

# HIGH PERFORMANCE ANIMAL NUTRITION SOLUTIONS

Notice of Annual  
General Meeting  
2015



Ridley Corporation Limited  
ABN 33 006 708 765

Notice is hereby given that the 28th Annual General Meeting (Meeting) of Ridley Corporation Limited (Company) will be held in the AHRI meeting rooms on Level 13, 565 Bourke Street, Melbourne, 3000 on Friday, 20 November 2015 at 10.00am. Registration will commence at 9.00am.



# NOTICE OF MEETING

## 1. Financial Statements and reports

To consider the Financial Statements, the Directors' Report and the Independent Auditor's Report for the Company for the year ended 30 June 2015.

## 2. Remuneration Report

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

**'That the Remuneration Report for the year ended 30 June 2015 be adopted.'**

The Remuneration Report is set out on pages 43 to 51 of the 2015 Annual Report. Please note that the vote on this item is advisory only and does not bind the Directors or the Company.

### Voting exclusion statement

No votes can be cast on this resolution by or on behalf of a member of Key Management Personnel (details of whose remuneration are disclosed in the Remuneration Report) or their Closely Related Parties (collectively referred to as a **Prohibited Voter**). However, a **Prohibited Voter** may vote directed proxies on this resolution for someone other than a **Prohibited Voter**.

Further, a member of Key Management Personnel (regardless of whether or not their remuneration details are disclosed in the Remuneration Report) and their Closely Related Parties may not vote as proxy on this resolution unless it is a directed proxy and the vote is not cast on behalf of a **Prohibited Voter**. However, the Chairman can vote undirected proxies provided that the proxy expressly authorises the Chairman to do so.

## 3. Re-election of Directors

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

**'That Gary Weiss, a Director retiring from office by rotation in accordance with Rule 49 of the Company's Constitution, being eligible, be re-elected as a Director of the Company.'**

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

**'That Robert van Barneveld, a Director retiring from office by rotation in accordance with Rule 49 of the Company's Constitution, being eligible, be re-elected as a Director of the Company.'**

Special items of business

## 4. Issue of Performance Rights (Rights) to Managing Director

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

**'That the Company approves, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 600,000 Rights under the Ridley Corporation Limited Long Term Incentive Plan (LTIP) to the Company's Managing Director, Mr Tim Hart, on the terms set out in the Explanatory Memorandum.'**

### Voting exclusion statement

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on this resolution by:

- a Director who may participate in any Employee incentive scheme of the Company; and
- an associate of that person.

However, the Company need not disregard a vote 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 person chairing 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.

## 5. Approval of issues under the Ridley Corporation Limited Long Term Incentive Plan

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

**'That the Company approves, for the purposes of ASX Listing Rule 7.2, Exception 9, and for all other purposes, the issue of Rights under the Ridley Corporation Limited LTIP as described in the Explanatory Memorandum.'**

### Voting exclusion statement

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on this resolution by:

- a Director who may participate in any Employee incentive scheme of the Company; and
- an associate of that person,

however, the Company need not disregard a vote 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 person chairing 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.

Further, a member of Key Management Personnel and their Closely Related Parties may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote. However, the Chairman can vote undirected proxies provided that the proxy expressly authorises the Chairman to do so.

## 6. Proportional takeover provisions

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

**'That, for the purposes of sections 648G and 136(2) of the Corporations Act and for all other purposes, the Company modify its Constitution by inserting the proportional takeover approval provisions set out in the Explanatory Memorandum with effect from the date of the Meeting for a period of three years.'**

Note: this is a special resolution, which requires at least 75% of the votes cast by members entitled to vote on the resolution to be in favour of the resolution.

A detailed explanation of the background and reasons for the proposed resolutions is set out in the attached Explanatory Memorandum.

### Chairman's voting intention

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

By order of the Board



Alan M Boyd  
Company Secretary

29 September 2015

## Voting entitlements

Pursuant to regulation 7.11.37 of the Corporations Regulations, the Directors have determined that the shareholding of each member for the purposes of ascertaining voting entitlements for the Meeting will be as it appears on the share register at 7.00pm on Wednesday, 18 November 2015. This means that if you are not the registered holder of a relevant share at that time, you will not be entitled to vote in respect of that share.

