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# TASFOODS LTD

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54 Tamar St, Launceston.  
PO Box 425, Launceston, TAS, 7250.  
(03) 6331 6983  
admin@tasfoods.com.au

ABN 53 084 800 902 ACN 084 800 902

**18 April 2018**



**Dear Shareholders**

**The Annual General Meeting of TasFoods Limited will be held at 29 Cameron St, Launceston, Tasmania (Hotel Grand Chancellor Launceston) on 21 May 2018 at 11 am.**

A copy of the Notice of Meeting is enclosed.

I am looking forward to the opportunity for our CEO and myself to update you on the Company's latest achievements and engage with you on our future plans.

At the meeting we will consider ordinary business and special business and receive some business update presentations.

The ordinary business comprises consideration of:

- financial and statutory reports for 2017;
- Board appointments for two Directors;
- 2017 Remuneration Report; and
- the CEO's Long Term Incentive for 2018.

The special business is refreshment of our Constitution provisions regarding proportional takeover relief.

All resolutions are explained in more detail in the Notice of Meeting and the Explanatory Notes enclosed with this letter. Your Directors believe that each resolution is in the best interests of the Company and its Shareholders.



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I encourage you to attend the meeting if you can. There will be an opportunity to talk to Directors and Executives and taste Tasmanian Food Co. premium products after the meeting.

If you are unable to attend in person, you can direct vote or appoint a proxy to attend and vote on your behalf.

We will be **webcasting** the meeting so if you are unable to attend please view it on line live or after the conclusion of the meeting. There will be a link to the webcast on the front page of our website at [www.tasfoods.com.au](http://www.tasfoods.com.au).

Please submit any questions you have in advance of the meeting to our auditor or to the Company at [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au).

Yours sincerely



Shane Noble  
Executive Chair



## TasFoods Limited

### Notice of Annual General Meeting

**Notice is hereby given that the Annual General Meeting of the shareholders of TasFoods Limited (ACN 084 800 902) (Company) will be held at 29 Cameron St, Launceston, Tasmania (Hotel Grand Chancellor Launceston) on Monday 21 May at 11:00am AEST.**

#### AGENDA

##### Financial Reports

To receive and consider the accounts of the Company, the financial report, directors' report and auditor's report prepared in accordance with the requirements of the *Corporations Act 2001 (Cth)* (**Corporations Act**) for the year ended 31 December 2017.

##### Ordinary Business

###### **Resolution 1 - Adoption of Remuneration Report**

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

"That the Remuneration Report for the Company and its controlled entities for the year ended 31 December 2017 be approved and adopted."

A voting exclusion statement applies to this Resolution as set out in this Notice of Meeting.

Please Note - The vote on this resolution is advisory only and does not bind the Directors or the Company. TasFoods values shareholder feedback and the Board and the Board Nomination and Remuneration Committee will take the outcome of the vote into account when considering future remuneration policies.

###### **Resolution 2: Election of Mr Shane Noble as a Director**

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

"That Mr Shane Noble, who was appointed as a Director by the Board on 30 November 2017, and retires in accordance with Clause 7.1(e) of the Company's Constitution, and being eligible, be elected as a Director of the Company."

Please note – when Shareholders are considering this Resolution Mr McBain will take over chairing the meeting given it relates to Mr Noble's election.

Details of Mr Noble are set out in the Explanatory Notes to this Notice of Meeting.



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## **Resolution 3: Election of Mr Alexander Beard as a Director**

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

*"That Mr Alexander Beard, who was appointed as a Director by the Board on 13 March 2018, and retires in accordance with Clause 7.1(e) of the Company's Constitution, and being eligible, be elected as a Director of the Company."*

Details of Mr Beard are set out in the Explanatory Notes to this Notice of Meeting.

## **Resolution 4: Approval for the Granting of Performance Rights to a Director – Ms Jane Bennett, Managing Director & CEO**

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

*"That approval is given for the grant of 618,353 Performance Rights to the Managing Director, Ms Jane Bennett, under the TasFoods Limited Rights Plan (TFLRP) on the terms and conditions described in the Explanatory Notes to this Notice of Meeting, and for the purpose of ASX Listing Rule 10.14 and all other purposes."*

A voting exclusion statement applies to this Resolution as set out in this Notice of Meeting.

