company or Propel from those disclosed in this Prospectus;
 - any change in the nature of the business conducted by Propel or proposed to be conducted by the Company and Propel;
 - the insolvency or voluntary winding up of the Company or a member of Propel or the appointment of any receiver, receiver and manager, liquidator or other external administrator;
 - any material adverse change to the rights and benefits attaching to the Shares; or
 - any change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Issuer from those respectively disclosed in this Prospectus;

10. Additional Information

- a contract that is material to Propel:
 - is, without the prior written consent of Bell Potter (such consent not to be unreasonably withheld), amended or varied;
 - is breached;
 - is terminated (whether by breach or otherwise);
 - ceases to have effect, otherwise than in accordance with its terms; or
 - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and effect, or its performance is or becomes illegal;
- any ASX condition affecting ASX in giving final approval to quotation of the underwritten Shares is not completed, fulfilled or waived by ASX so as to result in the underwritten Shares being not granted official quotation by the date agreed in the Underwriting Agreement;
- any of the following occurs which does or is likely to prohibit, restrict or regulate the Offer or materially reduce the likely level of valid Applications or materially affects the financial position of the Company or has a material adverse effect of the success of the Offer:
 - the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia, New Zealand, the United Kingdom, the United States of America or the Peoples Republic of China;
 - the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory; or
 - the adoption by ASX, ASIC or the Reserve Bank of Australia or their respective delegates of any regulations or policy;
- the Company, a Related Body Corporate or the Manager contravenes the Corporations Act, the Company's constitution, the ASX Listing Rules, its constitution, or any other applicable law or regulation;
- trading in securities generally has been suspended or materially limited, for at least one trading day, by any of the New York Stock Exchange, the London Stock Exchange, the Hong Kong Stock Exchange, New Zealand Stock Exchange or ASX (this event does not apply to a suspension due to an electronic malfunction, a power outage or technology hacking attack);
- any of the warranties or representations by the Company or PFP Midco in the Underwriting Agreement or the engagement letter between PFP Midco and the Company (in the case of PFP Midco) are breached or are or become false, misleading or incorrect;
- the Company or PFP Midco is in default of any of the material terms and conditions of the Underwriting Agreement or breaches any undertaking or covenant given or made by it under the Underwriting Agreement and that default or breach is either incapable of remedy or is not remedied within ten Business Days after being given notice to do so by Bell Potter;
- without the prior written consent of Bell Potter, the Company or Propel:
 - disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in this Prospectus;
 - ceases or threatens to cease to carry on business;
 - alters its capital structure (debt or equity), other than as contemplated in this Prospectus;
 - amends the Company's constitution or any other constituent document of the Company; or
 - amends the terms of issue or transfer of the Shares;
- any of the following occurs:
 - a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
 - any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in, Australia, the United States of America, China, Japan, the United Kingdom, or the international financial markets or any adverse change in national or international political, financial or economic conditions, in each case the effect of which is that, in the reasonable opinion of Bell Potter, it is impracticable to market the Offer or to enforce contracts to issue, allot or transfer the Shares or that the success of the Offer is likely to be adversely affected; or
 - after the date of the Underwriting Agreement, a change or development (which was not publicly known prior to the date of the Underwriting Agreement) involving a prospective adverse change in taxation affecting Propel or the Offer occurs;
- an outbreak of hostilities, political or civil unrest (whether or not war or a national emergency has been declared) not presently existing, or a major escalation in existing hostilities, political or civil unrest occurs, or a major act of terrorism occurs in or involving Australia, New Zealand, the United Kingdom, the United States of America, any member of the European Union, Hong Kong, Japan, Singapore or the People's Republic of China;
- an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government agency which makes it illegal for Bell Potter to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Offer;
- other than as contemplated in this Prospectus, a change to the board of directors of the Company, Propel or the Manager occurs, or Lilli Gladstone ceases employment with the Manager or Fraser Henderson or Albin Kurti cease to be an officer of the Manager, or give notice of their intention to cease employment or being an officer (as the case may be), with the Manager;

- except as contemplated in this Prospectus, an event specified in section 652C(1) or section 652C(2) Corporations Act, but replacing 'target' with 'Issuer';
- a member of Propel charges or agrees to charge or creates any encumbrance over, the whole, or a substantial part of its business or property, other than as disclosed in this Prospectus;
- a statement in any certificate is false, misleading, inaccurate or untrue or incorrect; or
- the Company or Propel issues a public statement concerning the Offer after the date of the Underwriting Agreement which has not been approved by Bell Potter, acting reasonably.

