



13 September 2019

Dear Shareholder,

I am pleased to invite you to attend the 2019 Annual General Meeting of shareholders of Inghams Group Limited ACN 162 709 506 (the “**Company**” or “**Ingham’s**”).

**Annual General Meeting**

Ingham’s 2019 Annual General Meeting has been scheduled as follows:

**Date:** Thursday, 17th October 2019  
**Time:** 10.00am (Sydney time)  
**Venue:** Vibe Hotel North Sydney,  
171 Pacific Highway  
North Sydney NSW 2060

Please find enclosed a Notice of Meeting which sets out the business to be dealt with at the Annual General Meeting, including:

- biographical information for the Directors standing for election and re-election; and
- details of proposed grants of performance rights to the CEO and Managing Director as his annual long term incentive awards for FY19 and FY20; and
- information regarding the advantages and disadvantages of the proposed renewal of the proportional takeover provisions contained in the Company’s Constitution.

**Ingham’s performance in FY19**

Ingham’s is proud to be Australia and New Zealand’s largest integrated poultry producer supplying leading retail, quick service restaurants and food service customers, processing 4 million birds per week and employing more than 8,000 people.

As detailed in our financial results announced to ASX on 27 August 2019, Ingham’s was pleased to be able to continue to grow core poultry volumes throughout FY19. The results were solid despite growing costs pressures and New Zealand headwinds, as we continue to see strong demand for Ingham’s quality products. In particular:

- poultry volumes (excluding ingredients) grew by 4.3% across the Company while underlying Gross Profit increased 3.0% to \$480.2m supported by continued progress on sustainable profit improvement initiatives covering automation, labour productivity, procurement, and other initiatives; and
- underlying EBITDA increased 2.9% to \$208.6m for the full year, while Statutory EBITDA of \$242.2m increased 14.2% (including the net positive effect of profit on sale, restructuring charges and discontinued operations), and NPAT increased 10.1% to \$126.2m.

The leadership team now in place is blending deep domestic and international operational poultry and good industry experience. Looking forward to FY20, poultry demand is expected to continue to grow as consumers are attracted to the relative affordability of chicken as a healthy protein.

**Vesting of FY17 long term incentive awards**

In conjunction with release of Ingham’s full year results for FY19, as summarised above, the Board has tested the performance conditions applicable to the Company’s FY17 long term incentive (“**LTI**”) awards.

The performance rights which comprised the Company's FY17 LTI awards were granted at the time of the Company's listing on ASX and were subject to the following two performance conditions over the period from listing to 30 June 2019:

- **Earnings per share ("EPS")** growth over the performance period - 75% of the LTI award; and
- **Relative total shareholder return ("TSR")** compared to the ASX 200 (excluding companies classified as financial, mining and resources) - 25% of the LTI award.

As outlined in the Company's prospectus, Ingham's considers the EPS performance condition which applies to its LTI to be commercially sensitive, however, it intends to disclose this information retrospectively following vesting of the relevant awards. Accordingly, set out below is information regarding vesting achieved in relation to the FY17 LTI:

Performance Condition	Threshold performance (50% vests)	Between threshold and maximum	Maximum performance (100% vests)	Actual performance	% vesting
<b>EPS growth</b> (75% of LTI)	5% CAGR*	Straight-line vesting	9% CAGR*	8.8% CAGR	97.5%
<b>TSR</b> (25% of LTI)	50 <sup>th</sup> percentile	Straight-line vesting	75 <sup>th</sup> percentile	73.5%	97.0%

\*CAGR refers to compound annual growth rate.

Overall, 97.4% of the performance rights comprising the FY17 LTI awards were vested by the Board.

We encourage you to vote at the Meeting, either by attending the Meeting and voting in person or by submitting a proxy form as outlined in the Notice of Meeting. To be effective, proxy forms must be received no later than 10.00am (Sydney time) Tuesday, 15 October 2019.

We look forward to seeing you at the Meeting.

Yours sincerely,



Peter Bush

Chairman

**Inghams Group Limited**

# INGHAMS GROUP LIMITED

ACN 162 709 506

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is given that an Annual General Meeting of the members of INGHAMS GROUP LIMITED ACN 162 709 506 (“Company” or “Ingham’s”) will be held at the Vibe Hotel, North Sydney, 171 Pacific Highway North Sydney, on Thursday 17th October 2019 at 10.00am (Sydney time) (“Meeting”).

