

16 September 2016

SHAREHOLDER LETTER – 2016 ANNUAL GENERAL MEETING

Dear Shareholder

I am pleased to invite you to the 2016 Annual General Meeting of Bellamy's Australia Limited (Bellamy's) to be held on Wednesday, 19 October 2016 at 11.00am at the Design Centre, Corner Brisbane and Tamar Streets, Launceston Tasmania.

If you will be attending the Annual General Meeting, you will need to register on the day. Registration commences at 10.30am. Prompt registration will be facilitated if you bring your Proxy Form with you, using the bar code appearing at the top of the Proxy Form.

If you are unable to attend the Annual General Meeting but wish to vote on resolutions to be considered at the meeting, you may appoint a proxy to vote on your behalf by completing and returning the Proxy Form enclosed with this letter. To be valid, your Proxy Form must be received by 11.00am (AEDT) Monday, 17 October 2016.

Shareholders who have not elected to receive a printed copy of the 2016 Annual Report may obtain a copy from the Company's website at bellamysaustralia.com.au/reports.

Your directors and the management of Bellamy's look forward to seeing you at the Annual General Meeting.

Should you require any further information, please call our office on +61 3 6332 9200.

Yours sincerely



Brian Green
Company Secretary

BELLAMY'S AUSTRALIA LIMITED

NOTICE OF 2016 ANNUAL GENERAL MEETING

Notice is given that the 2016 Annual General Meeting (AGM) of shareholders of Bellamy's Australia Limited (Company) will be held on Wednesday, 19 October 2016 at 11.00am (AEDT) at the Design Centre, Corner Brisbane and Tamar Streets, Launceston, Tasmania.

This Notice of Meeting and the resolutions 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

To receive and consider the Financial Report of the Company and the reports of the directors and auditor for the year ended 30 June 2016.

2 Remuneration Report

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

That the Remuneration Report for the year ended 30 June 2016 be adopted.

A voting exclusion applies to this resolution (see Item 2 of the Explanatory Notes that follow).

Note - the vote on this resolution is advisory only and it does not bind the directors or the Company.

3 Approval of long term incentive grant of options to the CEO

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

That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of options to Ms Laura McBain as her annual long term incentive grant for FY2018, FY2019 and FY2020 on the terms described in the Explanatory Notes accompanying this Notice of Meeting.

A voting exclusion applies to this resolution (see Item 3 of the Explanatory Notes that follow).

4 Election and re-election of directors

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

4a *That Ms Patria Mann, who was appointed as an additional director under rule 8.1(b) of the Company's Constitution and who ceases to hold office in accordance with rule 8.1(d) of the Company's Constitution, and who is eligible for election, be elected as a director of the Company.*

4b *That Mr Charles Sitch, who was appointed as an additional director under rule 8.1(b) of the Company's Constitution and who ceases to hold office in accordance with rule 8.1(d) of the Company's Constitution, and who is eligible for election, be elected as a director of the Company.*

- 4c *That Mr Rob Woolley, who ceases to hold office in accordance with rule 8.1(e) of the Company's Constitution, and who is eligible for re-election under rule 8.1(i) of the Company's Constitution, be re-elected as a director of the Company.*

SPECIAL BUSINESS

5 Renewal of the proportional takeover provisions in the Constitution

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

That the proportional takeover provisions in the Company's Constitution, rule 6, be renewed for a further period of 3 years.

By order of the Board



Brian Green
Company Secretary
16 September 2016

GENERAL INFORMATION

How to Vote

If you wish to vote on the resolutions contained in this Notice, 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 17 October 2016 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 restrictions outlined in Items 2 and 3 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 the member's votes. If more than one proxy attends the meeting, neither proxy may vote on a show of hands.

If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chairman intends to exercise all available votes in favour of the relevant resolution. 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 2 or 3, 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 2 or 3, 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 2 and 3 in the Explanatory Notes for details of the voting exclusions.