10.6.4 Conditions, representations, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company to Bell Potter as well as conditions precedent to the benefit of Bell Potter, including conclusion of appropriate due diligence investigations and documentation, the Company being capable of accepting Applications, entry into restriction agreements in respect of the Escrowed Shareholders, the Management Agreement not being terminated prior to Completion of the Offer, and ASX indicating that it will grant permission for admission of the Company to the Official List.

The representations and warranties given by the Company and PFP Midco relate to matters such as power and authorisations, the Management Agreement, information provided by the Company, the financial information of the Company, the Restructure, information in the Offer Documents, the conduct of the Offer and compliance with laws, the ASX Listing Rules and other applicable laws material to the business, material contracts, litigation and authorisations.

The undertakings given by the Company and PFP Midco include, among others, that it will complete the Restructure prior to Completion of the Offer, perform its obligations under the Underwriting Agreement, comply with and observe applicable laws, inform Bell Potter in writing of any breach or default of the Underwriting Agreement, and keep Bell Potter informed of any material adverse change to the Company's financial position during the term of the Underwriting Agreement.

10.6.5 Indemnity

Subject to certain exclusions relating to fraud, gross negligence or wilful misconduct of Bell Potter and certain closely related parties, the Company agrees to keep Bell Potter and certain closely related parties indemnified from losses suffered in connection with the Offer.

10.7 OTHER MATERIAL AGREEMENTS

Summaries of contracts set out in this Prospectus (including but not limited to summaries set out in this Section 10), are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts themselves.

10.7.1 Deeds of indemnity, insurance and access

As provided in section 7.3.2.2, the Company has entered into deeds of confirmation with each Director to accede into the Deeds of Indemnity, Insurance and access previously entered into between the Directors and PFP Midco. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each officer in respect of certain liabilities which the officer may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

10.8 CONSENTS TO BE NAMED AND DISCLAIMERS OF RESPONSIBILITY

Each of the parties referred to below (each a **Consenting Party**), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties has given, and has not, before the lodgement of this Prospectus with ASIC, withdrawn their written consent to being named in this Prospectus in the form and context in which it is named:

- Bell Potter as Lead Manager in relation to the Offer;
- KardosScanlan Pty Ltd as Australian legal adviser (other than in respect of taxation) to the Company in relation to the Offer;
- Nexia has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements by it, including its Investigating Accountant's Report in Section 9 and the statements specifically attributed to it in the text of, or by a footnote in, this Prospectus, in the form and context in which they are included (and all other references to that report and those statements) in this Prospectus;
- Nexia Audit has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the auditor to Propel in the form and context in which it is named in this Prospectus; and
- Link Market Services Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the share registry to Propel in the form and context in which it is named in this Prospectus.

No entity or person referred to above has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the persons and entities referred to in this Section 10.8 has not authorised or caused the issue of this Prospectus and does not make any offer of Shares.

10. Additional Information

10.9 COSTS OF THE OFFER

If the Offer proceeds, the total estimated costs in connection with the Offer (including advisory, legal, accounting, tax, listing and administrative fees, the Lead Manager fees, Prospectus design and printing, advertising, marketing, Share Registry and other expenses) are currently estimated to be \$6.4 million.

The Company has engaged Bell Potter to act as Lead Manager. The Company has paid, or agreed to pay, the Lead Manager the fees described in Section 10.6.

KardosScanlan Pty Ltd has acted as Australian legal adviser (other than in respect of taxation) to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately \$0.175 million (plus disbursements and GST) for these services up to the Prospectus Date. Further amounts may be paid to KardosScanlan Pty Ltd in accordance with its normal time-based charge-out rates.

Nexia has acted as the Investigating Accountant on the Financial Information in relation to the Offer, and has performed work in relation to its Investigating Accountant's Report in Section 9. The Company has paid, or agreed to pay, approximately \$0.165 million (any expensed in year ended 30 June 2017) (plus disbursements and GST) to Nexia for these services up to the Prospectus Date. Further amounts may be paid to Nexia in accordance with its normal time-based charge-out rates.

10.10 TAXATION CONSIDERATIONS

The following comments provide a general summary of the Australian income tax, capital gains tax (CGT), goods and services tax (GST) and stamp duty issues for investors who acquire Shares under this Prospectus.

The categories of investors considered in this summary are limited to individuals, complying superannuation entities and certain companies, trusts or partnerships, each of whom holds their shares on capital account.