### ITEMS OF BUSINESS

#### 1. Financial Report

To receive and consider the Financial Report of the Company and its controlled entities and the Reports of the Directors and Auditor for the year ended 29 June 2019.

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

#### 2. Election of Andrew Reeves as Director

That Andrew Reeves be elected as a Director of the Company.

#### 3. Election of Robert Gordon as Director

That Robert Gordon be elected as a Director of the Company.

#### 4. Re-election of Peter Bush as Director

That Peter Bush be re-elected as a Director of the Company.

#### 5. Re-election of Ricky Lau as Director

That Ricky Lau be re-elected as a Director of the Company.

#### 6. Remuneration Report

That the Remuneration Report for the year ended 29 June 2019 be adopted.

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. A voting exclusion applies to this resolution (see section 2 of the notes relating to voting).

#### 7. Approval of FY19 long term incentive grant of performance rights to the CEO

That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of performance rights to Jim Leighton as his annual long term incentive grant for the year ended 29 June 2019 on the terms described in the Explanatory Memorandum accompanying the Notice of Meeting.

Note: A voting exclusion applies to this resolution (see Item 2 of the notes relating to voting).

#### 8. Approval of FY20 long term incentive grant of performance rights to the CEO

That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of performance rights to Jim Leighton as his annual long term incentive grant for the year ended 30 June 2020 on the terms described in the Explanatory Memorandum accompanying the Notice of Meeting.

Note: A voting exclusion applies to this resolution (see Item 2 of the notes relating to voting).

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

**9. Renewal of proportional takeover provisions in the Company's Constitution**

That the proportional takeover provisions in rule 6 of the Company's Constitution be renewed for a further period of 3 years with effect from the date of the Meeting.

The notes relating to voting and the Explanatory Memorandum form part of this Notice of Meeting.

By Order of the Board



David Matthews  
Company Secretary  
13 September 2019

## Notes relating to voting

### 1. Entitlement to vote

In accordance with 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 (Sydney time) on Tuesday, 15 October 2019 will be entitled to attend and vote at the Meeting as a shareholder. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

If more than one joint holder of shares is present at the Meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

The vote on each resolution outlined in the Notice of Meeting will be decided on a poll, and each shareholder present in person or by proxy shall have one vote for every fully paid ordinary share held (subject to the restrictions on voting referred to below).

### 2. Voting exclusions

#### Item 6

The Company will disregard any votes cast on Item 6:

- by or on behalf of a member of the Company's key management personnel ("KMP") named in the Company's Remuneration Report for the year ended 29 June 2019 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 Company's KMP at the date of the Meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Item 6:

- in accordance with a direction in the proxy form; or
- by the Chairman of the Meeting pursuant to an express authorisation in the proxy form to exercise the proxy even though the resolution is connected with the remuneration of KMP.

#### Items 7 and 8

The Company will disregard any votes cast on Items 7 or 8:

- in favour of the resolution by or on behalf of Mr Leighton or any of his 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,

unless the vote is cast as proxy for a person entitled to vote on Items 7 or 8 (as relevant):

- in accordance with a direction in the proxy form; or
- by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy, even though the resolution is connected with the remuneration of the KMP.

### 3. Proxies

- a. A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote on their behalf. A proxy need not be a shareholder and can be either an individual or a body corporate.
- b. A shareholder can appoint a proxy by completing and returning a signed proxy form (see section 4 of these notes relating to voting, and the enclosed proxy form).
- c. A shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.
- d. 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; and
  - provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