The Chairman of the meeting intends to vote all available proxies in favour of all Items of business.

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; or
- by facsimile to +61 2 9287 0309
- 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 17 October 2016.

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. Please note that the auditor is not obliged to provide written answers.

Relevant written questions for the auditor must be received by the Company by no later than 5.00pm, Wednesday 12 October 2016. Please send questions to:

Ms A Tait
PricewaterhouseCoopers
2 Southbank Boulevard
Southbank VIC 3001

BELLAMY'S AUSTRALIA LIMITED 2016 ANNUAL GENERAL MEETING EXPLANATORY NOTES

These Explanatory Notes have been prepared for the shareholders of Bellamy's Australia Limited to provide information about the Items of business to be considered at the AGM of shareholders to be held on Wednesday, 19 October 2016.

Items 2, 3 and 4 are ordinary resolutions whereas Item 5 is a special resolution. Ordinary resolutions require a simple majority of votes cast by shareholders entitled to vote on the resolution. A special resolution requires at least 75% of the votes cast by shareholders entitled to vote.

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

ITEM 1 FINANCIAL REPORTS

The Corporations Act requires the directors to place before the AGM the Financial Statements of the Company and the Directors' Report and the Auditor's Report for the financial year ended 30 June 2016.

No resolution is required for this Item, but shareholders will be given the 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 2016 Annual Report is available on the Company's website at bellamysaustralia.com.au/reports.

ITEM 2 REMUNERATION REPORT

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 37 to 49 of the 2016 Annual Report, which is available on the Company's website at bellamysaustralia.com.au/reports.

The Remuneration Report details the Company's policy on:

- the nature and level of remuneration paid to non-executive directors, the Managing Director and senior executives of the company
- the relationship between the remuneration of the MD and senior executives 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.

Board Recommendation

The Board recommends that shareholders vote in favour of this resolution.

Voting Exclusion Statement:

The Company will disregard any votes cast on Item 2:

- by or on behalf of a member of KMP details of whose remuneration are included in the Remuneration Report or their closely related parties (such as close family members and any controlled companies) regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of KMP as at the date of the AGM, or any of their closely related parties.

However votes will not be disregarded if they are cast as proxy for a person entitled to vote on Item 2:

- in accordance with a direction on the Proxy Form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy even though Item 2 is connected with the remuneration of the Company's KMP.

ITEM 3 APPROVAL OF LONG TERM INCENTIVE GRANT OF OPTIONS TO THE CEO

Pursuant to ASX Listing Rule 10.14, the Company is seeking shareholder approval for the grant of up to 1,050,000 options to Ms Laura McBain, CEO, as part of her long term incentive (LTI) award for the financial years ending:

- 30 June 2018 (FY2018);
- 30 June 2019 (FY2019); and
- 30 June 2020 (FY2020).

Subject to shareholder approval, the options will be granted under Bellamy's LTI Plan within 3 years of the meeting, as per the schedule set out below:

Tranche	Year of grant	Number of options	Vesting date	Exercise period
1	FY2018	Up to 350,000	on or around 30 September 2020	2 years

2	FY2019	Up to 350,000	on or around 30 September 2021	2 years
3	FY2020	Up to 350,000	on or around 30 September 2022	2 years

Key Terms of the LTI Awards

The LTI Plan is designed to align the interests of the CEO with the interests of shareholders by providing the opportunity to receive an equity interest in Bellamy's through the granting of options.

The number of options to be granted to Ms McBain is determined by dividing Ms McBain's LTI opportunity (80% of fixed remuneration or \$656,000) by the fair value of the award (which is determined by a Black-Scholes based pricing methodology).

The Board is seeking approval for a lesser amount of options than prior years. In 2014, the Board sought shareholder approval to grant up to 2,550,000 options to Ms McBain for FY2015, FY2016, and FY2017. The Board is now seeking shareholder approval to grant up to 1,050,000 options to Ms McBain for FY2018, FY2019, and FY2020. This decrease in the total number of options is the result of a significant increase in Bellamy's share price. The increase in share price has increased the value of each option and consequently decreased the number of options proposed to be granted under the LTI Plan to Ms McBain.

