



**Australian Agricultural Company Limited**  
ABN 15 010 892 270

## **2013 Notice of Annual General Meeting and Board Update**

**ASX Announcement : 8/2013**

**11 February 2013**

Manager  
ASX Market Announcements  
Australian Securities Exchange

A copy of the 2013 Notice of Annual General Meeting (AGM) of the Australian Agricultural Company Limited and Proxy Form are attached.

AACo announces that Dato' Sabri Ahmad has indicated his intention to resign as a Director with effect from the AGM (in respect of the financial year ended 31 December 2012) to be held on 15 March 2013.

The Board is currently considering the replacement director to fill the vacancy that will be created by Dato' Sabri Ahmad's resignation.

The Directors who will retire by rotation and who offer themselves for re-election at the 2013 AGM on 15 March 2013 are AACo Chairman Donald McGauchie and Dr. Shehan Dissanayake. The Board (with the Director abstaining in respect of his own election) unanimously recommends that Shareholders vote in favour of the election of both Mr. McGauchie and Dr. Dissanayake. Full details of the business of the AGM on 15 March 2013 including the resolutions to elect directors are set out in the Notice of Annual General Meeting and the Explanatory Statement which forms part of it.

### **Issued by:**

Bruce Bennett  
Company Secretary and General Counsel

**[www.aaco.com.au](http://www.aaco.com.au)**

Australian Agricultural  
Company Limited

ABN 15 010 892 270



## NOTICE OF ANNUAL GENERAL MEETING

10am Friday 15 March 2013

Grand Ballroom, Brisbane Marriott Hotel

515 Queen Street, Brisbane Queensland



# Notice of Annual General Meeting

The Annual General Meeting of Shareholders of the Australian Agricultural Company Limited ("AACo") will be held on Friday 15 March 2013 at 10.00am (Brisbane time) in the Grand Ballroom, Brisbane Marriott Hotel, 515 Queen Street, Brisbane, Queensland 4000.

If you are unable to attend the Annual General Meeting of Shareholders, please complete and return the enclosed proxy form in accordance with the specified directions in this Notice of Annual General Meeting and on the proxy form. This Notice of Annual General Meeting should be read in conjunction with the Explanatory Statement which is attached to this Notice of Annual General Meeting.

Explanatory note regarding the reporting date change: As announced on 31 January 2013, AACo will be changing its financial year-end from 31 December to 31 March, effective 31 March 2013. AACo will report on a three-month accounting period from 1 January 2013 to 31 March 2013 (being the 2013 financial year). It is expected that the results for this period will be published by the end of April 2013. Normal half- and full-year reporting periods will follow (for example, following 31 March 2013, AACo will report on a twelve-month accounting period from 1 April 2013 to 31 March 2014, being the 2014 financial year).

For the avoidance of doubt, this Notice of Annual General Meeting, the accompanying Explanatory Statement and the Annual General Meeting to be held on Friday 15 March 2013 all relate to the 2012 financial year, being the twelve month period from 1 January 2012 to 31 December 2012.

## ORDINARY BUSINESS

### Item 1: Financial Statements and Reports

- ▶ To receive and consider the Financial Report and the Reports of the Directors and the Auditor in respect of the twelve months ended 31 December 2012.

Note: There is no vote on this item.

### Item 2: Remuneration Report

- ▶ To consider and, if thought fit, to pass the following ordinary resolution:  
*"That the Remuneration Report of AACo for the year ended 31 December 2012 be adopted."*

Note: In accordance with section 250R of the Corporations Act 2001 (Cth), the vote on this resolution will be advisory only.

### Item 3: Election of Director: Mr Donald McGauchie AO

- ▶ To consider and, if thought fit, to pass the following ordinary resolution:  
*"That Mr Donald McGauchie AO, a Director retiring in accordance with Article 9.8 of the Constitution of AACo, being eligible, is elected as a Director of AACo."*

### Item 4: Election of Director: Dr Shehan Dissanayake

- ▶ To consider and, if thought fit, to pass the following ordinary resolution:  
*"That Dr Shehan Dissanayake, being eligible in accordance with Article 9.8 of the Constitution of AACo, is elected as a Director of AACo."*

## SPECIAL BUSINESS

### Item 5: Grant of performance rights to Mr David Farley

- ▶ To consider and, if thought fit, to pass the following ordinary resolution:  
*"That approval is given for the purpose of ASX Listing Rule 10.14 and all other purposes under the Corporations Act and the Listing Rules of ASX Limited for:*