## **Special Business**

## **Resolution 5: Approval to renew the proportional takeover provisions of the Company's Constitution**

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

*"That the proportional takeover provisions in Section 5.7 of the Company's Constitution are renewed for a period of three years from the date of this meeting."*

By order of the Board



Janelle O'Reilly  
Company Secretary

18 April 2018



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## Direct Voting & Appointing Proxies

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***If you are unable to attend the Meeting to vote in person, you are encouraged to direct vote or appoint a proxy by completing the 2018 AGM Voting Form attached to the Notice.***

### **Direct Voting**

You may vote by direct voting using the 2018 Annual General Meeting Voting Form.

Direct voting enables you to exercise your voting rights without needing to attend the meeting or appoint a proxy. To be effective it must be completed by 11.00 am AEST on 19 May 2018.

If you cast a direct vote you may still attend the meeting, and your attendance will not cancel your direct vote unless you advise the share registry of this upon your entry.

### **Voting by Proxy**

#### **Appointment of Proxies**

Each shareholder is entitled to appoint a proxy. The proxy does not need to be a shareholder. A shareholder that is entitled to cast two or more votes may appoint two proxies and may specify the proportion of votes each proxy is entitled to exercise. If a shareholder appoints two proxies, each proxy may exercise half of the shareholder's votes if no proportion or number of votes is specified.

If a proxy holder votes, they must cast all directed proxies as directed. Any directed proxies which are not voted will automatically default to the Chair who must vote the proxies as directed.

To be effective, the 2018 Annual General Meeting Voting Form appointing proxies (and, if the appointment is signed by your attorney, the authority under which the appointment was signed or a certified copy of the authority) must be sent to the Company and received not later than 11:00am AEST on 19 May 2018 (unless the Directors determine to extend this deadline).





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## Eligibility to Vote

### Date of Determining Voting Entitlements

The Directors have determined that for the purposes of the Corporations Act, the persons who are registered shareholders at 7.00 p.m. AEST on 18 May 2018 will be entitled to attend and vote at the meeting. Accordingly, transfers of Shares registered after that time will be disregarded in determining such entitlements to attend and vote at the Meeting.

### Voting Exclusions

#### Resolution 1

The Company will disregard any votes cast on Resolution 1:

- by or on behalf of a member of the Company's key management personnel (including the Directors) whose remuneration details are disclosed in the Remuneration Report (**Key Management Personnel**) or their closely related parties regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Key Management Personnel or their closely related parties.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote on this item, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting pursuant to an express authorisation to exercise the proxy even though this item is connected with the remuneration of the Company's Key Management Personnel, for a person who is entitled to vote on this item.

#### Resolution 4

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- Ms Jane Bennett; and
- an associate of Ms Jane Bennett,

or any vote cast as proxy by a member of the Key Management Personnel or their closely related parties (such as close family members and any company the Key Management Personnel controls)

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



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## Questions for the Auditor

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Pursuant to section 250PA of the Corporations Act, in addition to raising questions at the Annual General Meeting itself, shareholders may submit to the auditor written questions pertaining to:

- the content of the auditor's report to be considered at the Annual General Meeting;
- the conduct of the audit of the annual financial report to be considered at the Annual General Meeting.

Shareholders must submit any such questions for the auditor to the Company by no later than 6:00 pm on 16 May 2018. The auditor will either answer questions at the meeting or table written answers to them at the meeting. If written answers are tabled at the meeting, they will be made available to Shareholders as soon as practicable after the meeting.

The questions to the auditor may be sent to the Company as follows:

By Facsimile:	By Email	By Mail:	By Hand:
+ 61 3 6256 9251	admin@advancedshare.com.au	TasFoods Limited GPO Box 425 Launceston TAS 7250 Australia	TasFoods Limited 54 Tamar Street Launceston TAS 7250 Australia



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## Explanatory Notes

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These Explanatory Notes have been prepared for the information of Shareholders of TasFoods Limited (**the Company**) in connection with the business to be conducted at the Annual General Meeting of the Shareholders to be held on Monday 21 May 2018 at 11:00 am at 29 Cameron St, Launceston, Tasmania.