- e. If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy form. If you do not direct your proxy how to vote on a particular item of business, you are authorising your proxy to vote as they decide, subject to any applicable voting exclusions.
- f. Unless the Chairman of the Meeting is your proxy, members of the Company's KMP (which includes each of the Directors) will not be able to vote as proxy on Items 6, 7 or 8, unless you direct them how to vote. If you intend to appoint a member of the KMP (such as one of the Directors) as your proxy, you should ensure that you direct that person how to vote on Items 6, 7 and 8.
- g. If you intend to appoint the Chairman of the Meeting as your proxy, you can direct the Chairman how to vote by marking the boxes for the relevant resolution (for example, if you wish to vote "for", "against" or to "abstain" from voting). However, if you appoint the Chairman of Meeting as your proxy, or they become your proxy by default, and you do not mark a box next to Items 6, 7 or 8, then by signing and submitting the proxy form, you will be expressly authorising the Chairman to vote as they see fit in respect of Items 6, 7 and 8 even though these Items are connected with the remuneration of the Company's KMP.
- h. If:
- a poll is duly demanded at the Meeting in relation to a proposed resolution;
  - a shareholder has appointed a proxy (other than the Chairman of the Meeting) and the appointment of the proxy specifies the way the proxy is to vote on the resolution; and
  - that shareholder's proxy is either not recorded as attending the Meeting or does not vote in accordance with the shareholder's direction on the resolution,
- the Chairman of the Meeting will, before voting on the resolution closes, be taken to have been appointed as the proxy for the shareholder for the purposes of voting on that resolution and must vote in accordance with the written direction of that shareholder.
- i. Please note that the Chairman intends to vote all available undirected proxies in favour of each resolution.

#### 4. Proxy form

A proxy form accompanies this Notice of Meeting and to be effective it must be received no later than 10.00am (Sydney time) Tuesday, 15 October 2019 at:

<b>Mail:</b> Inghams Group Limited C/ - Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia	<b>By Hand:</b> Inghams Group Limited C/- Link Market Services Limited 1A Homebush Bay Drive, Rhodes NSW 2138; or Level 12, 680 George Street, Sydney NSW 2000
<b>Facsimile:</b> + 61 2 9287 0309	<b>Online:</b> <a href="http://linkmarketservices.com.au">linkmarketservices.com.au</a>

#### 5. Corporate representatives

A body corporate that is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it has been signed, unless it has previously been given to the Company.

#### 6. Voting by attorney

A shareholder entitled to attend and vote may appoint an attorney to act on his or her behalf at the Meeting. 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, are received by the Company in the same manner, and by the same time, as outlined above for proxy forms.

**EXPLANTORY MEMORANDUM**  
**for Annual General Meeting of Inghams Group Limited**

**1. Annual Financial Report**

The Corporations Act requires: (i) the reports of the Directors and Auditor; and (ii) the annual Financial Report (including the Financial Statements and Notes) of the Company and its controlled entities for the year ended 29 June 2019, to be laid before the Annual General Meeting.

The annual Financial Report, Director's report and Auditor's report are contained in the Company's 2019 Annual Report and can be accessed at [www.ingham.com.au](http://www.ingham.com.au).

Neither the Corporations Act nor the Company's Constitution requires a vote of shareholders on this Item. However, shareholders will be given an opportunity to raise questions or comments on the management of the company.

A reasonable opportunity will also be given at the meeting for shareholders as a whole to ask the Company's Auditor questions 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.

**2. Election of Andrew Reeves as Director**

Andrew Reeves was appointed as a Non-Executive Director on 14 January 2019. Under the Company's Constitution he will retire at the conclusion of the Meeting and, being eligible, he is nominated for election as a Director at the Meeting. Mr Reeves is a member of the Audit & Risk Committee of the Company.

Mr Reeves is a prominent figure within the fast-moving consumer goods (**FMCG**) sector and has served as CEO and Managing Director for both ASX-listed entities and large-scale multinationals. He has also held senior roles at Lion Nathan and Coca Cola Amatil. Most recently he was CEO of George Weston Foods, a role he held between 2011 and 2016. He is currently an Independent Non-Executive Director of Credit Union Australia, Netget Limited and Keytone Dairy. Appropriate background checks were completed before Mr Reeves was appointed to the Board. The Board considers Mr Reeves to be independent.

**Recommendation**

The Board (with Mr Reeves abstaining) recommends that shareholders vote in favour of the election of Andrew Reeves as a Director.

**3. Election of Robert Gordon as Director**

Robert Gordon was appointed as a Non-Executive Director on 11 April 2019. Under the Company's Constitution, he will retire at the conclusion of the Meeting and, being eligible, he is nominated for election as a Director at the Meeting.