- Mr David Farley to participate in the AACo Performance Rights Plan (Plan) with a maximum of 67,850 performance rights being issued to him in the 2013 financial year (being the period 1 January 2013 to 31 March 2013) in respect to the 2013 Long Term Incentive Plan (LTIP) Invitation;*
- Mr David Farley to participate in the Plan with a maximum of 82,243 performance rights being issued to him in the 2013 financial year in respect to the 2013 Deferred Equity Award (DEA) Invitation; and*
- the acquisition by Mr David Farley of performance rights and ordinary shares in AACo, in consequence of the vesting of those performance rights,*  
*in accordance with the Plan Rules (as amended from time to time) described in the Explanatory Notes accompanying this Notice of Meeting."*

### Voting exclusion statement

#### Voting exclusion on Item 2

A vote must not be cast (in any capacity) on item 2 by or on behalf of:

- key management personnel of AACo (including the Directors), details of whose remuneration is disclosed in the Remuneration Report ("KMP"); or
- a closely related party (such as close family members and any companies the person controls) of those persons,

whether as shareholder or proxyholder.

However, a vote may be cast on item 2:

- by a member of the KMP, or a closely related party of a member of the KMP, if the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on item 2, and the vote is not cast on behalf of a member of the KMP or a closely related party of a member of the KMP; or
- by the Chairman of the meeting, if the vote is cast as a proxy appointed in writing that does not specify the way the proxy is to vote on the resolution, and expressly authorises the Chairman of the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

#### Proxy voting by the Chairman of the meeting on item 2

If you appoint the Chairman of the meeting as your proxy, and you do not direct your proxy how to vote on item 2 on the proxy form, you will be expressly authorising the Chairman of the meeting to exercise your proxy even if that item is connected directly or indirectly with the remuneration of a member of the KMP.

The Chairman of the meeting intends to vote all available proxies in favour of item 2.

#### *Voting exclusions on Item 5*

AACo will disregard any votes cast on item 5 by:

- a Director of the entity entitled to participate in any employee incentive scheme in relation to the entity and, if ASX has expressed an opinion under rule 10.14.3 that approval is required for participating in an employee incentive scheme by anyone else, that person; and
- an associate of those persons.

However, AACo need not disregard a vote on item 5 if:

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

A vote must not be cast on item 5 by a member of the KMP, or a closely related party of a member of a KMP, acting as proxy, if their appointment does not specify the way the proxy is to vote on item 5. However, this voting exclusion does not apply if the member of the KMP is the Chairman of the meeting acting as proxy and their appointment expressly authorises the Chairman of the meeting to exercise the proxy even if that item is connected directly or indirectly with the remuneration of a member of the KMP.

#### Undirected proxy voting by the Chairman of the meeting on item 5

If you appoint the Chairman of the meeting as your proxy, and you do not direct your proxy how to vote on item 5 on the proxy form, you will be expressly authorising the Chairman of the meeting to exercise your proxy even if item 5 is connected directly or indirectly with the remuneration of a member of the KMP.

The Chairman of the meeting intends to vote all available proxies in favour of item 5.

By Order of the Board

**Bruce Bennett**

General Counsel and Company Secretary  
8 February 2013

## NOTES

### Voting by Proxy Information

If you are entitled to attend and vote at the meeting of members, you may appoint a proxy to attend and vote at the meeting on your behalf. A proxy does not need to be a member. If you are entitled to cast two or

more votes at the meeting, you may appoint two persons as your proxy or proxies to attend and vote at the meeting. If you appoint two proxies and you do not specify the proportion or number of your votes, each proxy may exercise half of your votes on a poll.

Any undirected proxies on a given item may be voted by the appointed proxies as they choose, subject to the restrictions set out in the voting exclusion statements in this Notice of Annual General Meeting. In particular:

- if an undirected proxy in relation to item 2 or 5 is given to a director (other than the Chairman) or other member of the KMP, details of whose remuneration are set out in the Remuneration Report (or any of their closely related parties), such a proxy will not vote on item 2 or 5. To allow such a proxy to vote on item 2 or 5, members must direct the proxy how to vote by ticking "For", "Against" or "Abstain" opposite item 2 or 5 on the proxy form;
- if a member appoints the Chairman as the member's proxy in relation to item 2, but does not complete any of the boxes "For", "Against" or "Abstain" opposite item 2 on the proxy form, the Chairman will exercise your proxy even if item 2 is connected directly or indirectly with the remuneration of a member of the KMP. The Chairman intends to vote all available proxies in favour of item 2. If a member wishes to appoint the Chairman as proxy with a direction to vote against, or to abstain from voting on item 2, the member should specify this by completing the "Against" or "Abstain" box on the proxy form; and
- if a member appoints the Chairman as the member's proxy in relation to item 5, but does not complete any of the boxes "For", "Against" or "Abstain" opposite item 5 (as the case may be) on the proxy form, the Chairman will exercise your proxy even if item 5 is connected directly or indirectly with the remuneration of a member of the KMP. The Chairman intends to vote all available proxies in favour of item 5. If a member wishes to appoint the Chairman as proxy with a direction to vote against, or to abstain from voting on item 5 the member should specify this by completing the "Against" or "Abstain" box on the proxy form.