The Notice of Meeting and these Explanatory Notes and the attachments are important documents and should be read carefully and in their entirety. If you have any questions regarding the matters set out in these Explanatory Notes or the Notice, please contact the Company or your financial or legal adviser.

### **Financial Reports**

The first item of the Notice of Meeting deals with the presentation of the consolidated financial report of the Company for the year ended 31 December 2017 together with the Directors' declaration and report in relation to that financial period and the auditor's report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

Shareholders will be provided with reasonable opportunity at the Annual General Meeting to ask questions about or make comments on the above reports.

Shareholders will also have the opportunity at the meeting to ask questions of the Company's external Auditor, PricewaterhouseCoopers, relevant to:

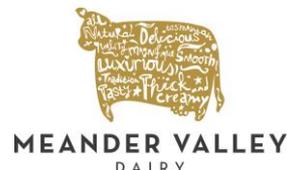
- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

No formal resolution is required to be moved in respect of this item.

### **Resolution 1: Adoption of the Remuneration Report**

The Financial Report of the Company for the year ended 31 December 2017 contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Directors and specified executives of the Company.

In accordance with the Corporations Act, Shareholders are asked to consider and vote on the Remuneration Report as presented in the Financial Report for the year ended 31 December 2017. The vote on Resolution 1 is advisory only and will not require the Company to alter the arrangements detailed in the Remuneration Report should Resolution 1 not be passed.



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Under the Corporations Act, if 25% or more of votes that are cast vote against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on an ordinary resolution (a "spill resolution") that another meeting (a "spill meeting") be held within 90 days at which all of the Company's directors (other than the Managing Director and CEO) cease to hold office immediately before the end of the spill meeting and must be put up for re-election. Notwithstanding the legislative effect of this requirement, the Board will take the outcome of the vote into consideration when considering the remuneration policy.

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the KMP (including the Directors) whose remuneration details are disclosed in the Remuneration Report or their closely related parties are excluded from voting and may not cast a vote as proxy, unless the appointment expressly gives a direction on how to vote.

If using a proxy, Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

## **Directors' Recommendation**

The Board unanimously recommend that Shareholders vote FOR Resolution 1.

The Chair of the meeting intends to vote undirected proxies FOR Resolution 1.

## **Resolution 2: Election of Mr Shane Noble as a Director**

Clause 7.1(e) of the Company's Constitution provides that a director appointed by the Directors to fill a casual vacancy or as an addition to the existing directors, only holds office until the next annual general meeting and must then retire from office.

Mr Noble was appointed to the board as a Non-Executive Director on 30 November 2017 and became Executive Chair on 1 February 2018. Mr Noble is a member of the Audit & Risk Committee and the Nomination and Remuneration Committee. Mr Noble offers himself for election.

Mr Noble was Executive Chairman and CEO of consumer foods business Green's Foods Holdings from 2008-2016. He transformed the business via restructure, growth through acquisition and focus on key product categories to meet consumer and customer needs. It was eventually successfully sold.

Prior to this he held General Manager and operational roles with businesses including Goodman Fielder Meat NZ, Arnott's Snackfoods, and was CEO of Snack Brands Australia.

Mr Noble develops integrated business strategies that deliver sustainable growth and lowest cost competitive advantage.

He is an experienced Director having held various Board roles during his executive career. His appointment as Executive Chair of the Company reflects the closer role he has had with the CEO and Company.



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## **Directors' Recommendation**

The Board (other than Mr Noble), unanimously recommend that Shareholders vote FOR Resolution 2 and each of those Board Members intends to vote all of the shares controlled by him or her in favour of this Resolution.

The Chair of the meeting (presiding at the timing of the vote on the resolution) intends to vote undirected proxies FOR Resolution 2.

## **Resolution 3: Election of Mr Alexander Beard as a Director**

Clause 7.1(e) of the Company's Constitution provides that a director appointed by the Directors to fill a casual vacancy or as an addition to the existing directors, only holds office until the next annual general meeting and must then retire from office.

Mr Beard was appointed to the board as a Non-Executive Director by Directors on 13 March 2018. Mr Beard is a member of the Audit & Risk Committee and Chair of the Nomination and Remuneration Committee. Mr Beard offers himself for election.