This summary does not consider the consequences for investors who are insurance companies, banks, investors that hold their shares on revenue account for or carry on a business of trading in shares or investors who are exempt from Australian tax. This summary does not cover the consequences for investors who are subject to Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements or TOFA regime).

This summary is based on the tax laws in Australia in force as at the Prospectus Date (together with established interpretations of those laws), which may change. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law.

Given that the precise implications of ownership or disposal of Shares will depend upon each investor's specific circumstances, investors should obtain independent advice on the taxation implications of holding or disposing of Shares, taking into account their specific circumstances (including whether they are an Australian tax resident).

10.10.1 Dividends paid on Shares – Australian tax resident investors

10.10.1.1 Individuals and complying superannuation entities

Where dividends on a Share are distributed, those dividends should constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend. If the investor satisfies the "qualified person" rules (refer to further comments below), the investor should also include any franking credit attached to the dividend in their assessable income. However such an investor should be entitled to a tax offset equal to the franking credit. The tax offset can be applied to reduce the income tax payable on the investor's taxable income. Where the tax offset exceeds the income tax payable on the investor's taxable income in an income year, the investor should be entitled to a tax refund equal to the amount of the excess.

Where a dividend is unfranked, the investor should generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

10.10.1.2 Companies

Corporate investors should be required to include both the dividend and associated franking credit in their assessable income, subject to satisfaction of the qualified person rules. A tax offset should then be allowed up to the amount of the franking credit on the dividend. In addition, the corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit attached to the distribution received. Such a corporate investor can then pass on the benefit of the franking credits to its own investor(s) on the payment of dividends by the corporate investor.

Where franking credits received by a corporate investor exceed the income tax payable by that investor, the excess cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

10.10.1.3 Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include dividend in their assessable income in determining the net income of the trust or partnership. Subject to satisfaction of the qualified person rules, such investors should also include any franking credit attached to the dividend in their net income. As a result, a relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the investor.

Notably, as the qualified person rules can be complex in the context of distributions received indirectly via a trust or partnership, it is recommended that investors seek independent advice on the tax consequences arising in these circumstances.

10.10.1.4 Qualified person rules

The benefit of franking credits can be denied where an investor does not satisfy the qualified person rules, in which case the investor should not be required to include an amount for the franking credits in their assessable income and should also not be entitled to a tax offset.

Broadly, to satisfy the qualified person rules, an investor must satisfy the holding period rule or, if necessary, the related payment rule.

The holding period rule requires an investor to hold the Shares continuously 'at risk' for not less than 45 days in the period beginning the day after the day on which the investor acquires the Shares, and ending on the 45th day after the Shares become ex-dividend. In the ordinary case, this means that the holding period rule should be satisfied provided that the Share have been held "at risk" for a continuous period of 45 days (not including the date of acquisition or disposal) at some time during the period of ownership of the Shares. Very broadly, Shares should be held "at risk" to the extent that no material "positions" are adopted in relation to the Shares which may have the effect of diminishing the economic exposure associated with holding the Shares (for example, certain option and derivative arrangements, or agreements to sell the Shares). Under the related payment rule, a different testing period applies where the investor or an associate of the investor has made, or is under an obligation to make, a related payment in relation to the dividend. A related payment is one where an investor or their associate effectively passes on the benefit of the dividend to another person.

The related payment rule requires the investor to have held the Shares at risk for the continuous period of 45 days not including the date of acquisition or disposal) during a window which commences on the 45th day before, and ends on the 45th day after the day the Shares become ex-dividend. Practically, the related payment rule should not impact investors who do not pass the benefit of the dividend to another person. Investors should obtain their own tax advice to determine if the related payment rule applies in the context of their particular circumstances.

In the event that no related payments are made with respect to a particular dividend, an individual investor may satisfy the qualified person rules on an alternative basis, provided that the investor satisfies the small holding exemption. This exemption should generally be satisfied where the investor is entitled to total franking credits (from all sources) of no more than \$5,000 in the relevant year of income.

As indicated above, the qualified person rules can be particularly complex for distributions received by an investor directly or indirectly (for example, via an interposed trust). It is recommended that investors in such situations seek independent taxation advice.

10.10.1.5 Dividend washing rules

Dividend washing rules can apply in certain cases, such that no tax offset is available (nor is an amount required to be included in assessable income in relation to an attached franking credit) for a dividend received on Shares. Broadly, the rules can apply where investors seek to obtain additional franking benefits by disposing of Shares ex-dividend and re-purchasing a substantially equivalent parcel of Shares cum-dividend on a special market.