As the options will form part of Ms McBain's remuneration, they will be granted at no cost. On vesting, an exercise price will be payable by Ms McBain. The exercise price will be determined by calculating the 10 day volume weighted average price of Bellamy's shares trading on ASX on the 5 days before the release of the annual results and the 5 days from the release of the financial results for each relevant financial year. For example, for the FY2018 grant, the exercise price will be determined by calculating the 10 day volume weighted average price of Bellamy's shares trading on ASX on the 5 days before the release of the FY2017 annual results and the 5 days from the release of those results.

Each option entitles Ms McBain to an option to acquire a fully paid ordinary share in the Company (subject to payment of the exercise price), that will only vest and become exercisable if vesting conditions are satisfied. Prior to exercise, options do not entitle Ms McBain to any dividends or voting rights.

Vesting Conditions

Service condition

Ms McBain must be employed on the relevant vesting date.

Performance hurdles

The Board has previously used earnings per share (EPS) compound annual growth rate (CAGR) and share price growth (SPG) hurdles to assess Ms McBain's performance.

The Board will continue to utilise an EPS CAGR hurdle. However, as the Company has matured since the last approval at the 2014 AGM, the Board has determined to replace the SPG hurdle

with an absolute total shareholder return (TSR) hurdle. The Board considers that an absolute TSR will create a strong focus on the needs of the business in this high growth phase of Bellamy's and the targets will be set to reflect this strong growth phase and ensure the appropriate returns to shareholders. Noting that an appropriate comparator group of companies facing similar business challenges could not be identified, therefore, making the use of relative TSR a non-viable alternative at this time.

The performance hurdles for the FY2018, FY2019 and FY2020 LTI grants are set out below:

Tranche 1

Percentage of grant	Performance condition	Performance period
50%	EPS (CAGR)	1/07/2017 – 30/06/2020
50%	Absolute TSR	1/07/2017 – 30/06/2020

Tranche 2

Percentage of grant	Performance condition	Performance period
50%	EPS (CAGR)	1/07/2018 – 30/06/2021
50%	Absolute TSR	1/07/2018 – 30/06/2021

Tranche 3

Percentage of grant	Performance condition	Performance period
50%	EPS (CAGR)	1/07/2019 – 30/06/2022
50%	Absolute TSR	1/07/2019 – 30/06/2022

The setting of EPS and TSR targets will be determined by the Board at the time each annual grant is made.

These vesting schedules are set out below:

EPS (CAGR)	Options that will vest (%)	Absolute TSR	Options that will vest (%)
Less than the threshold target	Nil	Less than the threshold target	Nil
Equal to the threshold	20%	Equal to the threshold	20%
Greater than the threshold, up to outstanding	Between 20% and 100%, on pro rata, straight line basis	Greater than the threshold, up to outstanding	Between 20% and 100%, on pro rata, straight line basis
At or above outstanding	100%	At or above outstanding	100%

Testing of the Performance Conditions

EPS hurdle

EPS will be calculated as net profit attributable to shareholders for that financial year, adjusted to exclude the costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus elements.

The Board may exercise its discretion to take into account significant transactions and events and to ensure that there are no windfall gains and losses.

Targets will be set annually by the Board, based on budgeted EPS performance for each year. EPS results for each year will be averaged to provide an overall outcome for each performance period. The EPS hurdle then compares the Company's EPS CAGR performance over the performance period against the targets set by the Board.

TSR hurdle

TSR measures the return received by shareholders from holding shares over a particular period. The Board calculates TSR by taking into account the change in the Company's share price over the relevant performance period as well as the dividends received (and assumed to be reinvested back into the Company's shares) during that period.

The opening and closing share prices for each tranche will be determined by calculating the 10 day volume weighted average share price of Bellamy's shares trading on ASX, comprising the 5 trading days before the release of the Company's annual financial results and the 5 trading days from the release of the financial results.

