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Friday 26 August 2016

Patties Scheme Meeting – Chairman's Address

In accordance with ASX Listing Rule 3.13.3, set out as Annexure A to this announcement is a copy of the address (excluding procedural content) to be given by the Chairman of Patties Foods Limited (**Patties**) (**ASX: PFL**), Mr Mark Smith, to the attendees of the Patties Scheme Meeting to be held today at the offices of MinterEllison, Level 23, 525 Collins Street, Melbourne, Victoria commencing at 10.00am.



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Annexure A

26 August 2016

CHAIRMAN'S ADDRESS

INTRODUCTION Ladies and gentlemen my name is Mark Smith, the Chairman of Patties Foods Limited. I will be chairing today's meeting.

With me today are my fellow directors of Patties – Curt Leonard, John Schmoll, Steven Chaur, Richard Rijs, Harry Rijs and Greg Dhnaram and the company secretary and general counsel, Clinton Orr. Can I ask you please to turn off all mobile phones, electronic equipment and recording devices.

Representatives of our share registry, Computershare Investor Services Pty Ltd, are also present today to assist in conducting the poll for today's meeting. I appoint Gonzalo Valencia of Computershare Investor Services Pty Ltd to act as Returning Officer. I appoint Ms Lisa Harker of PricewaterhouseCoopers as the Scrutineer. Mr Valencia and Ms Harker have agreed to act in their respective capacities.

SCHEME MEETING

CHAIRMAN'S ADDRESS

It is now 10:00am, being the scheduled commencement time for the Scheme Meeting.

A quorum is present and therefore I declare the Scheme Meeting to be open.

This meeting has been convened in accordance with orders made by the Supreme Court of Victoria on 15 July 2016, the Patties Constitution and the Corporations Act. The purpose of this meeting is for you to consider, and if you think fit, agree to (with or without any alterations or conditions) a scheme of arrangement under which Australasian Foods Bidco Pty Limited (whom I will refer to as '**Bidder**'), an entity owned by funds managed or advised by Pacific Equity Partners, will acquire all of the shares of Patties, as long as all conditions to the Scheme are satisfied or waived.

I refer to the Notice of Scheme Meeting contained in Appendix 3 to the Explanatory Booklet that sets out the resolution proposed for today's meeting. As the Explanatory Booklet was mailed and sent by email to shareholders on 25 July 2016 and a second mail out to new shareholders was made on 12

August 2016, I will take the Notice of Scheme Meeting as read.

The Explanatory Booklet, which you will have had the opportunity to review, provides a comprehensive statement of the reasons for Patties Shareholders to vote in favour of the Scheme and the potential reasons for them to vote against the Scheme.

SCHEME

I would now like to say a few words about the proposed Scheme.

If the Scheme is implemented, Patties Shareholders will receive \$1.65 in cash for each Patties Share held on the Scheme Record Date (which on the current timetable is 7.00pm (Melbourne time) on Thursday 15 September 2016) less any special dividend (if declared) up to \$0.25 per share. Payment of this amount would occur on the Implementation Date which on the current timetable, is Thursday, 22 September 2016.

Alternatively, if the Scheme is implemented and you have made a valid Election to receive Scrip Consideration comprising Class B Shares in Australasian Foods Holdco Pty Limited ('**HoldCo**') for between (and including) 40% and 100% of your Patties Shares, then, if the Minimum Holding Threshold of 5,555,555 Class B Shares is met on the Scheme Record Date, you will receive one Class B Share in HoldCo for each Patties Share held by you on the Scheme Record Date, for that percentage of Patties Shares for which you have elected on or before the Election Date to receive the Scrip Consideration. To be effective, elections to receive Scrip Consideration must have been received on or before 5.00pm (Melbourne time) on Monday, 22 August 2016 and will apply to the shares you hold as at 7.00pm (Melbourne time) on Thursday 15 September 2016.

For those Patties Shares held by you on the Scheme Record Date for which you have not made a valid Election, you will receive the Cash Consideration for those Shares if the Scheme is implemented.

