

INGHAMS GROUP LIMITED

ACN 162 709 506

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is given that an Extraordinary General Meeting of the members of INGHAMS GROUP LTD ACN 162 709 506 ("Company" or "Ingham's") will be held at Inghams Group Ltd, Level 4 / 1 Julius Avenue, North Ryde, NSW on 6 December 2018 at 9:00am (Sydney time) ("Meeting").

BUSINESS

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

1. Approval of capital return to shareholders

That approval be given for the Company to reduce its share capital by a total of approximately \$125 million by way of an equal capital reduction, to be effected by the Company paying to each registered holder of fully paid ordinary shares in the Company (as at the record date of 7.00pm (Sydney time) on 11 December 2018) the amount of 33 cents for each fully paid ordinary share.

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

By Order of the Board



David Matthews
Company Secretary

6 November 2018

Notes relating to voting

1. Entitlement to vote

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that persons who are registered holders of shares in the Company as at 7.00pm (Sydney time) on Tuesday 4 December 2018 will be entitled to attend and vote at the Meeting as a shareholder. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

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

The vote on the resolution will be decided on a poll, and each shareholder present in person or by proxy shall have one vote for every fully paid ordinary share held.

2. Proxies

- a. A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote on their behalf. A proxy need not be a shareholder and can be either an individual or a body corporate.
- b. A shareholder can appoint a proxy by completing and returning a signed proxy form (see section 3 of these notes relating to voting, and the enclosed proxy form).
- c. A shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

- d. If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:
 - appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the *Corporations Act 2001* (Cth) (**Corporations Act**); and
 - provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.
- e. If you wish to indicate how your proxy should vote, please mark the appropriate box on the proxy form. If you do not direct your proxy how to vote on the item of business, you are authorising your proxy to vote as they decide.
- f. If you intend to appoint the Chairman of the Meeting as your proxy, you can direct the Chairman how to vote by marking the box for the resolution (for example, if you wish to vote “for”, “against” or to “abstain” from voting).
- g. If:
 - a poll is duly demanded at the Meeting in relation to the resolution;
 - a shareholder has appointed a proxy (other than the Chairman of the Meeting) and the appointment of the proxy specifies the way the proxy is to vote on the resolution; and
 - that shareholder’s proxy is either not recorded as attending the Meeting or does not vote in accordance with the shareholder’s direction on the resolution,
 the Chairman of the Meeting will, before voting on the resolution closes, be taken to have been appointed as the proxy for the shareholder for the purposes of voting on the resolution and must vote in accordance with the written direction of that shareholder.
- h. Please note that the Chairman intends to vote all available undirected proxies in favour of the resolution.

3. Proxy form

A proxy form accompanies this Notice of Meeting and to be effective must be received no later than 9:00am (Sydney time) Tuesday 4 December 2018 at:

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

4. Corporate representatives

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

5. Voting by attorney

A shareholder entitled to attend and vote may appoint an attorney to act on his or her behalf at the Meeting. An attorney may but need not be a member of the Company. An attorney may not vote at the Meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority, are received by the Company in the same manner, and by the same time, as outlined above for proxy forms.

EXPLANTORY MEMORANDUM
for Extraordinary General Meeting of Inghams Group Limited

1. Approval of capital return to shareholders

As announced on 22 August 2018, the Company has proposed a 33 cent per share capital return to shareholders (“**Capital Return**”).

To effect the Capital Return, the Company proposes to reduce its share capital by a total of approximately \$125 million by returning to shareholders the amount of 33 cents per ordinary share held at 7.00pm (Sydney time) on 11 December 2018 (“Record Date”).

The Capital Return of 33 cents per ordinary share will be returned to relevant shareholders by way of an equal reduction of capital under Chapter 2J.1 of the Corporations Act. The funds that will be used to make the payments to relevant shareholders in respect of the Capital Return will be sourced from the Company’s existing cash reserves.

What are the reasons for the Capital Return?

The Board has undertaken a detailed review as to how it should manage the Company’s capital position going forward. The decision to propose the Capital Return reflects that the Board considers that the Company has surplus capital at this point in time.

The Board has considered the potential negative consequences of carrying surplus capital. In particular, high levels of shareholders’ funds result in a “return on equity” ratio which is lower than it would otherwise be, and can produce distorted impressions as to underlying profitability and financial performance.

What is the effect of the Capital Return on the Company?

Effect on capital structure: If the Capital Return is implemented, the Company’s issued share capital will be reduced by approximately \$125 million, being 33 cents per fully paid ordinary share. As no shares will be cancelled in connection with the Capital Return, the Capital Return will not affect the number of shares held by each shareholder or the control of the Company. The Company will continue to have approximately 380,243,196 fully paid ordinary shares on issue.

The Company has performance rights on foot under its Equity Incentive Plan, being the long term incentive arrangements for executives. Any performance rights that have not vested before the ‘ex’ date of the Capital Return cannot participate in the Capital Return and, as a result, will reduce in value by an amount equivalent to the capital return per share. These performance rights will not be adjusted as a result of the Capital Return. Instead, in order to keep performance rights holders “whole”, if the Capital Return is approved then performance rights holders will receive a new grant of performance rights equal to the reduction in value. These new rights will be granted on the same terms as the current rights.

Impact on existing business and growth opportunities: The Board considers that the Capital Return will not adversely affect the Company’s capacity to fund or pursue existing business and growth opportunities.