The TSR hurdle then compares the Company's TSR over the performance period against the targets set by the Board.

Other Key Terms of the LTI Plan

Cessation of employment

If the CEO ceases to be employed due to termination for cause, unless the Board determines otherwise, all options held will lapse with effect from the date of cessation.

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

Change of control

In the event of a takeover bid or other transaction that in the Board's opinion would result in a change of control, the Board has the discretion to determine that some or all of the CEO's unvested options will vest.

If a change of control event occurs before the Board has exercised its discretion, then a pro-rata proportion of unvested options equal to the portion of the total performance period that has elapsed will be tested based on performance against the hurdles to that date.

Any options that vest based on performance against the hurdles will vest immediately. All other options will lapse.

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).

Restrictions on dealing

Ms McBain must not sell, transfer, encumber, hedge or otherwise deal with options except in very limited circumstances.

Ms McBain will be free to deal with the shares allocated on vesting of the options, subject to the requirements of Bellamy's Securities Trading Policy.

Additional Information Provided in Accordance with ASX Listing Rule 10.15A

- At the 2014 AGM, shareholders approved the granting to Ms McBain of options under the LTI Plan for FY2015, FY2016 and FY2017. Ms McBain was subsequently granted 825,877 options for FY2015 with an exercise price of \$1.30 and 530,918 options for FY2016 with an exercise price of \$4.97. The FY2017 grant will be made in September 2016. The final amount of FY2017 options has yet to be determined (but will not be more than 850,000 options which was approved by shareholders in 2014). None of the options have vested. No other options have been granted to directors under the LTI Plan since the last approval.
- Ms McBain is the only director entitled to receive options under the LTI Plan.
- No loan will be made by the Company in relation to the acquisition of options.
- Under ASX Listing Rule 7.1, every listed entity has the ability to issue 15% of its issued capital without security holder approval in a 12 month period. When an entity issues or agrees to issue securities under ASX Listing Rule 7.1 without security holder approval, that issue or agreement to issue uses up part of the 15% available under that rule. However, if approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that the options granted to Ms McBain and any shares issued pursuant to this approval will not use up part of the 15% available under ASX Listing Rule 7.1.

- Details of any securities issued under the LTI Plan will be published in each Annual Report relating to the period in which the securities have been issued, and it will be noted that approval for the issue of these securities was obtained under ASX Listing Rule 10.14.
- Any additional directors who become entitled to participate in the LTI Plan following the AGM and who are not named in this Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

Board Recommendation

The Board (with Ms McBain abstaining) recommends that shareholders vote in favour of this resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on Item 3:

- by or on behalf of Ms McBain and any of her associates, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote:

- in accordance with a direction in the Proxy Form; or
- by the person chairing the meeting, 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 KMP.

ITEM 4 ELECTION AND RE-ELECTION OF DIRECTORS

Items 4a and 4b seek approval for the election of Ms Patria Mann and Mr Charles Sitch who were appointed by the directors under rule 8.1(b) of the Company's Constitution as additional directors on 10 March 2016. Rule 8.1(d) states that a director so appointed holds office until the conclusion of the next AGM. Ms Mann and Mr Sitch are eligible for election under rule 8.1(i) of the Company's Constitution and offer themselves for election as directors of the Company.

Item 4c seeks approval for the re-election of Mr Rob Woolley who ceases to hold office in accordance with rule 8.1(e) of the Company's Constitution. Mr Woolley is eligible for re-election under rule 8.1(i) of the Company's Constitution and offers himself for re-election as a director of the Company.

Item 4a Ms Patria Mann - Non-executive director



Patria was appointed as a non-executive director of the Company in March 2016. She is the Chair of the Audit and Risk Committee. The Board considers Patria to be an independent director.