Mr Beard is CEO and Director of ASX listed CVC Limited, a substantial shareholder of the Company. CVC has a market capitalisation of approximately \$250 million with a wide range of investments including direct private equity, listed investments, property investments and funds management.

He has extensive experience with investee businesses, both in providing advice and in direct management roles, especially bringing management expertise to early-stage businesses.

An experienced Board Director, he has played an important role in delivering value to shareholders over the past 20 years across a broad spectrum of industries and stages of company growth.

Mr Beard is currently a Director of Eildon Capital Limited, and was previously Chairman of Cellnet Group Limited (ASX: CLT), Villa World Group (ASX: VLW), Director of Mnet Group Limited (now Grays Ecommerce (ASX: GEG), Cyclopharm Limited (ASX: CYC), Greens Foods Limited and Amadeus Energy.

## **Directors' Recommendation**

The Board (other than Mr Beard), unanimously recommend that Shareholders vote FOR Resolution 3 and each of those Board Members intends to vote all of the shares controlled by him or her in favour of this Resolution.

The Chair of the meeting intends to vote undirected proxies FOR Resolution 3.



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## **Resolution 4: Approval for the Granting of Performance Rights to a Director – Ms Jane Bennett, Managing Director & CEO**

ASX Listing Rule 10.14 requires the Company to obtain Shareholder approval for the issue of securities to a director under an employee incentive scheme. The Company is seeking Shareholder approval for the proposed grant of Performance Rights to the Managing Director, Ms Jane Bennett, as set out below. No other Directors are entitled to participate in this grant.

The TasFoods Limited Rights Plan (**TFLRP**) has been designed to facilitate the Company moving towards best practice remuneration structures for Executives. A key component of effective remuneration for Executives is a long term incentive to support retention, drive shared performance objectives and link remuneration to company performance.

The features of the proposed 2018 financial year grant of Performance Rights to the Managing Director are summarised below:

Aspect	Details
Instrument	The Company is seeking Shareholder approval for a grant of Performance Rights to the Managing Director, Ms Jane Bennett. Performance Rights may vest if performance conditions are satisfied. Performance Rights are indeterminate Rights, which when validly exercised entitle the holder to the value of a Share, and which may be settled in the form of cash, Restricted Shares or Shares at the Board's discretion.
Terms & Conditions	The Board has the discretion to set the terms and conditions on which it will offer Rights under the TFLRP, including the Vesting Conditions and modification of the terms and conditions as appropriate to ensuring the plan operates as intended. All Rights offered in relation to this resolution will be subject to Vesting Conditions that are intended to be challenging and linked to growth in Shareholder value, as outlined below. The terms and conditions of the TFLRP include those aspects legally required as well as a method for calculating the appropriate number to vest in the circumstances of a Change of Control, a major return of capital to shareholders, consolidation of securities on issue, and the treatment of Rights in the circumstances of various forms of termination.
Maximum number of Performance Rights	It is proposed that the Managing Director be invited to apply for a total of 618,353 Performance Rights in respect of the 2018 financial year. The maximum number of Performance Rights has been calculated by multiplying the total fixed remuneration (TFR) of the incumbent by the maximum LTI % and then dividing that figure by a 10-day volume weighted average price ( <b>VWAP</b> ) related to the time of calculation. The VWAP used to calculate the maximum number of performance rights was \$0.17 cents based on the share price over a 10 day period from 8 December 2017 to 21 December 2017. The maximum LTI % is 40% of TFR and the target LTI % is 20% of TFR. It should be noted that at target performance, only 50% of these would be expected to vest, and that 100% vesting would be considered exceptional and is associated with significantly outperforming expectations.



