

BELLAMY'S AUSTRALIA LIMITED

NOTICE OF 2018 ANNUAL GENERAL MEETING

Notice is given that the 2018 Annual General Meeting (AGM) of shareholders of Bellamy's Australia Limited (**Bellamy's or the Company**) will be held on Wednesday, 24 October 2018 at 11.00am (AEDT) at Cataract on Paterson, 135 Paterson St, Launceston TAS 7250.

This Notice of Meeting should be read in conjunction with the General Information and Explanatory Notes which accompany and form part of this Notice.

ORDINARY BUSINESS

1 Financial Report, Directors' Report and Auditor's Report

To receive and consider the Financial Report, Directors' Report and Auditor's Report of the Company for the year ended 30 June 2018.

2 Election of Director

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

"That Ms Shirley Liew, who ceases to hold office in accordance with rule 8.1(d) of the Company's Constitution, be elected as a Director of the Company."

3 Remuneration Report

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

"That the Company's Remuneration Report for the year ended 30 June 2018 be adopted."

A voting exclusion applies to this resolution - see page 5 for details.

4 Approval of grant of options to a Director

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

"That approval is given for the purposes of ASX Listing Rule 10.14 and for all other purposes for a grant of options to acquire shares to Ms Shirley Liew in accordance with the terms summarised in the Explanatory Notes."

A voting exclusion applies to this resolution - see page 8 for details.

By Order of the Board



Melinda Harrison
Company Secretary
21 September 2018

GENERAL INFORMATION

How to Vote

If you wish to vote on the resolutions contained in this Notice of Meeting, you should either attend the AGM or appoint a proxy or proxies to attend on your behalf.

Voting entitlements

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) the Board has determined that persons who are registered holders of shares in the Company as at 7.00pm (AEDT) on Monday, 22 October 2018 will be entitled to attend and vote at the AGM as a shareholder.

Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

On a poll, shareholders have one vote for every fully paid ordinary share held. On a show of hands, every person present and qualified to vote has one vote. In both cases, voting is subject to the voting exclusions outlined in Items 3 and 4 of the Explanatory Notes.

Proxies

All shareholders who are entitled to attend and vote at the meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a shareholder of the Company. A proxy may be an individual or a body corporate.

A shareholder can appoint a proxy by completing and returning a signed Proxy Form (see the 'Lodgement' section of this General Information section, and the enclosed proxy form).

If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the *Corporations Act 2001* (Cth) (**Corporations Act**); and
- provides satisfactory evidence of the appointment of its corporate representative.

If a shareholder is entitled to cast two or more votes they can appoint either one or two proxies. If two proxies are appointed, the appointing shareholder can specify what proportion or number of their votes they want each proxy to exercise. If no proportion or number is specified, each proxy may exercise half of the member's votes. If more than one proxy attends the meeting, neither proxy may vote on a show of hands.

If you do not specify a proxy in your completed proxy form, the Chairman of the meeting will be taken to be your proxy by default. In accordance with the Corporations Act, any directed proxies that are not voted as directed on a poll at the meeting will automatically default to the Chairman of the meeting, who is required to vote proxies as directed.

Proxy voting by key management personnel (KMP)

If a shareholder appoints a member of the Company's KMP (which includes each of the Directors) or one of their closely related parties as their proxy, they will not be able to cast the shareholder's votes on Items 3 and 4

unless the shareholder directs them how to vote or the Chairman of the meeting is the shareholder's proxy.

If a shareholder appoints the Chairman of the meeting as their proxy or the Chairman of the meeting is appointed as the shareholder's proxy by default, but the shareholder does not mark a voting box for Items 3 and 4 then by submitting the proxy form, the shareholder will be expressly authorising the Chairman of the meeting to exercise the proxy even though the relevant Items are connected with the remuneration of the KMP.

See Items 3 and 4 in the Explanatory Notes for details of the voting exclusions.

Voting intentions of Chairman

The Chairman of the meeting intends to vote all available proxies in favour of Items 2, 3 and 4.

Lodgement

A proxy form for the appointment of a proxy is enclosed with this Notice. If you wish to appoint a proxy, please complete the proxy form in accordance with the instructions on the back of the proxy form and return it to Link Market Services Pty Ltd:

- by post to Locked Bag A14, Sydney South, NSW 1235 Australia;
- by facsimile to +61 2 9287 0309; or
- in person to Level 12, 680 George Street, Sydney NSW 2000, or 1A Homebush Bay Drive, Rhodes, NSW 2138.

Alternatively, you may register your proxy or proxy instructions electronically at the Share Registry website www.linkmarketservices.com.au.

To be valid, proxy forms or electronic proxy instructions must be received by 11.00am (AEDT) on Monday 22 October 2018.