Investors should seek independent taxation advice regarding the dividend washing rules and consider the impact of these rules, having regard to their own personal circumstances.

10.10.2 Disposal of Shares – Australian tax resident investors

The disposal of a Share by an investor should constitute a CGT event. A capital gain should arise to the extent that the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus certain non-deductible transaction costs). In the case of an arm's length on-market sale, the capital proceeds should generally equal the cash proceeds from the sale. Where the investor is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising any capital gain arising from the disposal (in their proportionate shares).

A CGT discount may be applied against any capital gain (after reduction of the capital gain by applicable capital losses) where the entity which realises the capital gain is an individual, complying superannuation entity or trustee. The CGT discount may be applied in these circumstances, provided that the Shares have been held for at least 12 months (not including the date of acquisition or disposal for CGT purposes) and certain other requirements have been met. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than trustees of a complying superannuation entity) may be reduced by 50%, after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

If the investor who realises the capital gain and is entitled to the CGT discount is the trustee of a trust (other than the trustee of a complying superannuation entity), the CGT discount may flow through to the beneficiaries of the trust, provided those beneficiaries are not companies. Investors that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised to the extent that the reduced cost base of a Share (which should generally be calculated in a similar manner to the cost base) exceeds the capital proceeds from its disposal. Capital losses may only be offset against capital gains realised in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income. As with capital gains, where the investor realising the capital loss is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising the capital loss (in their proportionate shares).

10. Additional Information

10.10.3 Dividends on a Share – Non-Australian tax resident investors

Investors who are not tax resident in Australia should generally be subject to Australian dividend withholding tax with respect to any unfranked dividends paid by Propel. Australian dividend withholding tax should be imposed at a flat rate of 30% on the amount of the dividend that is unfranked unless the investor is a tax resident in a country that has concluded a double tax treaty, the rate of Australian dividend withholding tax may be reduced (usually to 15%), depending on the terms of the double tax treaty.

Dividends paid by Propel which are fully franked should not be subject to Australian dividend withholding tax.

10.10.4 Disposal of Shares – Non-Australian tax resident investors

The disposal of a Share by an investor who is not a tax resident in Australia should constitute a CGT event. A capital gain may initially arise to the extent that the capital proceeds on disposal exceed the cost base of the Share (refer Section 9.11.2 for further details).

However any capital gain arising as a result of the CGT event should be disregarded unless the Share constitutes "taxable Australian property". In the ordinary case, a Share should not constitute taxable Australian property unless both of the following requirements are satisfied:

- the investor (together with any associates of the investor) holds an interest of at least 10% in Propel at the time of the disposal, or has held such an interest throughout a 12 month period in the 24 months preceding the disposal; and
- Propel is land rich for Australian income tax purposes (broadly, because more than 50% of the value of Propel's assets, including those of certain downstream subsidiaries, is comprised by Australian real property interests and/or certain interests in respect of Australian minerals).

A Share should also constitute taxable Australian property if it is used by an investor in carrying on a business in Australia through a permanent establishment. (for example, a fixed place of business, such as an office, which is located in Australia).

In the event that an investor who is not a tax resident in Australia realises a capital gain in connection with the disposal of a Share that constitutes taxable Australian property, the investor should ordinarily be required to lodge an Australian income tax return including the capital gain. In such circumstances, the investor should generally not be entitled to claim the benefit of the CGT discount to the amount of the capital gain included, but may be able to offset the capital gain with available capital losses, subject to certain loss recoupment tests being satisfied. The amount of the capital gain, after application of available capital losses, should be subject to Australian income tax at the investor's marginal tax rate.

A capital loss should initially be realised by an investor who is not a tax resident in Australia to the extent that the reduced cost base of a Share exceeds the capital proceeds from its disposal. However, as with capital gains, a capital loss should be disregarded by the investor unless the Share being disposed of constitutes taxable Australian property. Capital losses which are not disregarded as may only be offset against capital gains from the disposal of taxable Australian property in the same income year or future income years, subject to certain loss recoupment tests being satisfied.

10.10.5 GST

Investors should not be liable for GST from acquiring or disposing of any Shares. Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition or disposal of Shares. Separate GST advice should be sought by investors in this respect.

10.10.6 Stamp duty

Investors should not be liable for stamp duty in respect of their investment in Shares, unless they acquire, either alone or with an associated/related person, an interest in 90% or more in Propel. Under current stamp duty legislation, no stamp duty should ordinarily be payable by investors on any subsequent transfer of Shares whilst Propel remains listed.