AACo must receive an Appointment of Proxy at least 48 hours before the meeting. Any proxy form received after this deadline (including at the Annual General Meeting) will be invalid. If an Appointment of Proxy is signed by the appointer's attorney, the authority under which the appointment was signed, or a certified copy of the authority, must accompany the Appointment of Proxy.

The proxy's appointment and, if applicable, the authority appointing an attorney, must be sent by post, fax, online or delivered by hand to:

#### By post

Australian Agricultural Company Limited  
c/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235

#### By fax

Link Market Services Limited  
Facsimile (02) 9287 0309

#### Online

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



# Notice of Annual General Meeting

## By hand

Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

By no later than 10.00am (Brisbane time) on 13 March 2013.

For your convenience, an Appointment of Proxy Form accompanies this Notice of Annual General Meeting. Please refer to the Appointment of Proxy Form for instructions on completing the form.

## Entitlement to Vote Date

The Directors have determined that for the purposes of regulation 7.11.37 of the Corporations Regulations 2001 (Cth) and ASX Settlement Operating Rule 5.6.1, the persons eligible to vote at the meeting will be those persons who are registered Shareholders at 7.00pm (Sydney time) on 13 March 2013.

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

## Corporate Representatives

Any corporate Shareholder wishing to appoint a person to act as its representative at the meeting may do so by providing that person with:

- a letter or certificate, executed in accordance with the corporate Shareholder's Constitution, authorising that person as the corporate Shareholder's representative at the meeting; or
- a copy of the resolution appointing the person as the corporate Shareholder's representative at the meeting, certified by the company secretary or Director of the corporate Shareholder.

*Please bring this evidence of your appointment as corporate representative to the meeting.*

## EXPLANATORY STATEMENT

This Explanatory Statement is an explanation of, and contains information about, the resolutions to be considered at the Annual General Meeting, which are set out in the accompanying Notice of Annual General Meeting, to assist Shareholders to determine how they wish to vote on the resolutions. This Explanatory Statement forms part of the accompanying Notice of Annual General Meeting and should be read together with the Notice of Annual General Meeting.

### Item 1: Financial Statements and Reports

The Corporations Act 2001 (Cth) (the "Corporations Act") and the Constitution of AACo require the following reports in respect of the twelve months ended 31 December 2012 to be laid before the meeting:

- the Financial Report (which includes the financial statements and Directors' declaration);
- the Directors' Report; and
- the Auditor's Report.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity, as a whole, at the meeting to ask questions and make comments on these reports, and on the business, operations and management of AACo.

There is no requirement, either in the Corporations Act or in the Constitution of AACo, for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report.

### Item 2: Remuneration Report

Section 250R(2) of the Corporations Act requires AACo to propose a resolution that the Remuneration Report of AACo for the year ended 31 December 2012 be adopted. The vote on this resolution is advisory only.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

### Item 3: Election of Director: Mr Donald McGauchie AO

As required by Article 9.8 of the Constitution of AACo, any person appointed to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, holds office until the conclusion of the next Annual General Meeting but is eligible for election at that meeting. Non-Executive Director and Chairman, Mr Donald McGauchie AO, was appointed to be a Director of AACo with effect from 19 May 2010 (as announced to ASX on 21 May 2010) and must retire in accordance with Article 9.8 of the Constitution of AACo, but offers himself for election.

A profile for Mr McGauchie is set out in the following section. The election of this Director will be by a separate ordinary resolution of AACo. To be elected, the candidate must receive more votes in favour of his election than against his election.

The Board (with Mr McGauchie abstaining) recommends that Shareholders vote in favour of Mr McGauchie's election.

#### Profile: Mr Donald McGauchie AO

Mr McGauchie has held a wide range of non-executive Director positions, and is currently a Director of Graincorp Limited, Director of James Hardie Industries S.E and Chairman of Nufarm Limited.

His previous roles with public companies include Chairman of Telstra Corporation Limited, Deputy Chairman of Ridley Corporation Limited, Director of National Foods Limited, Chairman of Woodstock, Chairman of the Victorian Rural Finance Corporation (statutory corporation) and also President of the National Farmers Federation.