### Proxies

1. If you cannot attend the Meeting, you may appoint a proxy to attend and vote for you. A proxy may be a person or a body corporate, and need not be a shareholder of the Company. If you are entitled to cast two or more votes, you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no such proportion or number is specified, each proxy may exercise half of your votes.
2. A member that is a body corporate and entitled to attend and vote at the Meeting, or a proxy that is a body corporate and is appointed by a member entitled to attend and vote at the Meeting, may appoint an individual to act as its representative at the Meeting. The individual must be able to provide satisfactory evidence of his or her appointment as corporate representative prior to the commencement of the Meeting.

3. Your personalised proxy form is enclosed. Proxy voting instructions are provided on the back of the proxy form. Proxies must be received not less than 48 hours before the Meeting, and be lodged:

#### By fax

Australia 1800 783 447  
Overseas +61 3 9473 2555

#### In person

**Registered office**  
Level 4, 565 Bourke Street  
Melbourne Victoria 3000

#### Share Registry

Computershare Investor Services Pty Ltd  
Yarra Falls 452 Johnston Street  
Abbotsford Victoria 3067

#### By mail

**Registered office**  
Level 4, 565 Bourke Street  
Melbourne Victoria 3000

#### Share Registry

Computershare Investor Services Pty Ltd  
GPO Box 242  
Melbourne Victoria 3001

#### Online

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

Please submit your votes electronically by entering the control number on the front page of the proxy form and follow the prompts. For custodians who are subscribers of Intermediary Online, please submit your votes via [www.intermediaryonline.com](http://www.intermediaryonline.com)



# EXPLANATORY MEMORANDUM

This Explanatory Memorandum is an important document and should be read carefully.

## Item 1. Financial Statements and reports

As required by section 317 of the Corporations Act, the Financial Statements, Directors' Report and Auditor's Report of the Company for the financial year ended 30 June 2015 will be laid before the Meeting.

During this item, there will be a reasonable opportunity for shareholders to ask questions and comment on the above-mentioned Financial Statements and reports. Shareholders will also be provided the opportunity to ask questions about the Company generally.

Shareholders will also have the right to question the auditors in connection with such matters as the Auditor's Report or the conduct of the audit. Written questions must be submitted no later than five business days before the Meeting and the written questions and answers will be available at and after the Meeting.

There will be no formal resolution in respect of this item.

## Item 2. Remuneration Report

A copy of the Remuneration Report is set out on pages 43 to 51 of the 2015 Annual Report and can also be found on the Company's website at [www.ridley.com.au](http://www.ridley.com.au)

The Remuneration Report forms part of the Directors' Report for the financial year ended 30 June 2015, and contains information required by section 300A of the Corporations Act and accounting standard AASB124: *Related Party Disclosures*.

The Remuneration Report includes:

- a discussion of the Board's policy in relation to the nature and level of remuneration paid to Directors and senior executives of the Company and its controlled entities;

- a discussion of the relationship between the Board's remuneration policy and the Company's performance, including information about performance conditions; and
- details of the remuneration paid to each member of Key Management Personnel (including the Managing Director and each Non-Executive Director) for the financial year ended 30 June 2015.

The vote on this resolution is advisory only and does not bind the Directors or the Company. However, if 25% or more of the votes cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, shareholders will be required to vote at the second of those Annual General Meetings on an ordinary resolution (a 'spill resolution') that another general meeting be held within 90 days at which meeting those of the Company's Directors (other than the Managing Director) who held office when the resolution was passed to cause the Directors' Report to be considered at the second Annual General Meeting, must stand for re-election. During this item of business, the members as a whole at the Meeting will be given a reasonable opportunity to ask questions about, and make comments on, the Remuneration Report.

### Recommendation

The Board of Directors recommends that shareholders vote in favour of Resolution 2.

## Item 3. Re-election of Directors

### 3.1 Dr Gary Weiss, Chair and Independent Non-Executive Director

Appointed in June 2010 and re-elected on 26 November 2013, Dr Weiss is an Executive Director of Ariadne Australia Ltd and a former Executive Director with the Guinness Peat Group. Dr Weiss has Honours and Master of Laws degrees from Victoria University of Wellington, New Zealand, and a Doctor of Juridical Science from Cornell University, New York, the establishment's most advanced law degree. Dr Weiss has extensive experience in international capital

markets and is a Director of a number of public companies. On 1 July 2015, Dr Weiss was appointed as Ridley's new Chair. Dr Weiss is a member of the Ridley Remuneration Committee and Audit and Risk Committee.

Dr Weiss retires as a Director by rotation in accordance with the Constitution and, being eligible, has offered himself for re-election.