10.10.7 Tax file number (TFN)

Australian tax residents may, if they choose, notify Propel of their TFN or ABN or a relevant exemption from withholding tax with respect to dividends. In the event Propel is not notified, pursuant to the TFN withholding rules, tax will automatically be deducted at the highest marginal rate, including where relevant, the Medicare levy and Temporary Budget Repair Levy, from unfranked dividends and/or distributions.

Australian tax resident investors may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

Investors who are not tax resident in Australia should generally be entitled to an exemption from the TFN withholding rules. This means that mandatory withholding may not be required by Propel with respect to unfranked dividends or distributions paid to such investors, irrespective of whether those investors have notified Propel of their TFN or ABN.

10.11 ASX WAIVERS AND CONFIRMATIONS

The Company has been granted an "in-principle" waiver from ASX confirming that the Company has a track record of revenue acceptable to ASX such that ASX will not apply the restrictions in Appendix 9B of the ASX Listing Rules.

10.12 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the law applicable in New South Wales, Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

10.13 LEGAL PROCEEDINGS

Propel is, from time to time, party to various disputes and legal proceedings incidental to the conduct of its business. So far as the Directors are aware, as at the Prospectus Date, there is no current or threatened civil litigation, arbitration proceeding or administrative appeal, or criminal or governmental prosecution of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or Propel.

10.14 INCORPORATION BY REFERENCE

PFM Midco has lodged statutory accounts for the year ended 30 June 2017 with ASIC, and the information in each account is incorporated by reference into this Prospectus. These accounts can be obtained from www.propelfuneralpartners.com.au after the date on which the Shares are issued.

10.15 STATEMENT OF DIRECTORS

The issue of this Prospectus has been authorised by each Director who has consented to its lodgement with ASIC and its issue has not withdrawn that consent.

10.16 FOREIGN SELLING JURISDICTIONS

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside of Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the **Prospectus Regulations**). The Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(1) of the Prospectus Regulations.

Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division I, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

10. Additional Information

Switzerland

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Shares may be publicly distributed or otherwise made publicly available in Switzerland. The Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (**FINMA**).

This document is personal to the recipient only and not for general circulation in Switzerland.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together **relevant persons**). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Appendix A. Significant Accounting Policies



FW Barnes & Son is one of Propel's funeral service providers, located in Victoria.

Appendix A. Significant Accounting Policies

a. Principles of consolidation

Propel's financial statements consolidate those of PFP Midco and all of its subsidiaries as of 30 June 2017. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Propel companies are eliminated on consolidation, including unrealised gains and losses on transactions between Propel companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by Propel.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

b. Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination, one of the combining entities must be identified as the acquirer (i.e. the parent entity).

The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill (refer Note (f)) or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The consideration transferred for a business combination shall form the cost of the investment in the separate financial statements. Such consideration is measured at fair value at acquisition date and consists of the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of profit or loss and other comprehensive income, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

c. Pre-paid Contracts

Pre-paid Contracts recognised in the financial statements represent tripartite agreements whereby a funeral director agrees to deliver a specified funeral, cremation or burial service at a future time of need and the customer pays for this service in advance by investing an amount equal to the current price of the service with a financial institution (such as a third party friendly society) and conditionally assigns the benefit of that investment to the funeral director.

Propel recognises Pre-paid Contracts held directly by Propel and with friendly societies in its statement of financial position. The impact on the statement of profit or loss and other comprehensive income is the recognition of investment income earned on those funds and a finance charge to reflect the financing component associated with the contract liability to provide future goods and services relating to Pre-paid Contracts. In addition to this, administration fees charged at the time the pre-paid contract is written are recognised upon completion of the contract (i.e. when the funeral service is provided). The carrying value of the asset and contract liability will be impacted during each financial period by:

- the investment returns;
- the financing charge;
- contracts assumed via acquisitions of businesses;
- the sale of new pre-paid contracts; and
- completion of contractual services.

d. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of first-in-first-out.

e. Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any impairment losses.

