



Australian Agricultural Company Limited

ABN 15 010 892 270

20 DECEMBER 2017

Appointment of Managing Director and Chief Executive Officer

The Board of Australian Agricultural Company [ASX:AAC] ("AACo") today announced the appointment of Mr Hugh Killen as its Managing Director and Chief Executive Officer. The appointment will take effect on 1 February 2018.

Hugh has extensive experience in Australia and abroad and most recently was the Head of Fixed Income, Currency and Commodities for Westpac Banking Corporation.

Chairman Donald McGauchie said "Having run an international and domestic executive search process and having had the benefit of interacting directly with Hugh in recent months, we have no doubt that we have the right person to be our Chief Executive Officer.

"Clearly an experienced managing director, we have been particularly impressed by Hugh's commercial skills and the speed with which he has got across our business, its strategy and future path. He was the best executive that we engaged through our search process and we're confident in his ability to drive company strategy to achieve the best commercial outcome for AACo. His background as a pastoralist and having spent his formative years in the agricultural sector has made his transition from the finance industry seamless."

Hugh Killen said "It is an honour to be appointed the Chief Executive Officer of AACo. I have always had enormous interest in and respect for the Company; being able to combine my commercial skills with my passion for the business is a terrific opportunity and challenge."

Biographical information

For the last 15 years, Hugh has been running large, complex and globally dispersed businesses. Most recently he has been leading Westpac's Fixed Income, Currency and Commodities business being directly accountable for designing and executing strategy, significant P&L responsibility and managing teams in 6 countries.

As a senior executive Hugh has exposure to driving business model and cultural transformation and leading significant technology programs moving business models into highly efficient digital enabled businesses. As Head of Westpac Banking Corporation's North American business during the GFC, Hugh built on his already extensive skills and networks. He has represented the Australian banking industry and Westpac on numerous Committees and Boards with extensive experience interfacing with Commercial Advisory Boards, Boards and Committees.

Hugh has lived and worked in Sydney, London and New York, is an alumnus of The King's School, Sydney Australia and Harvard Business School, Cambridge MA. He is married to Andrea and has two children Will and Tess.

An overview of Hugh's remuneration structure is set out below, and a summary of the material terms of his service agreement are set out in Annexure A.

Component of remuneration	Remuneration amount or value
Total fixed remuneration (TFR), including superannuation and any applicable tax (excluding payroll tax) payable by AACo	\$600,000
Cash bonus under the AACo Short Term Incentive (STI) Plan	\$300,000 max (50% of TFR)
Deferred Equity Award (DEA) under the AACo Performance Rights Plan	\$150,000 max (50% of STI actually paid)
Performance Rights under the AACo Long Term Incentive (LTI) Plan	<p>Mr Killen has previously been granted 10% of the Total Available Performance Rights* in the first grant round under the LTI Plan.</p> <p>In his role as Managing Director and Chief Executive Officer, Mr Killen will continue to be eligible to participate in the LTI Plan, pursuant to which he is eligible to participate in subsequent grant rounds under the LTI Plan.</p> <p>The performance condition, performance period and vesting period which applies to the first grant round under the LTI Plan and the Board's current proposal with respect to subsequent grant rounds are set out in AACo's announcement to the ASX on 26 June 2017.</p>

* "Total Available Performance Rights" for each grant round under the LTI Plan will be (a) the number of AACo shares acquired on market by the AACo Employee Share Trust in respect of the current grant having an aggregate share acquisition price of \$5 million (**Baseline Shares**); plus (b) any Baseline Shares acquired in respect of previous grant rounds which, at the time of completion of acquisition of all the Baseline Shares for the current grant round, are not notionally allocated to a previous grant round.

The Interim Operating Committee, established in August to assist the leadership team run the company during the executive search process will be disbanded upon commencement of the CEO's appointment on 1 February 2018.