### Recommendation

The Directors of the Company, other than Dr Gary Weiss, recommend that shareholders vote in favour of this Resolution 3.1 and the Chair of the Meeting for this resolution, for which Dr Weiss will hand the Chair to Professor Vizard, will be voting any open proxies in favour of it.

### 3.2 Professor Robert van Barneveld, Independent Non-Executive Director

Appointed on 21 June 2010 and re-elected on 20 November 2012, Professor Robert van Barneveld is a registered animal nutritionist, has a Bachelor of Agricultural Science with First Class Honours and a major in animal production and a PhD from the University of Queensland. Professor van Barneveld is Chairman and Managing Director of Sunpork Pty Ltd, the largest Australian-owned pork producer with operations in Queensland, New South Wales and South Australia. He is also Chairman of PorksCan Pty Ltd and Social Skills Training Pty Ltd, Deputy Chair of the Autism CRC Ltd and serves on the Boards of Pork CRC Ltd, Sunpork Fresh Foods Pty Ltd and Swickers Kingaroy Bacon Factory Pty Ltd. Professor van Barneveld is an Adjunct Professor in the School of Environmental and Rural Science at the University of New England. Professor van Barneveld is Chair of the Ridley Innovation and Operational Committee and a member of the Audit and Risk Committee.

Professor van Barneveld retires as a Director by rotation in accordance with the Constitution and, being eligible, has offered himself for re-election.

## Recommendation

The Directors of the Company, other than Professor van Barneveld, recommend that shareholders vote in favour of this Resolution 3.2 and the Chair of the Meeting will be voting any open proxies in favour of it.

## Special items of business

### Item 4. Issue of Rights to Managing Director

Resolution 4 seeks approval, for the purposes of ASX Listing Rule 10.14 and for all other purposes, for the issue of 600,000 Rights under the Company's LTIP to the Company's Managing Director, Mr Tim Hart, and for the issue of ordinary shares in the Company upon exercise of those Rights.

The Company seeks the approval of the grant of the Rights pursuant to Listing Rule 10.14. If approval is granted under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

#### 4.1 Background

The LTIP was introduced in October 2006 and Mr Hart is presently the only Director of the Company entitled to participate in the LTIP.

The participation of Mr Hart (and other selected executives of the Company) in the LTIP is a result of the Company's decision to provide long term rewards that are linked to shareholder returns. Under the LTIP, selected executives and the Managing Director may be offered a number of Rights. Each Right provides the entitlement on exercise to acquire one fully paid ordinary share in the Company for nil consideration payable.

The Board has engaged the Godfrey Remuneration Group and the Hay Group to market benchmark the competitiveness of the total remuneration packages for the Company's senior management, including the Managing Director. Benchmarked against an Australian listed industrial group of comparator companies, the reports have consistently concluded that the base remuneration

and short term incentive remuneration levels remain appropriate and that the long term incentive remuneration levels be satisfied with an annual issue of a number of Rights, with such Rights having appropriate vesting profiles and performance hurdles. The number of Rights for the Managing Director approved by the Board and hereby tabled for shareholder approval in 2015 reflects the latest recommendation.

Under the LTIP, Rights vest three years after the date on which they are issued, the three years being the performance period, provided that the following performance criteria are satisfied:

- that the Employee is employed by the Company or another company within the Ridley consolidated group on the date of vesting (subject to certain exceptions including where employment ceases due to death, disability or redundancy more than 12 months into the performance period); and
- that over the performance period, the Company achieves a target performance level, as measured by reference to the Company's Total Shareholder Return (TSR), as compared against a comparator group of companies. The TSR indicates the Company's performance as compared to a comparator group of companies, comprising those companies ranked 100 to 300 in the ASX/S&P 300 Index on the date of the Rights being issued. The TSR is calculated having regard to, broadly, the movement in share price over the performance period on the assumption that all dividends are reinvested. The proportion of Rights that vest depends on the Company's TSR ranking, with 50% of the Rights vesting if Ridley ranks at the 50th percentile and no Rights vesting if Ridley ranks at less than the 50th percentile.

Under the LTIP rules, in the event that the Rights holder ceases to be an Employee prior to the completion of the three year performance period due to a qualifying reason (i.e. other than for dismissal for cause) and such cessation occurs within the first 12 months, the

Rights are forfeited in the same proportion as the remainder of the year bears to a full year, and all remaining unvested Rights are retained and tested for possible vesting at the end of the performance period.