If the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The depreciable amount of all fixed assets is depreciated either on a straight line basis or diminishing value basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5% – 4.5%
Plant and Equipment	33.3% to 100%
Furniture, Fixtures and Fittings	16.67% to 100%
Motor Vehicles	25% to 100%
Office Equipment	8.3% to 100%
Improvements	2.5% to 50%
Low Value Asset Pool	25%
Other Property, Plant and Equipment	33.3%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

f. Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See Note (b) for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to Note (g) for a description of impairment testing procedures.

g. Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within Propel at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by Propel's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

Appendix A. Significant Accounting Policies

The data used for impairment testing procedures are directly linked to Propel's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash generating unit's recoverable amount exceeds its carrying amount.

h. Employee benefits

Provision is made for Propel's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Propel contributes to various employee accumulation superannuation funds. Contributions are charged against income as they are incurred.

i. Other financial liabilities – contingent consideration

The contingent consideration is initially recognised at the present value of Propel's probability weighted estimate of the cash outflow. It reflects management's estimate of 100% probability that the target will be achieved and is discounted using an interest rate that is reflective of the time value of money and the risks specific to the liability.

j. Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

PFP Midco and its wholly owned Australian controlled entities had formed an income tax consolidated group under the tax consolidation regime. A head entity and its controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The group allocation approach has been applied in determining the appropriate amount of taxes to allocate to members of the tax consolidated group. Following the Restructure, the Company will become the head entity of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

k. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to Propel, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

l. Revenue and other income

AASB 15 provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised good or services to customers in an amount that reflect the consideration to which the entity expects to be entitled in exchange for those good or services.

Revenue is recognised when the funeral, cremation or other service are performed or goods supplied. It is also at this point that the pre-paid contract asset and liability are crystallised and this results in the contract asset being recognised as cash and the contract liability recognised in cost of goods sold (refer to Note (i) and below).

Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Provision of services

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

m. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Appendix A. Significant Accounting Policies

n. Functional and presentation currency

Functional and presentation currency

The consolidated financial statements are presented in AUD, which is also the functional currency of PFP Midco.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Propel entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In Propel's financial statements, all assets, liabilities and transactions of Propel entities with a functional currency other than the AUD are translated into AUD upon consolidation. The functional currency of the entities in Propel has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into AUD at the closing rate. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged and/or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

Appendix B. Glossary



Virgo Funeral Services is one of Propel's funeral service providers, located in Queensland.

Appendix B. Glossary

DEFINED TERMS

<p>AASB Australian Accounting Standards Board.</p> <p>Administration Fee The administration fee payable to the Manager in accordance with the Management Agreement.</p> <p>AFSL Australian Financial Services Licence.</p> <p>Applicant A person who submits an Application.</p> <p>Application An application to subscribe for Shares offered under this Prospectus.</p> <p>Application Form The application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility) which allows Applicants to apply for Shares under the Broker Firm Offer or the Priority Offer (whichever is relevant to the Applicant).</p> <p>ASIC Australian Securities and Investments Commission.</p> <p>ASX ASX Limited or the securities exchange that it operates, as the context requires.</p> <p>ASX Recommendations ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (third edition, March 2014).</p> <p>ASX Listing Rules The listing rules of ASX.</p> <p>ASX Settlement Operating Rules The settlement operating rules of ASX.</p> <p>ATO Australian Tax Office.</p> <p>AUD Australian Dollars.</p> <p>Australian Accounting Standards Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board.</p> <p>Bell Potter or Bell Potter Securities Limited Bell Potter Securities Limited (ABN 25 006 390 772).</p>	<p>Benchmark Annualised Total Shareholder Return of 8.0%.</p> <p>Board or Board of Directors The board of directors of the Company.</p> <p>BPAY® The payment mechanism used to pay Application Monies online.</p> <p>Broker An ASX participating organisation selected by the Lead Manager and the Company to act as a broker to the Offer.</p> <p>Broker Firm Applicant An Australian or New Zealand resident client of a Broker who is offered a firm allocation of Shares under the Broker Firm Offer.</p> <p>Broker Firm Offer The offer of Shares under this Prospectus to Australian or New Zealand resident retail clients of Brokers who have received an invitation to participate from their Broker, as described in Section 8.3.</p> <p>Broker Firm Application Form The form appended to, or accompanying, this Prospectus used to apply for Shares under this Prospectus in the Broker Firm Offer.</p> <p>CAGR Compound annual growth rate.</p> <p>Calculation Period The 12 month period following the Completion of the Offer and each anniversary of the Completion of the Offer thereafter, except: (a) in the final calculation period where it is from the anniversary of the Completion of the Offer immediately preceding the date of termination of this agreement until the date of termination; and (b) where a transaction occurs which results in a Control Transaction, where it is from the anniversary of the Completion of the Offer immediately preceding the date of the Control Transaction and the date the Control Transaction occurs.</p> <p>CHESS ASX's Clearing House Electronic Sub-register System. See Section 8.13.2.</p> <p>Closing Date The date on which the Offer is expected to close, being 14 November 2017.</p>	<p>Company Propel Funeral Partners Limited (ACN 616 909 310).</p> <p>Completion of the Offer Completion in respect of the allotment and issue of Shares by the Company in accordance with the Underwriting Agreement.</p> <p>Constitution The constitution of the Company.</p> <p>Control Transaction A transaction which results in a change of control (as defined in the Corporations Act) of the Company.</p> <p>Corporations Act <i>Corporations Act 2001</i> (Cth).</p> <p>CPI CPI Groups, Weighted Average of Eight Capital Cities as published by the Reserve Bank of Australia, or any similar or replacement index. CPI will be determined by reference to the 12 month period ending on the quarter prior to each anniversary of the Completion of the Offer.</p> <p>Debt The amount payable as at Completion of the Offer in connection with the debt facility that Propel had prior to the Listing with Westpac Banking Corporation and the Notes.</p> <p>Director A member of the Board.</p> <p>DSG Group Davis Services Group Limited and its subsidiaries.</p> <p>Distributable Earnings Proxy for cash available for dividends, being NPAT adjusted for non-cash, one-off and non-recurring items.</p> <p>EBIT Earnings before interest and taxation.</p> <p>EBITDA Earnings before interest, taxation, depreciation and amortisation.</p> <p>Enterprise Value The sum of the market capitalisation of the Company at the Offer Price less the expected net cash at Completion of the Offer.</p> <p>Escrow Period The periods defined in Section 8.9.</p>
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Escrowed Shareholders