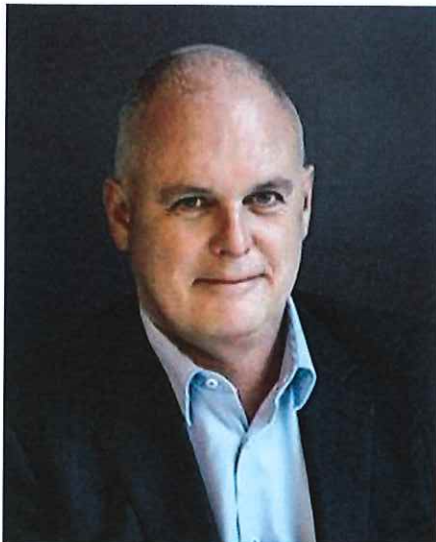
Patria is an experienced non-executive director who is currently on the boards of Event Hospitality and Entertainment (formerly Amalgamated Holdings), Ridley Corporation, Allianz Australia and Perpetual Superannuation.

Patria was formerly a Partner at KPMG. She holds a Bachelor of Economics (University of Sydney), is a Fellow of the Australian Institute of Company Directors.

Board Recommendation

The Board (with Ms Mann abstaining), recommends that shareholders vote in favour of this resolution.

Item 4b Mr Charles Sitch - Non-executive director



Charles was appointed as a non-executive director of the Company in March 2016. He is a member of the Remuneration and Nomination Committee. The Board considers Charles to be an independent director.

Charles is a director of Spark (formerly Telecom New Zealand Limited) and Apiam Animal Health Limited. He is also Chairman of the Robin Boyd Foundation and board member of Trinity College (Melbourne).

Charles was previously a director of the global management consulting firm McKinsey & Co for 24 years. Charles has a Bachelor of Law / Commerce from the University of Melbourne, an MBA from Columbia Business School, and is a Graduate of the Australian Institute of Company Directors.

Board Recommendation

The Board (with Mr Sitch abstaining), recommends that shareholders vote in favour of this resolution.

Item 4c Mr Rob Woolley - Non-executive Chairman



Rob was appointed as Chair on the formation of the Company in 2007. Rob's expertise has been instrumental in the growth of the Company to date. He is a member of the Remuneration and Nomination Committee and the Audit and Risk Committee. The Board considers Rob to be an independent director.

Rob is Chair of TasFoods Limited and was previously a Board member and Chair of Tandou Limited. He was also Managing Director of Webster Limited and prior to that role a partner for approximately twenty years in Deloitte including senior management roles in that firm. Rob has also served on various Government Boards and committees.

Rob holds a Bachelor of Economics, is a Fellow of the Institute of Chartered Accountants, and a member of the Institute of Company Directors.

Board Recommendation

The Board (with Mr Woolley abstaining), recommends that shareholders vote in favour of this resolution.

ITEM 5 RENEWAL OF THE PROPORTIONAL TAKEOVER PROVISIONS IN THE CONSTITUTION

The Company's Constitution currently contains provisions dealing with proportional takeover bids for Bellamy's shares in accordance with the Corporations Act. The provisions, which are contained in rule 6 of the Constitution, are designed to assist shareholders to receive proper value for their shares if a proportional takeover bid is made for the Company.

Under the Corporations Act, these provisions must be renewed every 3 years or they will cease to have effect. The current provisions will automatically cease to have effect after 9 June 2017 unless renewed by the proposed special resolution. These provisions must be renewed at this AGM in order to apply to proportional takeover bids made after 9 June 2017. If approved by shareholders, the proportional takeover provisions will be in exactly the same terms and will have effect for 3 years.

The Corporations Act requires that the following information be provided to shareholders when they are considering the inclusion of proportional takeover provisions in a constitution.

Effect

A proportional takeover bid is one where an offer is made to each shareholder for a proportion of that shareholder's shares.