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Company Secretary and General Counsel

Annexure A
Summary of material terms and conditions of service agreement for Mr Hugh Killen
as Managing Director and Chief Executive Officer – pursuant to ASX Listing Rule 3.16.4

Term and termination	Mr Killen's employment in the position of Managing Director and Chief Executive Officer will commence on 1 February 2018 and has no fixed term. Mr Killen may resign at any time by giving 6 months' written notice. AACo may terminate Mr Killen's employment at any time by giving 6 months' written notice. AACo may terminate Mr Killen's employment without notice in the case of serious, wilful or persistent misconduct.
Total fixed remuneration	Mr Killen's total fixed remuneration is \$600,000 per annum inclusive of superannuation and any applicable tax (except payroll tax) payable by AACo on his total fixed remuneration, subject to annual review by AACo. A review does not guarantee an increase, however Mr Killen's total fixed remuneration may not be reduced.
Variable or 'at risk' remuneration – Short term incentive (STI)	Mr Killen may be eligible to earn STI benefits each year, in the form of a potential cash bonus. The actual cash bonus earned by Mr Killen (if any) will be determined at the discretion of the Board after assessing the performance of AACo and the performance of Mr Killen against agreed performance hurdles. The minimum possible cash bonus outcome is zero and the maximum possible cash bonus outcome is \$300,000 per annum (being 50% of his total fixed remuneration).
Variable or 'at risk' remuneration – Deferred equity award (DEA)	Mr Killen may be eligible to earn DEA benefits each year, in the form of performance rights. The actual DEA earned by Mr Killen (if any) will generally be set at 50% of the amount of the STI cash bonus actually earned. The performance rights granted to reflect this value are generally subject to two-year (50%) and three-year (50%) service vesting conditions. Accordingly, the minimum possible DEA outcome is zero and the maximum possible DEA outcome is \$150,000 per annum. Any DEA outcome resulting in an issue of shares to Mr Killen may be subject to shareholder approval.
Variable or 'at risk' remuneration – Long term incentive (LTI)	Mr Killen may be eligible to participate in AACo's LTI plan, subject to the terms of that plan and any required shareholder approval. The number of performance rights granted and the performance conditions applying to the vesting of those performance rights will be determined at the discretion of the Board. Mr Killen will be entitled to exercise any performance rights granted to him under the LTI plan if they have vested and not otherwise lapsed. The circumstances in which performance rights may lapse include non-satisfaction of performance conditions or ceasing employment with the AACo group. If a change of control event for AACo occurs, the treatment of any unvested performance rights will be within the discretion of the Board. The requirement to deliver shares on vesting and exercise of performance rights under the LTI plan must be satisfied by way of on market acquisition of shares.
Payments on termination	On termination: <ul style="list-style-type: none"> • AACo will pay accrued components of total fixed remuneration (including any payment in lieu of notice) and amounts in lieu of unused annual leave or accrued under applicable long service leave legislation; and • If Mr Killen's employment is terminated because an amalgamation or reconstruction of AACo or the sale or transfer of some or all of the assets of any business of AACo results in another person being appointed to undertake the chief executive officer role and Mr Killen is not offered employment with the resulting AACo business, purchaser or transferee (as applicable) on terms overall no less favourable than his current terms, AACo will pay an amount representing 12 months' notice in satisfaction of any obligation it might otherwise owe by way of notice or redundancy pay; and • if Mr Killen ceases employment in certain circumstances (e.g. death, permanent disablement, retirement, retrenchment or other circumstances as determined by the Board) his unvested performance rights granted as a DEA and his performance rights granted under the LTI plan will continue to be subject to their vesting conditions unless the Board determines in its sole discretion that some or all of those vesting conditions are waived or some or all of those unvested performance rights lapse. However, AACo is not required to provide Mr Killen with any benefit that causes it either to breach its obligations or to be required to obtain shareholder approval under applicable laws or the ASX Listing Rules.
Restraint after employment ends	Mr Killen will be subject to restrictions for business competition, solicitation of directors, employees or contractors and dealings with clients, customers and suppliers for a period of 12 months after termination of his employment.