In 2011, Mr McGauchie retired as a member of the Reserve Bank Board. In 2001, Mr McGauchie was named the Rabobank Agribusiness Leader of the Year and was later awarded the Centenary Medal for services to Australian society through agriculture and business. In 2004, Mr McGauchie was appointed an Officer of the Order of Australia.

### Item 4: Election of Director: Dr Shehan Dissanayake

As required by Article 9.8 of the Constitution of AACo, any person appointed to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, holds office until the conclusion of the next Annual General Meeting but is eligible for election at that meeting. Non-Executive Director, Dr Shehan Dissanayake, was appointed to be a Director of AACo on 27 April 2012 (as announced to ASX on the same day) to fill a casual vacancy. Dr Dissanayake is eligible for election at the Annual General Meeting in accordance with Article 9.8 of the Constitution of AACo and offers himself for election.

A profile for Dr Dissanayake is set out in the following section. The election of this Director will be by a separate ordinary resolution of AACo. To be elected, the candidate must receive more votes in favour of his election than against his election.

The Board (with Dr Dissanayake abstaining) recommends that Shareholders vote in favour of Dr Dissanayake's election.

### **Profile: Dr Shehan Dissanayake**

Dr Dissanayake is a senior Managing Director and member of the Board of Directors of the Tavistock Group, a privately held investment company. He has responsibility for portfolio strategy across 200 companies in 15 countries, and is CEO of Tavistock Life Sciences, an operating unit of the Tavistock Group.

Before joining Tavistock Group in 2002, Dr Dissanayake was a Managing Partner of Arthur Andersen with responsibility for strategy and business planning for the global legal, tax and HR Consulting Divisions of the firm, encompassing 1,600 partners and 15,000 professionals.

Earlier in his career, Dr Dissanayake was involved in the medical research and technology industries. He holds a Ph.D. in Pharmacological and Physiological Sciences from The University of Chicago.

### **Item 5: Grant of performance rights to Mr Farley**

The Board proposes to offer participation in the AACo Performance Rights Plan ("Plan") to Mr David Farley, the Managing Director and CEO of AACo. Under Listing Rule 10.14, the ASX requires that Shareholders approve the grant of securities to a Director.

The Board proposes to offer participation in the Plan to Mr David Farley for the grant of performance rights ("Performance Rights") as described in this explanatory statement.

Shareholder approval is sought for the grant of Performance Rights to Mr Farley under the Plan as follows:

- up to 67,850 Performance Rights under the 2013 Long Term Incentive Plan ("LTIP") invitation (being in respect of the period 1 January 2013 to 31 March 2013) ("2013 LTIP Invitation"); and
- up to 82,243 Performance Rights under the 2013 Deferred Equity Award ("DEA") invitation ("2013 DEA Invitation").

The terms of each grant are explained in more detail below.

Please note that the 2013 financial year will run for a shortened three-month accounting period from 1 January 2013 to 31 March 2013 to facilitate the change of financial year end to 31 March. Accordingly, the 2013 LTIP Invitation has been calculated and assessed on a pro-rata basis up to 31 March 2013, to reflect the shortened three-month financial year.

The DEA (approved by shareholders on 11 May 2011) was established as part of AACo's short term incentive arrangements, and enables the company to award eligible participants with Performance Rights rather than cash, up to a deemed amount which is equivalent in value.

At the date of this Notice of Annual General Meeting, no decision(s) had been made by the Board in relation to whether Performance Rights (if any) would be granted under the 2013 DEA Invitation. Whilst shareholder approval is being sought at this Annual General Meeting for the maximum potential allocation under the 2013 DEA Invitation, the Board's decision to award (or not to award) any such Performance Rights under the 2013 DEA Invitation remains subject to the Plan Rules, the ASX Listing Rules and the Board's view of company performance in all the circumstances.

### **Director's remuneration**

Mr Farley's other remuneration benefits in respect of his employment are as follows:

- fixed remuneration of \$660,000 per annum; and
- short term incentive of up to \$300,000 per annum (comprising a potential cash bonus of up to a maximum of \$200,000 per annum plus a potential DEA of 50% of the cash bonus awarded in the relevant year as Performance Rights).

The proposed 2013 LTIP Invitation represents a gross \$ value equal to approximately 25.6% of Mr Farley's total annual remuneration opportunity on an annualised basis. If granted, the maximum proposed 2013 DEA Invitation would represent a gross \$ value equal to approximately 7.8% of Mr Farley's total annual remuneration opportunity on an annualised basis. Each of these awards has been confirmed to the Board as being 'fair and reasonable' remuneration by an independent remuneration consultant.