A summary of the terms of the LTIP is set out in Schedule 1 to this Notice of Meeting. A description of the LTIP can also be found in the Remuneration Report on pages 45 and 46 of the Company's 2015 Annual Report. A copy of the Plan Rules of the LTIP will be made available free of charge if requested by a shareholder from the Company Secretary.

#### 4.2 Terms of the proposed issue of Rights

##### *Timing of issue*

If approved by shareholders, the Rights will be issued before 31 December 2015.

##### *Consideration for issue and exercise*

The Rights issued to Mr Hart will be issued for nil consideration payable, and each Right will provide the entitlement on exercise to acquire one fully paid ordinary share in the Company for nil consideration.

##### *Maximum number of Rights*

The maximum number of Rights that may be acquired by Mr Hart under the shareholder approval being sought is 600,000.

##### *Details of Rights previously granted under the LTIP to Directors or their associates*

Mr Hart is presently the only Director of the Company entitled to participate in the LTIP.

No Director of the Company, or any associate of any such Director, has received any Rights since the date of the last approval of 600,000 Rights to Managing Director Tim Hart at the 2014 Annual General Meeting.

# EXPLANATORY MEMORANDUM continued

## 4.3 Other information

A voting prohibition and exclusion statement is set out immediately beneath the relevant resolution.

No loans have been or will be provided by the Company in relation to the issue of Rights to, or the exercise of Rights by, Mr Hart under the LTIP.

Details of any Rights issued to a Director or their associates under the LTIP are published in the Company's Annual Report relating to the period in which the Rights have been issued. The Annual Report will also contain a statement that shareholder approval for the issue of the Rights was obtained under ASX Listing Rule 10.14.

Any person other than Mr Hart who becomes entitled to participate in the LTIP, and who requires approval to participate in the LTIP under ASX Listing Rule 10.14, will not be issued Rights until that approval is obtained under ASX Listing Rule 10.14.

## Recommendation

The Non-Executive Directors of the Company recommend that shareholders vote in favour of Resolution 4.

## Item 5. Approval of issues under the Ridley Corporation Limited LTIP

In 2006, the Board adopted the Ridley Corporation Limited LTIP. The LTIP is part of the Company's remuneration policy of providing long term rewards linked to shareholder returns. Under the LTIP, certain executives and the Managing Director of the Company may be offered Rights. Rights granted under the LTIP are rights to acquire fully paid ordinary shares in the Company subject to certain performance criteria.

The Board intends to continue to make regular grants of Rights under the LTIP, including the proposed grant of Rights to the Managing Director as contemplated by Resolution 4.

Resolution 5 seeks the approval of shareholders for issues of Rights under the LTIP for the purposes of ASX Listing Rule 7.2, Exception 9, and for all other purposes.

ASX Listing Rule 7.1 requires shareholder approval for an issue of equity securities if, over a 12-month period, the number of equity securities issued is more than 15% of the number of ordinary shares on issue at the start of that 12-month period (**15% Rule**). ASX Listing Rule 7.2, Exception 9, provides that an issue under an Employee incentive scheme does not detract from the available 15% limit under ASX Listing Rule 7.1 if approval is sought in accordance with that exception.

Accordingly, approval is sought for the purposes of ASX Listing Rule 7.2, Exception 9, for the issue of Rights to Employees under the LTIP, so that such issues do not detract from the 15% limit. This approval continues for three years, at which time it must be renewed or it will expire.

In the absence of such an approval, issues of Rights under the LTIP must be made under the 15% Rule (unless separate shareholder approval is obtained for those issues under ASX Listing Rule 7.1).

The Board considers that this Resolution will assist the Company in continuing to manage its capital requirements efficiently by ensuring that the 15% limit is not diminished by issues of Rights under the LTIP and capacity is available for capital management initiatives as may be necessary.

## 5.1 Terms of the LTIP

A summary of the terms of the LTIP is set out in Schedule 1 to this Explanatory Memorandum. A description of the LTIP can also be found in the Remuneration Report on pages 45 and 46 of the Company's 2015 Annual Report, and a copy of the LTIP Plan Rules will be made available free of charge if requested by a shareholder from the Company Secretary.

## 5.2 Rights issued under the LTIP

The number of Rights issued under the LTIP since its adoption are as follows:

Up to 30 June 2012	11,187,000
30 June 2014	2,525,000
30 June 2015	2,700,000
30 June 2016*	2,800,000
<b>Total</b>	<b>19,212,000</b>

\* Includes 600,000 Rights for the Managing Director, which are subject to shareholder approval under Resolution 4 of this Meeting.