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Amount payable for Performance Rights	No amount will be payable by the Managing Director for the grant of the Performance Rights or on the vesting of the Performance Rights as they are part of the intended total remuneration package for the 2018 financial year. No loan has been made in relation to the grant.															
Vesting of Performance Rights	Upon the satisfaction of the Vesting Conditions, the value of Rights that vest will be evaluated and will be paid in Shares, Restricted Shares, cash or a combination of cash and Shares/Restricted Shares based on the then Share Price. Each Performance Right that vests will be equivalent to the value of one share. Restricted Shares are subject to disposal restrictions related to the time that the Participant may deal with the Shares under the Company's share trading policy, any conditions specified in the Invitation, and legal restrictions with regards to insider trading.															
Date of grant	If Shareholder approval is obtained, the Performance Rights will be granted to Ms Bennett shortly after the AGM and, in any event, no later than 12 months after the AGM.															
Measurement Period	The Measurement Period will be the three financial years from 1 January 2018 to 31 December 2020.															
Vesting Conditions	<p>In order for Performance Rights to vest, Ms Bennett must remain employed by the Company during the Measurement Period (except in the case of a "Good Leaver", see below) and the performance conditions must be satisfied. The performance condition in relation to this proposed grant of Performance Rights is Share Price growth, with the vesting percentages (of the grant/stretch/maximum level of LTI) to be determined by the following scale:</p> <table border="1" data-bbox="424 1240 1382 1585"> <thead> <tr> <th>Performance Level</th> <th>TFL Share Price</th> <th>% of the Grant/Stretch /Maximum Vesting</th> </tr> </thead> <tbody> <tr> <td>&gt;Stretch</td> <td>&gt;\$0.40</td> <td>100%</td> </tr> <tr> <td>Stretch</td> <td>\$0.40</td> <td>100%</td> </tr> <tr> <td>Between Target and Stretch</td> <td>&gt;\$0.33, &lt; \$0.40</td> <td>Pro-rata</td> </tr> <tr> <td>Target</td> <td>\$0.33</td> <td>50%</td> </tr> </tbody> </table> <p>Due to the importance that the Board places on an improvement in share price a single measure based on share price growth has been chosen for the FY18 grant. The targets for share price are based on a starting share price of \$0.25 (being the share price investors acquired their shares at the 2016 capital raising) and over three years a Compound Annual Growth Rate (<b>CAGR</b>) of 10% is required to achieve 'target' share price and a CAGR of 17% is required to achieve 'stretch' share price; noting the share price at 31 December 2017 was 18 cents which is a CAGR of 23% to achieve 'target' share price and a CAGR of 31% to achieve 'stretch' share price.</p> <p>Share Price will be determined by a 10 trading day VWAP ending on the date that is the end of the Measurement Period (see above).</p>	Performance Level	TFL Share Price	% of the Grant/Stretch /Maximum Vesting	>Stretch	>\$0.40	100%	Stretch	\$0.40	100%	Between Target and Stretch	>\$0.33, < \$0.40	Pro-rata	Target	\$0.33	50%
Performance Level	TFL Share Price	% of the Grant/Stretch /Maximum Vesting														
>Stretch	>\$0.40	100%														
Stretch	\$0.40	100%														
Between Target and Stretch	>\$0.33, < \$0.40	Pro-rata														
Target	\$0.33	50%														



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Retesting	Retesting is not permitted under the proposed terms of the FY18 Invitations.
Exercise Price	No amount will be payable by the Managing Director to exercise a Performance Right that has vested.
Cessation of Employment	Unless the Board determines otherwise, if a TFLRP Participant ceases employment and is classified as a "Bad Leaver" (dismissal for cause, termination for poor performance or otherwise as determined by the Board), all unvested Performance Rights held by the Participant will lapse. Unless the Board determines otherwise, if a Participant ceases employment for any other reason, including by reason of death, disability, redundancy or retirement ("Good Leaver"), Performance Rights that were granted to the Participant during the financial year in which the termination occurred will be forfeited in the same proportion as the remainder of the financial year bears to the full year. All remaining Performance Rights for which Vesting Conditions have not been satisfied as at the date of cessation of employment will then remain "on foot", subject to the original Vesting Conditions. In the circumstances of any termination, any Restricted Shares that flow from the exercising of the Rights would cease to be subject to disposal restrictions unless otherwise specified in the Invitation.
Change of Control of the Company	In the event of a Change of Control, unvested Performance Rights would vest in the same proportion as the Share Price has increased since the beginning of the Measurement Period. Remaining Performance Rights would either lapse or some or all may vest at the Board's discretion. In relation to Shares that have resulted from the vesting of Rights, dealing restrictions, if any, specified in the Invitation would also be lifted, though the Company's trading policy and insider trading restrictions would continue to apply.
Voting and Dividend Rights	Performance Rights do not carry voting or dividend entitlements. Shares (including Restricted Shares) issued when Performance Rights vest carry all entitlements of Shares, including voting and dividend entitlements.
Lapse and Forfeiture of Performance Rights	Performance Rights will lapse if the prescribed Vesting Conditions are not satisfied within the prescribed Measurement Period.
No Transfer of Performance Rights	Performance Rights may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered, except by force of law.
Quotation	Performance Rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares (including Restricted Shares) issued as a result of the operation of the TFLRP, in accordance with the ASX Listing Rules.
Variation of Terms and Conditions	To the extent permitted by the Listing Rules, the Board retains the discretion to vary the terms and conditions of the TFLRP. This includes varying the number of Performance Rights to which a Participant is entitled upon a reorganisation of the capital of the Company.