### **Maximum Number of Shares**

Each vested Performance Right will translate into one fully paid ordinary share in AACo ("Share"). Accordingly, the maximum number of Shares that may be acquired by Mr David Farley, for which Shareholder approval under Item 5 is sought, is as follows:

- in respect of the 2013 LTIP Invitation, is a maximum of 67,850 Shares; and
- in respect of the 2013 DEA Invitation, is a maximum of 82,243 Shares.

### **Price payable on grant or exercise of Performance Rights**

Mr Farley will not be required to pay any amount on the grant or vesting of his Performance Rights under either the 2013 LTIP Invitation or the 2013 DEA Invitation (if any). The Performance Rights are not transferable.

### **Names of all persons who received Shares under the last approval**

At AACo's 2012 Annual General Meeting, Shareholders approved the grant of up to 301,962 Performance Rights to Mr Farley under the Plan. 237,256 Performance Rights were granted to Mr Farley in relation to the 2012 LTI Offer and 64,706 Performance Rights were granted to Mr Farley in relation to the DEA 2012 Offer. Mr Farley was not required to pay any amount on the grant or vesting of these Performance Rights.

### **Names of all persons referred to in Listing Rule 10.14 entitled to participate in the Plan**

Participation in the Plan is by invitation only. That is, only those eligible employees invited by the Board to apply will be able to participate. An employee includes a full or part time employee of AACo or any of its related bodies corporate and includes a director of AACo or of a related body corporate of AACo (being the class of person referred to in Listing Rule 10.14). No director of AACo other than Mr Farley has participated in the Plan.

### **Terms of any loan relating to the acquisition of Shares**

There are no loans relating to the acquisition of Performance Rights or Shares under the Plan.

### **Date by which grants of Performance Rights may be made**

It is proposed that the Performance Rights will be granted to Mr David Farley no later than 3 months after shareholder approval is received in respect of the 2013 LTIP Invitation and the 2013 DEA Invitation (if granted).

## Notice of Annual General Meeting

### Requirements for approval

Shareholder approval of the participation of Mr David Farley in the Plan and his acquisition of Performance Rights as detailed above and of Shares on vesting of those Performance Rights is sought for all purposes under the Corporations Act and the Listing Rules of ASX, including Listing Rule 10.14.

### ASX Listing Rule 10.14

Under Listing Rule 10.14, an entity must not issue securities to a related party (such as a Director or a company controlled by a Director) under an employee incentive scheme without the approval of Shareholders. Accordingly, approval of Shareholders is sought for the purpose of Listing Rule 10.14 to enable AACo to make grants of Performance Rights, and subsequently issue or transfer Shares, to Mr David Farley.

The Board (other than Mr David Farley) unanimously recommends that Shareholders vote in favour of the issue of securities to Mr David Farley under the AACo Performance Rights Plan.

### Further information in relation to the 2013 LTIP Invitation

Shareholder approval is sought for the grant of up to 67,850 Performance Rights under the 2013 LTIP Invitation to Mr David Farley and in consequence of vesting of those Performance Rights, the corresponding acquisition of Shares by Mr David Farley, in accordance with the Plan Rules and the invitation (as described below).

### Assessed value of the benefit

The value of the Performance Rights has been assessed by an independent consultant applying a modified binomial valuation methodology.

The values attributable are based on variables determined at the date of valuation and are indicative only. AACo will prepare and report a valuation based on actual variables at the date of issue, if approved and granted.

The input variables applied in the model for the purposes of the indicative value are as follows:

#### Input variables:

Indicative date*	31 January 2013
Share price**	\$1.215
Exercise Price	\$0.00
Risk free rate	2.79%
Expected dividend yield	0.00%
Standard deviation	28.73%
Number of days	1,188
Assessed value per Performance Right	\$1.2159
Number of Performance Rights	67,850

#### Estimated annualised value

2013 Financial Year	\$1,181
2014 Financial Year	\$25,347
2015 Financial Year	\$25,347
2016 Financial Year	\$25,416
2017 Financial Year	\$5,208
	\$82,499

\* Being the date of release of AACo's 2012 Annual Report.

\*\* Being the closing price of AACo Shares on the date of release of AACo's 2012 Annual Report (being 31 January 2013).

\*\*\*Please be aware this estimate value is the 'gross' contract value. The accounting value will likely be significantly less to allow for performance condition probabilities.