Valid Elections corresponding to a total of 42,434,449 Class B Shares were received by Patties from 121 Patties Shareholders by 5:00pm (Melbourne time) on the Election Date. As this exceeds the Minimum Holding Threshold of 5,555,555 Class B Shares and does not exceed the maximum cap of 50,000,000 Class B Shares, were this outcome to remain the case as at the Scheme Record Date, then Patties Shareholders who made a valid Election and who qualify as Scheme Shareholders will receive the Scrip Consideration for all of the Patties Shares for which they made a valid Election expressed as a percentage of the total Patties Shares that they hold as at the Scheme Record

Date and will not be scaled back.

Please note that under the Scheme, the Elections (which are expressed as a percentage of the shareholding of a Patties Shareholder) will apply to the shareholdings of Patties Shareholders as at the Scheme Record Date who made a valid Election on or before the Election Date, regardless of whether the shareholdings of those Patties Shareholders as at the Scheme Record Date is greater or less than their holding of Patties Shares as at the Election Date. As the shareholding of a Patties Shareholder who has made an Election may change between the Election Date and the Scheme Record Date or a Patties Shareholder who has made an Election may dispose of their entire shareholding prior to the Scheme Record Date, Patties Shareholders (particularly those who have made an Election) should be aware (including for the purposes of this Scheme Meeting) that the Election outcome announced to the ASX on Tuesday, 23 August 2016 is the outcome as at the Election Date and that this outcome may change between the Election Date and the Scheme Record Date.

An Election therefore is no guarantee that Scrip Consideration will be available to those Patties Shareholders who have made the Election were the Scheme to be implemented and further the Election outcome announced to the ASX on Tuesday, 23 August 2016 is no guarantee that the Scrip Scale Back (if Scrip Consideration is available) will not occur were the Scheme to be implemented. Whether or not the Minimum Holding Threshold of 5,555,555 Class B Shares will be met, which is the threshold which must be met for Scrip Consideration to be available, will not be known until the Scheme Record Date. Further, whether or not the maximum cap of 50,000,000 Class B Shares will be exceeded, resulting in the Scrip Scale Back, will again not be known until the Scheme Record Date.

Your Board gave careful consideration to the advantages and disadvantages of the Scheme prior to entering into the Scheme Implementation Deed and, for the reasons set out in the Explanatory Booklet, your Directors unanimously recommend that Patties Shareholders vote in favour of the Scheme, in the absence of a superior proposal. Subject to that same qualification, each Patties Director intends to vote all Patties Shares held or controlled by him in favour of the Scheme. I can confirm that no superior proposal has been received.

An Independent Expert has also reviewed the proposal and has concluded that the Scheme is fair and reasonable and therefore in the best interests of Patties Shareholders.

**STATUS OF
CONDITIONS**

I am pleased to confirm that the condition relating to approval from the Foreign Investment Review Board has now been satisfied.

As such, the Scheme is now conditional on three things occurring:

1. Patties Shareholders passing the resolution to approve the Scheme at this meeting;
2. Operational and procedural type conditions, usual for a transaction of this nature, which are described in the Explanatory Booklet, being either satisfied or waived at least 2 hours before the start of the Second Court Hearing; and
3. the Supreme Court of Victoria approving the Scheme at the Second Court Hearing, currently scheduled for next Friday, 2 September 2016.

Subject to these conditions, the Scheme will become legally effective and will bind all Patties Shareholders holding Patties Shares at the Record Date for the Scheme (also called the Scheme Record Date) which on the current timetable, as I have said above, is 7.00pm (Melbourne time) on Thursday, 15 September 2016.

**STATUS OF
PROPOSED
DIVIDEND**

Subject to the Supreme Court of Victoria approving the Scheme at the Second Court Hearing on Friday, 2 September 2016, the present intention of the directors is to declare on that day a Special Dividend of \$0.25 per Patties Share. If declared, the record date for the Special Dividend will be 7.00pm (Melbourne time) on Thursday, 8 September 2016. An announcement to ASX confirming the record date for the Special Dividend will be made promptly after the declaration of the Special Dividend.

As disclosed in the Explanatory Booklet, if the resolution to approve the Scheme is not passed at this meeting or the Court does not approve the Scheme, the directors do not intend to declare or authorise any Special Dividend.

ENDS

For further information please contact:

Shareholder Information Line

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Tel: +61 3 9415 4109 (outside Australia)

Company Secretary

Clinton Orr

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