## Item 6. Proportional takeover provisions

Resolution 6 seeks shareholder approval for the Company to insert proportional takeover bid approval provisions (set out in full in Schedule 2 to this Explanatory Memorandum) (**Approval Provisions**) in the Constitution.

### 6.1 Approval Provisions

Under the Corporations Act, a company may include in its constitution a provision to enable the company to refuse to register shares acquired under a proportional takeover bid unless a resolution is passed by the members in a general meeting approving the bid.

The Board considers that it is in the best interests of members for the Company to have a proportional takeover provision in its Constitution.

The proportional takeover approval provisions currently included in Rules 83 and 84 of the Constitution (**Existing Provisions**) require member approval of a proportional takeover bid. The Existing Provisions were adopted on 20 November 2012 and expire three years after their adoption. The Existing Provisions will therefore cease to have effect on 20 November 2015 (**Expiry Date**), the date of the Meeting.

Pursuant to the Corporations Act, given that the Existing Provisions have not been renewed prior to the Expiry Date, on the Expiry Date the Constitution will automatically be altered by omitting the Existing Provisions.

The Company cannot therefore seek approval for the renewal of the Existing Provisions and rather must seek approval to insert the Approval Provisions in the Constitution. The Approval Provisions are on the same terms as the Existing Provisions and will be inserted as Rules 83 and 84 of the Constitution.

The Board considers that it is in the best interests of members for the Company to insert the Approval Provisions (on the same terms as the Existing Provisions) in the Constitution for a term of three years.

### 6.2 Proportional takeover bid

A proportional takeover bid is an off-market takeover offer sent to all members, but only in respect of a specified portion of each member's shares in the Company (i.e. less than 100%).

### 6.3 Effect of the approval provisions

If a proportional takeover bid is made, the Board must ensure that a meeting of members is held, in general, more than 14 days before the last day of the bid period, at which members will consider a resolution to approve the proportional takeover bid. For the resolution to be approved, it must be passed by a simple majority of votes at the Meeting, excluding votes of the bidder and its associates.

If the resolution is not voted on within the required timeframe, the resolution is taken to have been approved. However, the Corporations Act requires the Directors to ensure that the approving resolution is voted on. If the resolution is approved or taken to have been approved, all valid transfers of shares under the proportional takeover bid must be registered.

If the resolution is not passed, the offer under the takeover bid will be taken to have been withdrawn and no transfer of shares will be registered as a result of the proportional takeover bid. Acceptances will be returned and any contracts formed by acceptances will be rescinded.

The proposed Approval Provisions will expire three years after their adoption unless renewed by a further special resolution.

The Approval Provisions do not apply to full takeover bids.

### 6.4 Reasons for proposing the resolution

A proportional takeover bid may result in effective control of the Company changing hands without members having the opportunity of disposing of all their shares. Members are 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 all shares.

The proposed Approval Provisions will allow members to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

### 6.5 Presently proposed acquisitions

As at the date of preparation of this Explanatory Memorandum, no Director is aware of any proposal by any person to acquire or increase the extent of a substantial interest in the Company.

### 6.6 Potential advantages and disadvantages

The Board considers that the Approval Provisions have no potential advantages or disadvantages for the Directors who remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted or not.

The potential advantages for members of the Approval Provisions include:

- (i) shareholders have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;

- (ii) shareholders may more effectively advise and guide the Directors' response to a proportional takeover bid. This is important as a proportional takeover bid may result in shareholders becoming part of a minority interest in the Company, which may therefore have an effect on the market price of their shares;

- (iii) knowing the view of the majority of shareholders may help each individual member assess the likely outcome of the proportional takeover bid and decide whether to accept or reject an offer under the bid.

The Approval Provisions may therefore enable shareholders to avoid being coerced to accept a proportional takeover bid that they believe is inadequate, but nevertheless accept through concern that a significant number of shareholders will accept;

- (iv) the Approval Provisions increase members' bargaining power and may encourage a bidder to set its offer price at a level that will be attractive to the shareholders who vote; and

- (v) the Approval Provisions may encourage a bidder to make a full bid for the whole shareholding of each shareholder, so that shareholders may have the opportunity of disposing of all their shares rather than only a proportion.