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Issue or Acquisition of Shares	Shares (including Restricted Shares) allocated to a Participant when Performance Rights vest under the TFLRP may be issued by the Company or acquired on or off market by the Company or its nominee. The nominee may be a trust, the purpose of which is to facilitate the operation of the plan.
Cost and Administration	The Company will pay all costs of issuing and acquiring Shares for the purposes of satisfying vested Performance Rights, as well as any brokerage on acquisitions of Shares for this purpose and all costs of administering the TFLRP.
Other Terms of the TFLRP	The TFLRP also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the TFLRP.
Hedging	The Company prohibits the hedging of Performance Rights, Restricted Shares and Shares by Participants.

As outlined elsewhere in this Notice of Meeting, senior executive remuneration is determined by the non-executive members of the Board, having consideration of relevant market practices and the circumstances of the Company on an annual basis. It is the view of non-executive members of the Board that it is in the interests of Shareholders for selected Senior Executives (the Participants) to receive part of their total remuneration package (TRP) in the form of at-risk equity that will vest based on performance against indicators that are linked to Shareholder benefit (Vesting Conditions) during a defined Measurement Period. This is also considered best practice with regards to evident market practices. It should therefore be considered appropriate to provide some equity based remuneration to executive directors of the Company instead of cash only.

## Directors' Recommendation

The Board (other than Ms Jane Bennett) unanimously recommend that Shareholders vote FOR Resolution 4 and each of those Board Members intends to vote all of the shares controlled by him or her in favour of this Resolution.

The Chair of the meeting intends to vote undirected proxies FOR Resolution 4.



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## SPECIAL BUSINESS

### **Resolution 5: Approval to renew the proportional takeover provisions of the Company's Constitution**

Under the Constitution, and section 648G of the Corporations Act, the proportional takeover provisions in rule 5.7 of the Constitution (Proportional takeover approval), adopted by the Company in November 2015, automatically lapse after three years.

A proportional takeover offer is a takeover offer where the offer made to each shareholder is only for a proportion of that shareholder's shares, and not for the shareholder's entire shareholding.

Rule 5.7 was designed to assist shareholders to receive the proper value for their shares if a proportional takeover bid is made for the Company. Accordingly, the Directors consider that it is in the best interests of shareholders to renew these provisions in the Constitution.

The Directors propose to renew the following partial takeover provision in the Company's Constitution, which was last approved at the November 2015 General Meeting and will otherwise expire on 18 November 2018.

This provision is identical to the existing provision adopted by shareholders in 2015:

#### 5.7 Proportional takeover approval

- (a) If offers are made under a proportional takeover bid for shares in the company the registration of a transfer giving effect to a takeover contract for the bid is prohibited unless and until a resolution (**approving resolution**) to approve the bid is passed in accordance with the provisions of this rule 5.7.
- (b) A person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer was made, held bid class securities is entitled to vote on an approving resolution.
- (c) An approving resolution is to be voted on at a meeting, convened and conducted by the company, of the persons entitled to vote on the resolution.
- (d) An approving resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.
- (e) The provisions of this constitution that apply to a general meeting of the company apply, with such modifications as the circumstances require, to a meeting convened under this rule 5.7 as if it were a general meeting of the company.
- (f) This rule 5.7 will cease to have effect on the third anniversary of the date of insertion or last renewal of the rule.