Share price impact: If the Capital Return is implemented, Ingham’s shares are likely to trade at a lower share price than they would have done had the Capital Return not been implemented (reflecting that capital is being returned to shareholders). This is likely to occur from the ‘ex’ date, being the day that Ingham’s shares trade without an entitlement to participate in the Capital Return.

Tax implications for the Company: No adverse tax consequences are expected to arise for the Company as a result of the Capital Return.

What approvals are required?

The Capital Return will constitute an equal capital reduction for the purposes of the Corporations Act as:

- it relates only to ordinary shares;
- it applies to each holder of ordinary shares in proportion to the number of ordinary shares they hold; and
- the terms of the reduction will be the same for each holder of ordinary shares.

Section 256B(1) of the Corporations Act permits a company to reduce its share capital, including by returning capital in cash or in kind, if the reduction:

- is fair and reasonable to the company's shareholders as a whole;
- does not materially prejudice the company's ability to pay its creditors; and
- is approved by shareholders under section 256C.

The resolution being put to this Meeting seeks the approval of the shareholders as required under section 256C.

Is the Capital Return fair and reasonable to shareholders?

The Board considers that the Capital Return is fair and reasonable to the Company's shareholders as it will be available to all ordinary shareholders equally having regard to the number of ordinary shares in the Company held by each of them at the Record Date.

Is there any material prejudice to creditors?

The Directors have carefully reviewed the Company's assets, liabilities and expected cash flows, and believe that the Capital Return will not materially prejudice the Company's ability to pay its creditors. The Directors have also satisfied themselves as to the solvency of the Company following the implementation of the Capital Return.

Tax implications for shareholders

The information set out below is general in nature and should not be relied upon as advice.

Tax implications for shareholders will depend on the circumstances of the particular shareholder. All shareholders should therefore seek their own professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisers assumes any liability or responsibility for advising shareholders about the tax consequences of the Capital Return.

The Company has sought an ATO Class Ruling to confirm the Company's understanding of the likely income tax consequences for shareholders who are tax residents of Australia. It is expected that:

- For most Australian tax resident shareholders who hold their shares on capital account, there should be no immediate tax liability arising from the Capital Return. The Capital Return should reduce the tax cost base of each IGL share held, thereby deferring any tax payable by shareholders until they dispose of those shares. A capital gain arises to the extent that the Capital Return on a share exceeds its tax cost base. If the Capital Return causes a capital gain to arise on a share, the share's tax cost reduces to nil.
- Shareholders who are not tax residents of Australia should seek specific advice in relation to the tax consequences arising from the Capital Return under their own local laws.

The final version of the Class Ruling will be published on the ATO website and a notice included in the Gazette. The Company will make an announcement when the final Class Ruling is published and display the final Class Ruling on its website as soon as it becomes available.

Payment details and rounding

The amount payable in respect of each fully paid ordinary share in Ingham's on issue on the Record Date will be 33 cents per fully paid ordinary share. Amounts payable to shareholders will be rounded up or down to the nearest cent, applying standard rounding techniques.

If the Capital Return is approved by shareholders, payment will be made to shareholders according to payment elections provided to the Company's share registry, Link Market Services Limited.

Timetable for the Capital Return

Subject to shareholder approval, the proposed Capital Return is expected to take effect in accordance with the following timetable*:

| Event | Date |
|--|--|
| Extraordinary general meeting and Capital Return approval | 9:00am (Sydney time) on 6 December 2018 |
| Ingham's shares trade 'ex' the Capital Return | 10 December 2018 |
| Record Date for determining entitlement to participate in Capital Return | 7.00pm (Sydney time) on 11 December 2018 |
| Implementation of the Capital Return | 18 December 2018 |

*All dates and times are indicative only. The Company reserves the right to vary these dates and times.

Are there any reasons to vote against this item?

The Board believes that the Capital Return is in the Company's best interests for the reasons set out in this Notice of Meeting.

You may wish to vote against this item for various reasons, for example if you believe that the Company should retain these surplus funds or use them in a different way.

Directors' interests

As at the date of the Notice of Meeting, the following Directors of the Company have an interest in the Capital Return as they are shareholders of the Company:

| Director | Interest |
|--|---|
| Peter Bush , Chairman and non-executive Director | Direct: 0 ordinary shares Indirect: 158,730 ordinary shares |
| Joel Thickins , Non-executive Director | Direct: 0 ordinary shares Indirect: 0 ordinary shares |
| Ricky Lau , Non-executive Director | Direct: 0 ordinary shares Indirect: 0 ordinary shares |
| Linda Bardo Nicholls, AO , Non-executive Director | Direct: 3,172 ordinary shares Indirect: 24,573 ordinary shares |
| Helen Nash , Non-executive Director | Direct: 0 ordinary shares Indirect: 0 ordinary shares |
| Jackie McArthur , Non-executive Director | Direct: 0 ordinary shares Indirect: 16,208 ordinary shares |

Lodgement

In accordance with section 256C(5) of the Corporations Act, a copy of this Notice of Meeting has been lodged with the Australian Securities and Investments Commission.

No other material information

This explanatory memorandum provides shareholders with all information known to the Company which has not previously been disclosed to shareholders that is material to the decision whether or not to vote in favour of this item.

Recommendation

The Board recommends that shareholders vote in favour of approving the Capital Return.