The current provisions in the Bellamy's Constitution state that, in the event of a proportional takeover bid being made, the directors must hold a meeting of the shareholders entitled to vote for the purpose of considering and, if thought fit, passing a resolution to approve the proportional takeover bid. A resolution approving the bid must be voted on by the 14th day before the last day of the bid period, during which the offers under the proportional takeover bid remain open, or a later day allowed by the Australian Securities and Investments Commission. The resolution will be passed if more than 50% of votes are cast in favour of the approval. The bidder and its associates are not allowed to vote on the resolution.

The Directors will breach the Corporations Act if they fail to ensure the resolution is voted on. If no resolution is voted on by the deadline, the bid is taken to have been approved.

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

Reasons for proposing the resolutions

If the proportional takeover approval provision is not in the Constitution, a proportional takeover bid may enable control of the Company to pass without shareholders having the opportunity to sell all of their shares to the bidder. Shareholders may therefore be exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium for their shares.

The proportional takeover provisions decrease this risk because they allow shareholders to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

No Knowledge of Any Acquisition Proposals

At the date of this notice, no director of the Company is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Review of Proportional Takeover Provisions

While proportional takeover provisions have been in effect under the Company's Constitution, no takeover bids for the Company have been made, either proportional or otherwise. Accordingly, there are no actual examples against which to assess the advantages or disadvantages of the existing proportional takeover provisions (that is, rule 6 of the existing Constitution) for the directors and shareholders of the Company. The directors are not aware of any potential takeover bid that was discouraged by rule 6.

Potential Advantages and Disadvantages

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

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

- shareholders have the right to decide by majority vote whether a proportional takeover bid should proceed;
- the provisions may assist shareholders to avoid being locked in as a minority;
- the bargaining power of shareholders is increased and this may assist in ensuring that any proportional bid is adequately priced; and
- knowing the view of the majority of shareholders assists each individual shareholder in assessing the likely outcome of the proportional takeover bid and whether to approve or reject that offer.

Some potential disadvantages for shareholders of the Company are:

- the provisions are a hurdle to, and may discourage the making of proportional takeover bids in respect of the Company;
- shareholders may lose an opportunity of selling some of their shares at a premium; and
- the chance of a proportional takeover bid being successful may be reduced.

The Board considers that the potential advantages for shareholders of the proportional takeover approval provisions outweigh the potential disadvantages. In particular, shareholders as a whole are able to decide whether or not a proportional takeover bid is successful.

Board Recommendation

The Board recommends that shareholders vote in favour of this resolution.

LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Bellamy's Australia Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Bellamy's Australia Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ **the Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am on Wednesday, 19 October 2016 at the Design Centre, Corner Brisbane and Tamar Streets, Launceston, Tasmania (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 2 and 3: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, then by submitting this form you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 2 and 3, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).


The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
2 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4c Re-Election of Rob Woolley as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of long term incentive grant of options to the CEO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Renewal of the proportional takeover provisions in the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4a Election of Patria Mann as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4b Election of Charles Sitch as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1.

If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. If your named proxy attends the Meeting but does not vote on a poll on an item in accordance with your directions, the Chairman of the Meeting will become your proxy in respect of that item. A proxy need not be a member of the Company.

PROXY VOTING BY THE CHAIRMAN OF THE MEETING

On a poll, the Chairman of the Meeting will vote directed proxies as directed and may vote undirected proxies as the Chairman of the Meeting sees fit. If the Chairman of the Meeting is your proxy or becomes your proxy by default, and you do not provide voting directions, then by submitting the Voting Form you are expressly authorising the Chairman of the Meeting to exercise your proxy on resolutions that are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

PROXY VOTING BY KEY MANAGEMENT PERSONNEL (KMP)

The KMP of the Company (which includes each of the Directors) and their closely related parties will not be able to vote as your proxy on Resolutions 2 and 3 unless you direct them how to vote or the Chairman of the Meeting is your proxy. If you intend to appoint a member of the KMP or one of their closely related parties as your proxy, you can direct them how to vote by following the instructions on this Voting Form.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

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

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Monday, 17 October 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Bellamy's Australia Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**