### Potential value of the 2013 LTIP offer benefit to Mr Farley

Depending on the future value of AACo's shares, and assuming all the conditions of offer are met, the estimated value of the benefit under a number of future share price assumptions, is as follows:

Future AACo share price	Potential Value of the benefit (\$) *	AACo market capitalisation if potential benefit achieved (\$m) ^
\$1.50	\$101,775	\$469
\$1.75	\$118,738	\$548
\$2.00	\$135,700	\$626
\$2.50	\$169,625	\$782
\$3.00	\$203,550	\$939
\$3.50	\$237,475	\$1,095
\$4.00	\$271,400	\$1,252
\$4.50	\$305,325	\$1,408
\$5.00	\$339,250	\$1,565

\* Assumes performance and service conditions met and does not include any dividend benefit.

^ Assumes constant issued capital of 312,905,085 AACo Shares.

### Performance conditions

The number of Performance Rights which will vest in accordance with the Plan Rules and the invitation is dependent on performance conditions which can be summarised as follows:

#### Performance Condition 1: External Performance Condition (TSR outperformance)

50% of the Performance Rights (up to 33,925) are subject to an external Performance Condition, namely, AACo's Total Shareholder Return (TSR) performance relative to the S&P/ASX Small Ordinaries Accumulation Index (ASX Code: XSOAI) measured over the Measurement Period.

Vesting of the Performance Rights subject to the TSR Outperformance condition will be calculated based on the following percentile results in the table below:

AACo TSR Ranking versus S&P/ASX Small Ords Accumulation Index (XSOAI)	% of Performance Rights to vest
Below the 50th percentile	0% vest
At the 50th percentile	50% vest
Between the 50th and 75th percentile	2% vesting on a straight line interpolation for each percentile ranking
At or above the 75th percentile	100% vest

AACo TSR will be measured by an independent third party over the Measurement Period being the period from the Grant Date to 16 March 2016.

## Performance Condition 2: Internal Performance Condition (EPS)

50% of the Performance Rights (up to 33,925) are subject to an internal Performance Condition based on AACo's earnings per share (EPS).

For the **2013 LTIP Invitation**, ESP is defined as follows:

- ▶ **Annual reported Net Profit after Tax Profit**
- ▶ **Less:** Valuation adjustments
- ▶ **Less:** any adjustment deemed fair and appropriate by the Board, in the Board's absolute discretion
- ▶ **Adjusted Net after Tax Profit (EPS for 2013 LTIP purposes)**

Vesting of the Performance Rights subject to the EPS condition will be calculated based on the following compound % growth rates over the three financial years FY 2013, FY 2014 and FY 2015, using FY 2012 as the base year.

EPS Compound Growth Rate	% of Performance Rights to vest
Compound growth rate of less than 7.5% p.a.	0% vest
Compound growth rate of at least 7.5% p.a.	50% vest
Compound growth rate between 7.5% p.a. and 10% p.a.	2% vesting on a straight line interpolation for each 0.1% increment in EPS
Compound growth rate of 10% p.a. or more	100% vest

The vesting of the Performance Rights is also subject to Mr Farley remaining continuously employed with AACo until the Vesting Date (30 June 2016).

The **Vesting Date** in relation to Mr Farley's **2013 LTIP Invitation** Performance Rights will be the release date of AACo's 2015 financial results, or no later than 30 June 2016.

### *Price payable on grant or exercise of Performance Rights*

Mr Farley will not be required to pay an amount on the grant or vesting of the Performance Rights.

### *Change of control*

Subject to the Listing Rules, if a "Change of Control Event" occurs, all unvested Performance Rights will vest on a pro-rata basis. Subject to the Listing Rules, the balance of unvested Performance Rights may also vest at the discretion of the Board.

### *Automatic exercise on vesting*

Any Performance Rights that vest having met the performance and service conditions will automatically be exercised and Shares provided. Any unvested Performance Rights will lapse.

### *No right to dividends*

The Performance Rights to be issued pursuant to the 2013 LTIP Invitation do not confer on the holder an entitlement to dividends until such time as the Performance Rights vest and Shares are issued or transferred.

### *Capital reconstructions*

If the capital of AACo is reconstructed, the Performance Rights (or Shares issued or transferred upon vesting of Performance Rights) will be treated in accordance with the Listing Rules of ASX.

## *Bonus issues or rights issues*

Subject to the Listing Rules, if there is a bonus issue, then upon vesting of the Performance Rights, Mr Farley will be entitled to the number of Shares which would have been issued to him under that bonus issue if immediately before the record date for the bonus issue, Mr Farley had duly exercised his Performance Rights. In the case of a rights issue, Mr Farley may, subject to the Listing Rules and to the extent permitted by law, elect to participate in the rights issue in the same way as Shareholders by making payment in respect of his entitlement, however such participation does not change the number of Performance Rights Mr Farley is entitled to under the Plan (or the number of Shares to be granted upon vesting of those Performance Rights). Any Shares acquired will be held by the Trustee of the Plan on behalf of Mr Farley and will be subject to the same terms and conditions as any other Shares held on behalf of Mr Farley pursuant to the Plan. The Performance Rights to be issued pursuant to the 2013 LTIP Invitation do not confer on the holder an entitlement to participate in other issues until such time as the Performance Rights vest and Shares are issued or transferred.