## EXPLANATORY MEMORANDUM continued

The potential disadvantages for members of the Approval Provisions include:

- (i) the existence of the Approval Provisions in the Constitution may discourage proportional takeover bids, thus reducing the opportunity for shareholders to sell a portion of their shareholding;
- (ii) an individual shareholder who wishes to accept a proportional takeover bid will be unable to sell to the bidder unless a majority of shareholders are in favour of the proportional takeover bid. Shareholders may therefore lose an opportunity to sell some of their shares at a premium;
- (iii) the likelihood of a proportional takeover succeeding may be reduced. It is therefore possible that the existence of the Approval Provisions might have an adverse effect on the market value of the Company's shares by making a proportional takeover offer less likely. Any element of takeover speculation in the share price may therefore be potentially reduced; and
- (iv) if a proportional takeover bid is made, the Company will incur the cost of calling a shareholders' Meeting.

While the Existing Provisions have been in effect, there have been no takeover bids for the Company. The Board is not aware of any potential takeover bid that was discouraged by the Approval Provisions.

The Board does not believe that the potential disadvantages outweigh the potential advantages of inserting the Approval Provisions for a period of three years.

### Recommendation

The Directors of the Company recommend that shareholders vote in favour of this Resolution 6 and the Chair of the Meeting will be voting any open proxies in favour of it.



# SCHEDULE 1

## Summary of the terms of the Ridley Corporation Limited LTIP

A summary of the key terms and conditions of the LTIP is set out below. A copy of the LTIP Plan Rules will be made available free of charge by the Company if requested by a shareholder. All requests should be addressed to the Company Secretary.

Capitalised terms used in this summary have the meaning in the LTIP Plan Rules, unless otherwise indicated.

### Performance Rights

Under the LTIP, the Board of the Company may issue Rights to Eligible Employees, where a Right means any right of a LTIP participant to be allocated a fixed cash payment of \$1,000 plus an indeterminate number of fully paid ordinary shares in the Company (**Shares**) subject to certain performance criteria.

The number of Rights that are granted to a holder represents the maximum number of Shares that the holder may acquire under the LTIP on exercise of the Rights. The actual number of Shares that could be acquired by the holder on exercise of the Rights depends on satisfaction of certain performance criteria (explained below). On this basis, the number of Shares allocated to the holder on exercise of Rights under the LTIP may be lower, but cannot be higher than the number of Rights held.

### Entitlement to participate

The Board may in its absolute discretion make an offer of Rights to an Eligible Employee selected by the Board, on the terms and conditions determined by the Board. An Eligible Employee means, in relation to such an offer, any Employee of the Ridley consolidated group (excluding a Non-Executive Director of the Company but including a full or part time Executive Director, Employee, consultant, officer or contractor of the Company or any other company within the Ridley consolidated group) who is invited by the Board to participate in the LTIP.

### Vesting of Rights and allocation of Shares

The Performance Period for a grant of Rights is the period of time during which the Performance Criteria, each as specified in the offer letter, must be satisfied. The date upon which the Performance Period ends is referred to as the Test Date.

The Company's performance as at the Test Date will be independently tested in accordance with the Performance Criteria (set out below). Having regard to such performance, the Company will determine the number of Shares to be allocated to a holder (if any).

Once the Company has determined the number of Shares that it is required to allocate, it will make that allocation as soon as reasonably practicable.

### Performance criteria

In order for the Rights to vest and Shares to be allocated to a holder, the following Performance Criteria will need to be satisfied:

#### (a) Employment condition

Either the holder must still be employed by the Company at the Test Date, or his or her employment with the Company will need to have ceased prior to that date for a 'Qualifying Reason', defined within the LTIP Plan Rules as meaning:

- (a) the death, total and permanent disability or redundancy of the Participant as determined by the Board in its absolute discretion;
- (b) the Participant ceases to be employed by a company within the Ridley consolidated group (Group) as a result of a company ceasing to be a member of the Group, or a company in the Group selling a business it conducts other than to another company in the Group;
- (c) the Participant ceases to be employed by a company within the Group as a result of a Company-initiated termination for reasons other than cause; or
- (d) any other reason as determined by the Board in its absolute discretion.

Where a Participant ceases to be an Employee (and is not immediately employed by another company within the Group) prior to completion of a Performance Period due to a Qualifying Reason, but such cessation occurs after the first 12 months of the Performance Period, all Rights are retained and tested for possible vesting at the end of the Performance Period.