Bodies Corporate

A body corporate may appoint an individual as its representative to attend and vote at the meeting and exercise any other powers the body corporate can exercise at the meeting. The appointment may be a standing one. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Voting by attorney

A shareholder entitled to attend and vote may appoint an attorney to act on his or her behalf at the AGM. An attorney may but need not be a member of the Company.

An attorney may not vote at the meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority, have previously been given to the Company.

Questions for the auditor

Shareholders may submit written questions to the Company's auditor, PricewaterhouseCoopers, if the question is relevant to the content of PricewaterhouseCoopers' Audit Report or the conduct of its audit of the Company's Financial Report. However, please note that the auditor is not obliged to provide written answers.

Relevant written questions for the auditor must be received no later than 5.00pm, Wednesday 17 October 2018. Please send questions to:

Attn: Ms A Tait
PricewaterhouseCoopers
2 Southbank Boulevard
Southbank Vic 3001

BELLAMY'S AUSTRALIA LIMITED 2018 ANNUAL GENERAL MEETING

EXPLANATORY NOTES

These Explanatory Notes have been prepared for the shareholders of Bellamy's Australia Limited to provide important information about the Items of Business proposed for consideration at the AGM to be held on Wednesday, 24 October 2018.

These Explanatory Notes are important and should be read carefully by all shareholders.

ITEM 1 FINANCIAL REPORTS

The Corporations Act requires the Financial Report (which includes financial statements, notes to the financial statements and the directors' declaration), the Directors' Report, and the Auditor's Report to be laid before the AGM.

There is no requirement for a formal resolution on this matter. However, shareholders will be given a reasonable opportunity to ask questions and to make comments on the reports and the management and performance of the Company.

The Company's auditor will also be present at the meeting and shareholders will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the auditor.

The 2018 Annual Report is available on the Company's website at <https://investors.bellamysorganic.com.au/investors>.

ITEM 2 ELECTION OF DIRECTOR

Item 2 seeks approval for the election of Ms Shirley Liew who was appointed by the Directors under rule 8.1(b) of the Company's Constitution on 13 December 2017. In accordance with rule 8.1(d), Ms Liew will hold office until the conclusion of the AGM and, being eligible, offers herself for election as a Director of the Company.

Set out below are biographical details for Ms Liew.

Item 2 Ms Shirley Liew - Independent Non-executive Director

Ms Liew has over 25 years' experience in international, listed and world class organisations in Australia as well as the UK and Asia. She has held senior commercial finance roles and lead advisory/audit partner roles in top tier chartered accounting firms, including Grant Thornton and Ernst & Young.

Ms Liew currently serves on a number of advisory boards and is Chair and Non-Executive Director of Outset Group (AmberTiles Franchise) as well as both Non-Executive Director and Committee Chair for audit, finance and risk for each of Lantern Hotels Group Limited, Amber Group Australia, Hunter United Employees Credit Union Limited and Bridge Housing Limited. She also serves as an independent advisor and member of various audit and risk committees including Transport NSW Trains and, until recently, NSW Health Local Health Districts of Nepean Blue Mountains.

Directors' Recommendation

The Directors (with Ms Liew abstaining), recommend that shareholders vote in favour of this resolution.

ITEM 3 REMUNERATION REPORT (NON-BINDING ADVISORY VOTE)

The Corporations Act requires each listed company to put a non-binding resolution to its shareholders to adopt the Remuneration Report.

The Remuneration Report is set out on pages **29 to 46** of the Company's 2018 Annual Report, which is available on the Company's website at <http://investors.bellamysorganic.com.au/investors/>.

The Remuneration Report details the Company's policy on:

- the nature and level of remuneration paid to Non-executive Directors, the Chief Executive Officer (CEO) and the Company's KMP; and
- the relationship between the remuneration of the CEO and the Company's KMP and the performance of the Company.

The vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration policies and practices of the Company.

A reasonable opportunity will be provided for shareholders to ask questions about or to make comments on the Remuneration Report at the AGM.

Directors' Recommendation

The Directors recommend that shareholders vote in favour of this resolution.

Voting Exclusion Statement - Item 3

In accordance with the Corporations Act, the Company will disregard any votes cast on Item 3:

- by or on behalf of a member of the Company's KMP (as disclosed in the Remuneration Report for the year ended 30 June 2018) or their closely related parties (regardless of the capacity in which the vote is cast); or
- as a proxy by a member of the Company's KMP as at the date of the AGM or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Item 3:

- in accordance with the directions on the proxy form; or
- by the Chairman of the AGM, in accordance with an express authorisation in the proxy form to exercise the proxy even though Item 3 is connected with the remuneration of the Company's KMP.