The holders of Shares that are escrowed for a period of time referred to, and described, in Section 8.9.

Escrowed Shares

Those Shares referred to in Section 8.9.

Existing Shareholders

The owners of PFP Midco Shares at the Prospectus Date (including Management Shareholders and Non-Executive Directors).

PFP Midco Shares

Fully paid ordinary shares in the capital of PFP Midco.

Expiry Date

The date which is 13 months after the Prospectus Date.

Exposure Period

The seven day period after the Prospectus Date, which may be extended by ASIC by a further period of 7 days, during which no Applications may be processed by the Company.

Fees

During the Initial Term, the Administration Fee and the Performance Fee payable to the Manager in accordance with the Management Agreement. After the Initial Term, the Administration Fee, the Performance Fee and the Management Fee payable to the Manager in accordance with the Management Agreement.

Financial Information

The financial information described as Financial Information in Section 5.

Forecast Financial Information

The financial information described as Forecast Financial Information in Section 5.

FY

Abbreviation for the Financial Year ending 30 June.

GST

Goods and services tax.

Historical Financial Information

The financial information described as Historical Financial Information in Section 5.

Initial Term

10 years from the commencement date (being the Completion of the Offer) of the Management Agreement.

Institutional Investors

Investors who are:

- person who are wholesale clients under Section 761G of the Corporations Act and either “professional investors” or “sophisticated investors” under sections 708(11) and 708(8) of the Corporations Act; or
- institutional investors in certain other jurisdictions, as agreed by the Company and the Lead Manager, to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approved by, any government agency (except one with which the Company is willing in its discretion to comply); and

provided that in each case such investors are not in the United States.

Institutional Offer

The invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 8.6.

Investigating Accountant’s Report

The Investigating Accountant’s report as set out in Section 9.

Investment Strategy

The investment strategy is to acquire assets which operate within the death care industry in Australia and New Zealand such as:

- private funeral home operators;
- funeral related properties and infrastructure; and
- cemeteries and crematoria.

InvoCare

InvoCare Limited (ACN 096 437 393).

KPI

Key performance indicator.

Lead Manager

The lead manager to the Offer, being Bell Potter.

Listing

The expected admission of the Company to the Official List.

Manager

Propel Investments Pty Limited (ACN 117 536 357).

Management Agreement

The management agreement made between the Manager and the Company, the terms of which are summarised in Section 10.5.

Management Shareholders

Albin Kurti, Fraser Henderson and Peter Dowding (and their associated entities).

Management Fee

The management fee payable to the Manager after the Initial Term in accordance with the Management Agreement.

Managing Director

Managing Director of Propel, which is Albin Kurti.

Nexia

Nexia Sydney Corporate Advisory Pty Ltd (ACN 114 696 945).

Nexia Audit

Nexia Sydney Partnership in respect of PFP Midco and Nexia Sydney Audit Pty Ltd (ACN 606 785 399) in respect of DSG Group and the Company.