Mr Gordon is currently the CEO and a director of Ricegrowers Limited, and a member of the Rabobank Agribusiness Advisory Board. His career spans more than 35 years in the FMCG and agribusiness sectors, including over 20 years in CEO and Managing Director roles for companies including Viterro Inc, Dairy Farmers Ltd and Goodman Fielder (Meadow Lea and Consumer Goods divisions). Mr Gordon has also served as a Non-Executive Director of Gresham Private Equity and as the Non-executive Deputy Chair of the Australian Food & Grocery Council. Appropriate background checks were completed before Mr Gordon was appointed to the Board. The Board considers Mr Gordon to be independent.

**Recommendation**

The Board (with Mr Gordon abstaining) recommends that shareholders vote in favour of the election of Robert Gordon as a Director.

**4. Re-election of Peter Bush as Director**

Peter Bush was appointed as a Non-Executive Director on 7 October 2016. Pursuant to the ASX Listing Rules and the Company's Constitution, Mr Bush will retire at the conclusion of the Meeting and, being eligible, he is seeking re-election as a Director at the Meeting. Mr Bush is Chairman of the Board and a member of the Nominations Committee, People & Remuneration Committee and Audit & Risk Committee.

Mr Bush has had a long and successful career in FMCG, holding senior roles with SC Johnson, Reckitt and Coleman, Ampol/Caltex and Arnott's, and was CEO of AGB McNair and Schwarzkopf. He then ran his own strategic consultancy business for six years. In 2003, he became the CEO of McDonald's Australia. Mr Bush is also Chairman of Southern Cross Media Group Limited. He was previously Chairman of Pacific Brands Limited, Nine Entertainment Co, Mantra Group and NEC Holdings Pty Limited and a director of Insurance Australia Group Limited. The Board considers Mr Bush to be independent.

### **Recommendation**

The Board (with Mr Bush abstaining) recommends that shareholders vote in favour of the re-election of Peter Bush as a Director.

### **5. Re-election of Ricky Lau as Director**

Ricky Lau was appointed as a Non-Executive Director on 29 October 2013 and was last elected by shareholders on 7 October 2016. Pursuant to the ASX Listing Rules and the Company's Constitution, Mr Lau will retire at the conclusion of the Meeting and, being eligible, he is seeking re-election as a Director at the Meeting.

Mr Lau is a Senior Advisor of TPG based in Hong Kong. Since joining TPG in 1998, Mr Lau has played a key role in TPG's investments in China and has served or serves on the board of directors of Shenzhen Development Bank, China Grand Automotive Services Co. Ltd., Daphne International, WTT and Phoenix Satellite Television. Prior to joining TPG, he was responsible for the corporate and project finance division of Hopewell Holdings, a regional infrastructure project developer. He received an Executive Master of Business Administration from Kellogg-HKUST and an undergraduate degree from the University of British Columbia. He is also a CFA charter holder. Mr Lau is not considered to be an independent director, as he is nominated as a Director by TPG, which is a substantial shareholder of the Company.

### **Recommendation**

The Board (with Mr Lau abstaining) recommends that shareholders vote in favour of the re-election of Ricky Lau as a Director.

### **6. Remuneration Report**

Shareholders will have a reasonable opportunity at the Meeting to ask questions about or make comments on the Remuneration Report. The Remuneration Report is contained in the Company's Annual Report and sets out the remuneration policies of the Company and reports on the remuneration arrangements in place for the Company's KMP during the year ended 29 June 2019.

As prescribed by the Corporations Act, the vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote and discussion at the Meeting into account in setting remuneration policy for future years.

A voting exclusion applies to this resolution, as set out in the Notice of Meeting.

### **Recommendation**

The Board recommends that shareholders vote in favour of the adoption of the Remuneration Report.

### **7. and 8. Approval of FY19 and FY20 LTI grants of performance rights to the CEO**

Pursuant to ASX Listing Rule 10.14, the Company is seeking shareholder approval for the grant of performance rights to Mr Jim Leighton, Managing Director and CEO ("CEO"), as his Long Term Incentive ("LTI") awards for the FY19 and FY20 financial years.

The following grants are proposed for approval at the Meeting:

- **Item 7** which relates to a grant of 506,862 performance rights to the CEO as his FY19 LTI award (as announced to shareholders on 18 October 2018, in conjunction with his appointment) ("**FY19 LTI**"); and
- **Item 8** which relates to a grant of 938,491 performance rights to the CEO as his FY20 LTI award ("**FY20 LTI**").