ITEM 4 APPROVAL OF GRANT OF OPTIONS TO A DIRECTOR

Bellamy's is continuing its critical turn-around phase, and it recognises the importance of having high calibre Directors with the requisite and specific skills and the time commitment available to guide the Company in achieving the turnaround strategy. The Board believes that all Directors should have a meaningful equity exposure to Bellamy's in order to foster a culture of ownership and drive the level of commitment needed to execute the turnaround plan.

Shareholders approved a grant of options to Mr John Murphy, Mr Rodd Peters and Mr Wai-Chan Chan at last year's Annual General Meeting under the Turnaround LTI Plan. Item 4 seeks shareholder approval, pursuant to ASX Listing Rule 10.14, for the grant of 20,878 options to the Company's newly appointed Director, Ms Shirley Liew. The options will be granted to Ms Liew at no cost. The grant of options forms part of Ms Liew's remuneration and is within the maximum annual aggregate fee pool for Non-executive Director remuneration as approved by Bellamy's shareholders.

Each option will, subject to vesting and exercise, entitle Ms Liew to acquire a fully paid ordinary share in the Company. An exercise price of \$11.19 will be payable on vesting and exercise of each option by Ms Liew. No options will vest unless the vesting condition (outlined below) is met and the volume-weighted average price of Bellamy's shares traded on ASX over the 5 trading days prior to vesting is 101% or more of the exercise price (or such other percentage determined by the Board).

Prior to vesting and exercise, the options do not entitle Ms Liew to any dividends or voting rights. Any options that have not been exercised by the last exercise date, 13 December 2021, will lapse.

If shareholder approval is obtained, the options will be granted following the AGM and, in any event, no later than 12 months after approval.

Vesting Condition

The options will vest and become exercisable subject to the achievement of a Total Shareholder Return (TSR) vesting condition by the Company.

The Board considers that the TSR vesting condition will create a strong focus on execution of the Company's turnaround plan and support the achievement of appropriate returns to shareholders.

The options will be split into two equal tranches with:

- **Tranche 1** being tested against the TSR vesting condition over a measurement period from grant until the release of Bellamy's financial results for the half-year ended 31 December 2019 (HY2019); and
- **Tranche 2** being tested against the TSR vesting condition over a measurement period from grant until the release of Bellamy's financial results for the half-year ended 31 December 2020 (HY2020).

Tranche 1 options that do not vest at the end of HY2019 will be eligible for re-testing at the end of HY2020. Tranche 1 and 2 options that do not vest at the end of HY2020, will be eligible for re-testing after the release of Bellamy's audited financial results for the year ended 30 June 2021. Any options that do not vest following testing at that time will lapse.

TSR will be measured against a target of **\$22.38 (TSR Target)**. A further explanation of the way Bellamy's calculates TSR is set out in the Remuneration Report on page 38 of the Company's 2018 Annual Report.

The options comprising each Tranche will vest depending on the Company's performance against the TSR Target, as set out below:

Company's TSR	Options that will vest (% of Tranche)
Less than 50% of TSR Target	0%
50% of TSR Target	50%
Between 50% and 100% of TSR Target	Between 50% and 100%, on pro rata, straight line basis
At or above 100% of TSR Target	100%

Cessation of Directorship

If a Director ceases to be a Director of the Board as a result of actual or alleged serious misconduct, unless the Board determines otherwise, all options held will lapse with effect from the date they cease office.

In all other circumstances, the options will be pro-rated (based on the proportion of the measurement period that has elapsed) and remain on foot and subject to the original vesting condition, unless the Board exercises a discretion to treat them otherwise.

Change of control

If there is a change in control of the Company, all of the options will vest.

Claw back

The Board has broad "claw back" powers to determine that options lapse or are subject to claw back (for example, in the case of serious misconduct).

Additional Information

- All Directors, other than the Chairman, are eligible to participate in the Turnaround LTI Plan. The following options were granted to the Directors (at no cost) following approval at the 2017 AGM:
 - 193,373 options were granted to Mr John Murphy
 - 36,257 options were granted to Mr Rodd Peters
 - 36,257 options were granted to Mr Wai-Chan Chan.
- No loan will be made by the Company in relation to the acquisition of options.
- If approval is received from shareholders pursuant to this resolution for the purposes of ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1 and the options granted to Directors (and any shares issued pursuant to them) will not count towards the 15% cap available under ASX Listing Rule 7.1.

Directors Recommendation

The Directors (with Ms Liew abstaining) recommend that shareholders vote in favour of this resolution

Voting Exclusion Statement - Item 4

In accordance with the ASX Listing Rules and the Corporations Act, the Company will disregard any votes cast on Item 4:

- in favour of the resolution by or on behalf of a Director or any of their associates; or
- as a proxy by a member of the Company's KMP at the date of the AGM or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on the Item 4:

- in accordance with the directions on the proxy form; or
- by the Chairman of the meeting and the appointment expressly authorises the Chairman to exercise the proxy even though the resolution is connected with the remuneration of the Company KMP.