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## Effect of the provision

If a takeover offer is made under a proportional takeover bid for a class of the Company's securities, the Directors must ensure that a resolution to approve the takeover bid (**approving resolution**) is voted by the shareholders of the class of shares being bid, not less than 14 days before the last day of the bid period (**Deadline**).

The only persons entitled to vote on the approving resolution are those persons who, as at the end of the day on which the first offer under the takeover bid was made, held shares included in the bid class in respect of which the offer was made.

The bidder under the takeover bid and its associates are not entitled to vote on the approving resolution. Each person entitled to vote has one vote for each share in the relevant class held by the person at that time. The vote on the approving resolution is decided on a simple majority. The approving resolution will be taken to have been passed if more than 50% of votes are cast in favour of the approving resolution, otherwise it is taken to have been rejected.

The Directors will breach the Corporations Act if they fail to ensure the approving resolution is voted on. However, if the approving resolution is not voted on as at the end of the day before the Deadline, the approving resolution is taken to have been passed. If the approving resolution is passed (or taken to have been passed) by shareholders, the transfers resulting from the bid must be registered if they comply with other provisions of the Corporations Act and the Constitution.

If the approving resolution is rejected, binding acceptances must be rescinded as soon as practicable after the Deadline, and all unaccepted offers and offers failing to result in binding contracts are taken to have been withdrawn at the end of the Deadline.

The proportional takeover provisions do not apply to full takeover bids.

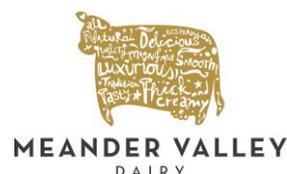
The renewed rule 5.7 will expire three years after its reinsertion into the Constitution, unless renewed by a further special resolution of shareholders.

## Knowledge of any Acquisition Proposals

As at the date this Notice of Meeting was prepared, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

## Reasons for proposing this special resolution

A proportional takeover bid involves an offer for only a proportion of each shareholder's securities. This may allow control of the Company to pass without shareholders having the chance to sell all their securities to the bidder and assist a bidder to take control of the company without payment of an adequate control premium. Shareholders, other than the bidder and its associates, may be exposed to the risk of being left as a minority in the Company as well as the loss of potential to receive an adequate control premium for their remaining shares.



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The proportional takeover provisions lessen these risks because they allow shareholders to decide whether a proportional takeover bid is acceptable in principle, is appropriately priced and should be permitted to proceed.

## Potential advantages and disadvantages

While the proportional takeover provisions have previously been in force under the Constitution, there have been no full or proportional takeover bids for the Company at any time. Therefore, there is no example against which to review the advantages or disadvantages of the provisions for the Directors and the shareholders respectively.

The Directors consider that the proposed renewal of the proportional takeover provisions has no potential advantages or potential disadvantages for Directors because they remain free to make a recommendation on whether a proportional takeover bid should be approved.

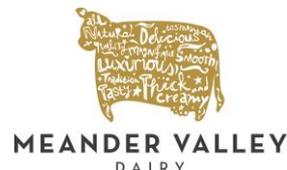
The potential advantages of the proposed renewal of the proportional takeover provisions for shareholders are:

- (a) shareholders have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) the provisions may assist shareholders to avoid being locked in as minority;
- (c) the bargaining power of shareholders is increased, and may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) knowing the view of the majority of shareholders may help each individual shareholder assess the likely outcome of the proportional takeover bid and to decide whether to approve or reject that offer.

The potential disadvantages of the proposed renewal of the proportional takeover provisions for shareholders are:

- (a) it may discourage offers of proportional takeover bids for shares in the Company and may depress the share price;
- (b) shareholders may lose an opportunity of selling some of their shares at a premium;
- (c) the likelihood of a proportional takeover bid being successful may be reduced.

The Directors consider that the potential advantages of the proportional takeover provisions for shareholders outweigh the potential disadvantages. In particular, shareholders as a whole are able to decide whether or not a proportional takeover bid should be permitted to proceed.



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## Directors Recommendation

The Board unanimously recommend that Shareholders vote FOR Resolution 5 and each of those Board Members intends to vote all of the shares controlled by him or her in favour of this Resolution.

The Chair of the meeting intends to vote undirected proxies FOR Resolution 5.



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