The Equity Incentive 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 the Company through the granting of performance rights.

Each performance right granted under the FY19 LTI and FY20 LTI will entitle the CEO to receive one fully paid ordinary share in the Company, subject to meeting the performance conditions outlined below.

Subject to receiving shareholder approval at the Meeting, the performance rights will be granted to the CEO under the Company's Equity Incentive Plan within 12 months of the Meeting.

As the performance rights will form part of the CEO's remuneration, they will be granted at no cost and there will be no amount payable on vesting. The Board retains a discretion to make a cash payment to participants on vesting of the performance rights in lieu of an allocation of shares.

### Key terms of the FY19 LTI award

In respect of FY19, Mr Leighton is being offered performance rights with a face value opportunity of \$1,865,760, which represents 200% of his total fixed remuneration (“TFR”) pro-rated for the portion of the relevant financial year following his commencement.

The maximum number of performance rights to be granted under the FY19 LTI will be 506,862, which has been calculated by dividing the face value opportunity by 3.681, being the volume weighted average price of Ingham’s shares traded on the ASX in the 10 days after 22 August 2018 (i.e. the announcement of Ingham’s FY18 annual results). The actual value that the CEO will receive (if any) will depend on whether the performance conditions are achieved.

The FY19 LTI award will vest subject to satisfaction of the performance conditions outlined below, over a performance period of 3 years commencing on 1 July 2018 and ending on 30 June 2021.

### Key terms of the FY20 LTI award

In respect of FY20, Mr Leighton is being offered performance rights with a face value opportunity of \$3,000,000, which represents 200% of his TFR for the relevant financial year.

The maximum number of performance rights to be granted under the FY20 LTI will be 938,491, which has been calculated by dividing the face value opportunity by 3.1966, being the volume weighted average price of Ingham’s shares traded on the ASX in the 10 days after 27 August 2019 (i.e. the announcement of Ingham’s FY19 annual results). The actual value that the CEO will receive (if any) will depend on whether the performance conditions are achieved.

The FY20 LTI award will vest subject to satisfaction of the performance conditions outlined below, over a performance period of 3 years commencing on 1 July 2019 and ending on 30 June 2022.

### General terms applicable to both the FY19 and FY20 LTI awards

#### Performance conditions and testing

- Performance rights granted as part of the LTI award will vest at the end of the relevant performance period, subject to the satisfaction of the performance conditions.
- The performance conditions are as follows:
  - 75% of the performance rights will be subject to a performance condition based on Ingham’s absolute earnings per share (**EPS**) over the performance period (**EPS Component**); and
  - the remaining 25% of the performance rights will be subject to a relative total shareholder return (**TSR**) performance condition, measured over the performance period (**TSR Component**). Ingham’s relative TSR will be compared to a comparator group comprising the ASX 200 (excluding companies classified as financial, mining and resources) (**Relevant Comparator Group**).

#### *EPS Component*

- In order for any performance rights in the EPS Component to vest, a threshold target must be achieved (as set out below). The percentage of performance rights comprising the EPS Component that vest, if any, will be determined over the relevant performance period by reference to the following vesting schedule:

<b>Ingham’s EPS over the performance period</b>	<b>% of performance rights that vest</b>
Less than threshold	Nil
Equal to threshold	50%
Greater than threshold up to target	Straight line pro rata vesting between 50% and 100%
At or above target	100%

- The EPS target is commercially sensitive. However, the Board will include retrospective disclosure of the EPS target following the end of the relevant performance period along with the relevant vesting outcomes. Retrospective disclosure of the EPS target and vesting outcomes of the FY17 LTI award are contained in the Chairman's letter preceding this Notice of Meeting.
- EPS results for the three years will be averaged to provide an overall outcome for the performance period. A threshold of 50% of target over the performance period must be reached before any performance rights measured against the EPS target can vest.