Where a Participant ceases to be an Employee (and is not immediately employed by another company within the Group) prior to the completion of a Performance Period due to a Qualifying Reason and such cessation occurs within the first 12 months of a Performance Period, any Rights of the Participant in relation to that Performance Period are forfeited in the same proportion as the remainder of the year bears to a full year, with all remaining unvested Rights retained and tested for possible vesting at the end of the Performance Period.

#### (b) Company performance condition

In addition, the Company must have achieved a certain target performance level measured over the Performance Period by reference to the Company's Total Shareholder Return (**TSR**), as compared against a Comparator Group.

##### (i) What is TSR and how is it measured?

TSR indicates the Company's performance as compared to companies in the Comparator Group (which is discussed below). The measure is calculated having regard to, broadly, the movement in share price over the Performance Period, on the assumption that all dividends are reinvested.

##### (ii) Comparator Group

The Board has determined that the Comparator Group for the Company for the purposes of the Performance Criteria is that group of companies comprising the ASX 100 – 300 on the Date of Offer.

## SCHEDULE 1 continued

### Number of Shares to be allocated to a holder

The number of Rights that vest and Shares to be allocated to a holder at the end of the Performance Period is to be determined by reference to the following schedule: on this basis, in order for the holder to receive his or her full entitlement to Shares with respect to the Performance Period, the holder must be employed by the Company at the Test Date (subject to the exceptions described above) and the Company's TSR must be ranked at the 75th percentile or higher against the Comparator Group. See table below.

If the Company's TSR was ranked lower than the 75th percentile at that time, the holder will receive a correspondingly lower number of Shares in accordance with the schedule below. If the Company's TSR is ranked below the 50th percentile against the Comparator Group, the holder will receive no Shares.

### Valuation of Rights

The valuation of Rights occurs at the date of grant and is conducted independently by a professional valuer, using appropriate and widely accepted valuation methodologies that take into account the Date of Offer, the Company's Share price at that date, the nil exercise price of the Rights, and the Company's Share price volatility. Under Australian accounting standards this will be expensed progressively over the Performance Period.

### Lapse of Rights

Regardless of the number of Shares allocated after the Test Date, all Rights that vest on the Test Date will then lapse and the holder will have no other rights with respect to them.

Rights will also lapse if:

- a forfeiture event occurs (as determined by the Board);
- the holder ceases to be an Employee (subject to the exceptions explained above); or
- the holder has (in the reasonable opinion of the Board) acted fraudulently, dishonestly or in material breach of his or her obligations to the Company.

### Limitations on the number of Shares that may be issued

Under the LTIP, the Board must not make an Offer of Rights if the total number of Shares that are the subject of Rights (and any other entitlements to Shares, whether under this LTIP or other Employee incentive schemes) at the time of the Offer exceeds (or would exceed) 5% of the Company's total number of Shares on issue at that time.

### Restrictions on dealing with Rights and Shares

#### (a) Rights

The holder cannot transfer, assign or novate Rights without the approval of the Board, and Rights will not be listed for quotation on any stock exchange.

#### (b) Shares

One of the purposes of the LTIP is to encourage Employees to share in the ownership of the Company. As a result, the LTIP imposes certain restrictions on when a holder can dispose of Shares that they are allocated under the LTIP.

In particular, a holder will only be able to dispose of, or transfer, Shares issued under the LTIP if:

- the 10th anniversary of the date of grant of the Rights has occurred;
- the holder has ceased to be an Employee (and was not immediately employed by another company within the Ridley consolidated group);
- there was a successful takeover or scheme of arrangement in respect of the Company; or
- the holder received written consent from the Board in extenuating circumstances.

<b>Ridley's TSR percentile ranking measured from Date of Offer to Test Date against the Comparator Group (%)</b>	<b>Proportion of the maximum number of Shares available that will be allocated (%)</b>
0 – 49	0
50	50
51 – 75	Pro-rata between 50 and 100
75 or greater	100

In addition, if Shares are allocated to a holder under the LTIP and remain subject to disposal restrictions, they are subject to forfeiture at the discretion of the Board if the holder's employment is terminated for cause or he or she has acted fraudulently, dishonestly or in material breach of his or her obligations to the Company.

### **Consequences of a Change of Control Event**

If a Change of Control Event (as explained below) occurs during the Performance Period, the Test Date for the Performance Period will be brought forward and the date of the Change of Control Event will be deemed to be the Test Date. The Company's performance will be tested as at that deemed Test Date in accordance with the Performance Criteria explained above, and the holder will be entitled to be allocated such number of Shares as is determined by reference to the TSR ranking achieved by the Company (as explained above).