## *No voting rights*

The Performance Rights to be issued pursuant to the 2013 LTIP Invitation do not confer an entitlement to vote at general meetings of AACo until such time as the Performance Rights vest and Shares are issued or transferred.

## *Non-quotation*

AACo will not apply to the ASX for official quotation of the Performance Rights to be issued pursuant to the 2013 LTIP Invitation. Shares provided pursuant to the vesting of a Performance Right will rank equally with the Shares of AACo then on issue.

## *Further information in relation to the 2013 DEA Invitation*

Shareholder approval is sought for the grant of up to 82,243 Performance Rights under the 2013 DEA Invitation to Mr David Farley and in consequence of vesting of those Performance Rights, the corresponding acquisition of Shares by Mr David Farley, in accordance with the Plan Rules and the scheme (as described below).

### *Background to the Deferred Equity Award (DEA) scheme*

The Deferred Equity Award (DEA) scheme operates under the Plan (as approved by shareholders on 11 May 2011). It was established to allow for Performance Rights to be allocated based on the value of short term incentives (STI) earned each year, but rather than have the amount determined (being 50% of the cash component of the STI earned each year for Mr Farley) paid in cash, the amount is awarded in the deemed equivalent value in Performance Rights under the Plan.

In this way, Mr Farley (and other selected executives) receive an interest in AACo Shares which are forfeitable if the service conditions imposed under the invitation are not satisfied.

The Directors believe the DEA scheme aligns shareholder interests with Director entitlements by imposing additional service expectations.

### *Approval of 2013 DEA Invitation*

At the date of this Notice of Annual General Meeting, no decision(s) had been made by the Board in relation to whether Performance Rights (if any) would be granted under the 2013 DEA Invitation. Whilst shareholder approval is being sought at this Annual General Meeting for the maximum potential allocation under the 2013 DEA Invitation,



## Notice of Annual General Meeting

the Board's decision to award (or not to award) any such Performance Rights under the 2013 DEA Invitation remains subject to the Plan Rules, the ASX Listing Rules and the Board's view of company performance in all the circumstances.

Accordingly, the Board is seeking approval for the issue of maximum potential number of Performance Rights in 2013, the value of which equates to 50% of the maximum cash component of Mr Farley's STI entitlement for 2012.

As noted above, under Mr Farley's current remuneration arrangements, the STI component is capped at \$300,000 per annum (comprising a potential cash bonus of up to a maximum of \$200,000 per annum plus a potential DEA of 50% of the cash bonus awarded in the relevant year as Performance Rights). Therefore, under current arrangements, the maximum amount to be allocated under the DEA is capped at \$100,000 per annum, being 50% of the value of the maximum cash component of the STI.

The total number of Performance Rights that may be granted to Mr Farley in the 2013 Financial Year is calculated as follows:

DEA % of STI earned = No. of Performance Rights

Right Allocation Value\*

\* Where the Right Allocation Value is determined on the same basis as the 2013 LTIP Invitation (which has reference to the closing AACo Share price on the date of release of AACo's 2012 Annual Report).

Accordingly, Mr Farley's DEA component of his remuneration is capped at \$100,000 per annum. Based on the estimated value of a Performance Right as at 31 January 2013 of \$1.2159 (which has reference to the closing AACo Share price on the date of release of AACo's 2012 Annual Report, being 31 January 2013), if approval is given by the Board to grant Mr Farley an STI entitlement in respect of FY 2012, it is proposed that a maximum of 82,243 Performance Rights would be issued to Mr Farley calculated as  $\$100,000 / \$1.2159 = 82,243$ .

The Performance Rights (if any) would be held subject to forfeiture only if Mr Farley does not meet the proposed service conditions in respect of the offer, being as follows in respect of the 2013 DEA Invitation:

- Tranche 1 (50%) – grant date plus 24 months; and
- Tranche 2 (50%) – grant date plus 36 months.

### *Number of Shares to be issued*

If granted, each vested Performance Right will translate into one Share. The Performance Right will be exercised and a Share acquired automatically at vesting. Any unvested Performance Rights will lapse.

### *Price payable on grant or exercise of Performance Rights*

If granted, Mr Farley will not be required to pay an amount on the grant or vesting of the Performance Rights.