Non-Executive Director

A member of the Board who is not an owner of the Manager, being at the date of this Prospectus, Brian Scullin, Naomi Edwards and Jonathan Trollip.

Noteholders

Holders of Notes.

New Shareholders

Shareholders, other than:

- Shareholders at the Prospectus Date; and
- those issued Shares as part of the Restructure (but only to the extent of such issuance).

For the avoidance of doubt, Shares issued to Existing Shareholders or Noteholders in addition to those issued as part of the Restructure are considered to be Shares issued to New Shareholders.

Notes

The fixed rate notes issued by PFP Midco, which will be assigned to the Company, and repaid, as part of the Restructure.

NZ

New Zealand.

NZD

New Zealand Dollars.

NPAT

Net profit after tax.

Offer

The offering of Shares under this Prospectus.

Appendix B. Glossary

Offer Price

\$2.70 per Share.

Official List

The official list of entities that ASX has admitted to and not removed from listing.

Operating cash flow

Operating cash flow represents EBITDA less change in working capital and less non-cash movements.

Operating EBITDA

EBITDA before one off transaction costs, offer costs and other income.

Performance Fee

The performance fee payable to the Manager in accordance with the Management Agreement.

PPF Midco

PPF Midco Limited (ACN 154 640 310).

Pre-IPO Dividend

The Dividend declared by the board of PPF Midco prior to Completion of the Offer, which will be paid to Existing Shareholders shortly after Completion of the Offer.

Pre-paid Contracts

Defined in Section 3.6.

Priority Applicant

The holders of PPF Midco Shares at the Prospectus Date, Noteholders at the Prospectus Date and selected other investors nominated by the Company as priority applicants.

Priority Offer

The offer of Shares under this Prospectus to Priority Applicants who have received a Priority Offer invitation made under this Prospectus, as described in Section 8.4.

Priority Offer Application Form

The form accompanying this Prospectus used to apply for Shares under this Prospectus in the Priority Offer.

Propel

The group of companies carrying on the business described in this Prospectus, being PPF Midco and its subsidiaries and, following the Restructure, the Company.

Pro Forma Historical Financial Information

Defined in Section 5.1.1.

Pro Forma Historical Income Statements

Defined in Section 5.1.1.

Pro Forma Historical Cash Flows

Defined in Section 5.1.1.

Pro Forma Historical Balance Sheet

Defined in Section 5.1.1.

Pro Forma Forecast Income Statement

Defined in Section 5.1.1.

Pro Forma Forecast Cash Flows

Defined in Section 5.1.1.

Prospectus

This document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document.

Prospectus Date

The date on which a copy of this Prospectus is lodged with ASIC, being 25 October 2017.

Restructure

The restructure described Section 10.4.

Retail Offer

Comprises the Broker Firm Offer and the Priority Offer.

Share

A fully paid ordinary share in the capital of the Company.

Shareholder

A registered holder of Shares.

Share Registry

Link Market Services Limited (ACN 083 214 537)

SRN

Securityholder Reference Number issued by the Share Registry.

Statutory Historical Income Statements

Defined in Section 5.1.1.

Statutory Historical Cash Flows

Defined in Section 5.1.1.

Statutory Historical Balance Sheet

Defined in Section 5.1.1.

Statutory Forecast Income Statement

Defined in Section 5.1.1.

Statutory Forecast Cash Flows

Defined in Section 5.1.1.

Total Shareholder Return

The total shareholder return in a Calculation Period, determined in accordance with the formula set out in Section 10.5.

Underwriting Agreement

The underwriting agreement between the Company and the Lead Manager dated on or about the date of this Prospectus.

US Securities Act

The US Securities Act 1933, as amended.

VWAP

Volume Weighted Average Price.

Corporate Directory

REGISTERED OFFICE

Propel Funeral Partners Limited
Suite 4, Jones Bay Wharf
26-32 Pirrama Road
Pyrmont NSW 2009

LEAD MANAGER

Bell Potter Securities Limited
Level 38, Aurora Place
88 Phillip Street
Sydney NSW 2000

AUSTRALIAN LEGAL ADVISER

KardosScanlan Pty Ltd
Level 5, 151 Castlereagh Street
Sydney NSW 2000

INVESTIGATING ACCOUNTANT

Nexia Sydney Corporate Advisory Pty Ltd
Level 16, 1 Market Street
Sydney NSW 2000

REGISTRY

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000



PFP | PROPEL
FUNERAL
PARTNERS