For the purposes of the LTIP, a Change of Control Event occurs if a third party obtains a relevant interest in greater than 50% of the Company's Shares, the Company's Board recommends a takeover bid for the Company, or if the Board determines, in its absolute discretion, that a change of control has occurred prior to the acquirer exceeding 50% ownership due to a takeover bid or scheme of arrangement or similar event.

However, if the new controller has Shares listed on the ASX, the holder may agree with the Company to forgo this right and to require the Board to take all reasonable steps to enable the holder to be issued new Rights relating to securities in the new controller, so as to provide an incentive on substantially similar terms.

### **Adjustments**

If (before the Test Date) the Company makes any new issue of securities, or other alterations to its capital by way of a Rights issue, bonus issue or other distribution of capital, reduction of capital, or reconstruction of capital:

- the Board will reconstruct the number of Rights granted to the holder to the extent, if any, required to comply with the ASX Listing Rules; and
- the Board may make adjustments to the number of Rights granted to the holder on any other basis it sees fit in its absolute discretion.

If the Company declares and pays a special dividend to holders of all issued Shares, the Board may in its absolute discretion, with effect from the time of declaration of the special dividend, make adjustments to the number of the holder's Rights to take into account the effect of that special dividend.

### **Amendments**

The Board has power to amend at any time all or any of the provisions of the LTIP and the terms and conditions of an Offer. However, the Board cannot do so without the consent of a Participant if the amendment would prejudicially affect the existing rights of a Participant, with the exception that (even in those circumstances) the Board may make an amendment if it is primarily for the purpose of complying with present or future law, to correct any manifest error or mistake, or to take into consideration possible adverse tax implications in respect of the LTIP.

In addition, the Board has power (subject to the ASX Listing Rules) to waive in whole or in part any of the Performance Criteria or other terms or conditions applicable to a Participant's Rights if:

- a Change of Control Event occurs or is likely to occur; or
- the Participant ceases to be an Employee.

### **Termination**

The Board can terminate the operation of the LTIP at any time, so long as doing so does not prejudicially affect the existing rights of existing participants.

# SCHEDULE 2

## **Approval Provisions (extracted from Rules 83 and 84 of the Constitution)**

### **Proportional takeover approval provisions**

#### 83. Restriction on Registration

Subject to the Corporations Act and the Listing Rules, the registration of any transfer of Shares giving effect to a takeover contract under a proportional takeover bid in respect of shares in a class of shares in the Company is prohibited unless and until a resolution to approve the takeover bid is passed in accordance with Rule 84.

#### 84. Procedures

- (a) Subject to Rule 84(b), the only persons entitled to vote on a resolution to approve a proportional takeover bid are those persons who, as at the end of the day on which the first offer under the takeover bid was made, held Shares included in the bid class in respect of which the offer was made. Each person entitled to vote has one vote for each share in the relevant class held by the person at that time.
- (b) Neither the bidder under the takeover bid nor any associate of the bidder is entitled to vote on the resolution.
- (c) The resolution is to be considered at a Meeting convened and conducted by the Company of the persons entitled to vote on the resolution. The provisions of this Constitution relating to general meetings apply to the Meeting with any modifications the Directors decide are required in the circumstances.
- (d) The resolution is taken to have been passed only if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%.



# GLOSSARY

**ASX Listing Rules** means the Listing Rules of ASX Limited.

**Closely Related Party** of a member of the Key Management Personnel means:

- a spouse or child of the member; or
- a child of the member's spouse; or
- a dependant of the member or of the member's spouse; or
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; or
- a company that the member controls; or
- a person prescribed by the Corporations Regulations.

**Constitution** means the constitution of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Corporations Regulations** means the *Corporations Regulations 2001* (Cth).

**Key Management Personnel** has the same meaning as in the accounting standards and includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Director of the Company.

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# QUESTIONS FROM SHAREHOLDERS

Please use this form to submit any questions concerning the Company that you would like us to respond to at the Meeting. Your questions should relate to matters that are relevant to the business of the Meeting, as outlined in the accompanying Notice of Meeting and Explanatory Notes.

We will respond to as many of the more frequently asked questions as possible at the Meeting. Please note we will not be able to reply individually.

Please return this form to the Company's Share Registry, Computershare, by fax to (03) 9473 2555 by no later than Friday, 13 November 2015.

Shareholder's name

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Address

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Question(s): Please tick box if it is a question directed to the auditor

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