### *Performance conditions*

Any Performance Rights granted and Shares issued under the terms of the 2013 DEA Invitation and the Plan will not be subject to any additional performance vesting conditions once granted.

The vesting of the Performance Rights is however subject to Mr Farley remaining continuously employed with AACo until the relevant vesting date.

### *Lapsing of Performance Rights*

If granted, the Performance Rights will lapse:

- upon the cessation of employment unless Mr Farley is deemed a "good leaver", as determined by the Board under the Plan Rules (which can include where Mr Farley ceases employment or office due to redundancy, retirement, permanent incapacity or death); or
- if the service vesting condition is not met and is incapable of being met.

### *Change of control*

Subject to the Listing Rules, if a "Change of Control Event" occurs, all unvested Performance Rights under the DEA will vest. Subject to the Listing Rules, the balance of unvested Performance Rights may also vest at the discretion of the Board.

### *No right to dividends*

The Performance Rights which may be issued pursuant to the 2013 DEA Invitation do not confer on the holder an entitlement to dividends until such time as the Performance Rights vest and Shares are issued or transferred.

### *Capital reconstructions*

If the capital of AACo is reconstructed, the Performance Rights (or Shares issued or transferred upon vesting of Performance Rights) will be treated in accordance with the Listing Rules of ASX.

### *Bonus issues or rights issues*

Subject to the Listing Rules, if there is a bonus issue, then upon vesting of the Performance Rights, Mr Farley will be entitled to the number of Shares which would have been issued to him under that bonus issue if immediately before the record date for the bonus issue, Mr Farley had duly exercised his Performance Rights. In the case of a rights issue, Mr Farley may, subject to the Listing Rules and to the extent permitted by law, elect to participate in the rights issue in the same way as Shareholders by making payment in respect of his entitlement, however such participation does not change the number of Performance Rights Mr Farley is entitled to under the Plan (or the number of Shares to be granted upon vesting of those Performance Rights). Any Shares acquired will be held by the Trustee of the Plan on behalf of Mr Farley and will be subject to the same terms and conditions as any other Shares held on behalf of Mr Farley pursuant to the Plan. The Performance Rights which may be issued pursuant to the 2013 DEA Invitation do not confer on the holder an entitlement to participate in other issues until such time as the Performance Rights vest and Shares are issued or transferred.

### *No voting rights*

The Performance Rights which may be issued pursuant to the 2013 DEA Invitation do not confer an entitlement to vote at general meetings of AACo until such time as the Performance Rights vest and Shares are issued or transferred.

### *Non-quotation*

AACo will not apply to the ASX for official quotation of the Performance Rights which may be issued pursuant to the 2013 DEA Invitation. Shares provided pursuant to the vesting of a Performance Right will rank equally with the Shares of AACo then on issue.



**Australian Agricultural Company Limited**  
ABN 15 010 892 270

## LODGE YOUR VOTE



**ONLINE**

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



**By mail:**  
Australian Agricultural Company Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



**By fax:** 02 9287 0309



**All enquiries to: Telephone: 1300 302 876**



**X99999999999**

## SHAREHOLDER VOTING FORM

I/We being a member(s) of Australian Agricultural Company Limited and entitled to attend and vote hereby appoint:

### STEP 1

### 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 (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **10:00am (Brisbane time) on Friday, 15 March 2013, at the Grand Ballroom, Brisbane Marriott Hotel, 515 Queen Street, Brisbane, Queensland 4000** and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

**Important Note - The Chairman of the Meeting intends to vote undirected proxies able to be voted in favour of all items of business**

#### Important note for Item 2 and Item 5

If the Chairman of the meeting is your proxy or is appointed your proxy by default, and you do not direct your proxy how to vote 'For', 'Against' or 'Abstain' on Item 2 or Item 5 in Step 2, you are expressly authorising the Chairman of the Meeting to vote in favour of Item 2 or Item 5 (as applicable) even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

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 **X**

### STEP 2

### VOTING DIRECTIONS

**Item 2**  
Remuneration Report

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Item 3**  
Election of Director: Mr Donald McGauchie AO

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Item 4**  
Election of Director: Dr Shehan Dissanayake

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### SPECIAL BUSINESS

**Item 5**  
Grant of performance rights to Mr David Farley

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**i** \* 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.

### STEP 3

### SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may 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).

**AAC PRX301R**



## HOW TO COMPLETE THIS 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 a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

### 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. 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. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

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.
- (b) return both forms together.

### 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, either shareholder may 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.

## 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 **10:00am on Wednesday, 13 March 2013**, 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](http://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:**

Australian Agricultural Company Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by fax:**

02 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.

**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.**