#### *TSR Component*

- The percentage of performance rights comprising the TSR Component that vest, if any, will be based on Ingham's TSR ranking over the relevant performance period, as set out in the following vesting schedule:

<b>Ingham's TSR rank in the Relevant Comparator Group</b>	<b>% of performance rights that vest</b>
Less than 50th percentile	Nil
At 50th percentile (threshold performance)	50%
Between 50th and 75th percentile	Straight line pro rata vesting between 50% and 100%
At 75th percentile or above	100%

- Performance will not be re-tested if the performance conditions are not satisfied at the end of the relevant performance period. Any performance rights that remain unvested at the end of the relevant performance period will lapse immediately.

#### *Voting and dividend entitlements*

The performance rights granted under the FY19 and FY20 LTI awards do not carry dividend or voting rights prior to vesting.

Shares allocated upon vesting of performance rights carry the same dividend and voting rights as other Shares.

#### *Cessation of employment*

If the participant ceases employment for cause or due to their resignation, unless the Board determines otherwise, any unvested performance rights will automatically lapse.

In all other circumstances, the performance rights 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*

Under the Plan rules and the terms of the FY19 and FY20 LTI awards, the Board may determine in its absolute discretion that some or all of participants' Rights will vest on a likely change of control.

#### *Clawback and preventing inappropriate benefits*

Under the Plan rules and the terms of the FY19 and FY20 LTI awards, the Board has clawback powers which it may exercise if, among other things:

- the participant has acted fraudulently or dishonestly, has engaged in gross misconduct, brought Ingham's, the Ingham's group or any Ingham's group company into disrepute or breached their obligations to the Ingham's group, or Ingham's is required by or entitled under law or Ingham's policy to reclaim remuneration from the participant;
- there is a material misstatement or omission in the accounts of an Ingham's group company; or
- the participant's entitlements vest or may vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the Rights would not have otherwise vested.

#### **Restrictions on dealing**

- Mr Leighton must not sell, transfer, encumber, hedge or otherwise deal with performance rights.
- Mr Leighton will be free to deal with the Shares allocated on vesting of the performance rights, subject to the requirements of Ingham's Securities Dealing Policy.

### **Additional information provided in accordance with ASX Listing Rule 10.15**

- Since the last approval under ASX Listing Rule 10.14, former CEO Mr Mick McMahon was granted 421,870 performance rights as his FY18 LTI award for nil consideration. No other Directors (or associates of Directors) have received securities under the Company's LTI Plan.
- Mr Leighton is the only Director (or associate of a Director) entitled to receive performance rights under the LTI Plan.
- No loan will be made by the Company in relation to the acquisition of performance rights.
- If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1 and any shares issued pursuant to this approval will not use up part of the 15% cap available under ASX Listing Rule 7.1.

A voting exclusion applies to this resolution, as set out in the Notice of Meeting.

### **Recommendation**

The Board (with Mr Leighton abstaining) recommends that shareholders vote in favour of Items 7 and 8 in relation to the FY19 and FY20 grants of performance rights to Mr Leighton.

## **9. Renewal of proportional takeover provisions in the Company's Constitution**

The Company's Constitution currently contains provisions dealing with proportional takeover bids for Company'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 7 October 2019, unless renewed at the Meeting by special resolution. If approved by shareholders, the proportional takeover provisions will be in exactly the same terms and will have effect for a further 3 years from the date of the Meeting.

A copy of the Company's current constitution is available on the Company's website at [www.inghams.com.au](http://www.inghams.com.au).

### **Statement under the Corporations Act**

The *Corporations Act 2001* (Cth) ("**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, and not for the shareholder's entire shareholding.

The current provisions in the Company'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. Each person who held shares in the Company as at the end of the day on which the first offer under the bid was made is entitled to vote, except that the bidder and its associates are not allowed to vote.

If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid is approved (or taken to have been approved), the transfers will be registered if they comply with the Corporations Act and the Company's Constitution.

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 and only apply for 3 years after approval. The provisions may be renewed, but only by a special resolution.

### **Reasons for proposing the resolutions**

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.

### **Review of Proportional Takeover Provisions**

While proportional takeover provisions have been in effect under 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. 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.

The potential **disadvantages** for shareholders of the Company include:

- proportional takeover bids for shares in the Company may be discouraged;
- 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 Directors consider 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.

### **No Knowledge of Any Acquisition Proposals**

At the date of this Notice of Meeting, 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.

### **Recommendation**

The Board recommends that shareholders vote in favour of the renewal of the proportional takeover provisions in the Company's Constitution.