

**17 April 2019**



Dear Shareholders

**Update/Highlights and AGM 2019**

Please find enclosed the Notice of Meeting for our **2019 Annual General Meeting** on **Thursday 23 May 2019** in Launceston, Tasmania.

*I have outlined below the key matters we are considering at our meeting, but first I would also like to take this opportunity to summarise some of the highlights of TasFoods' 2018 financial year and current projects that are underway in line with our strategy.*

**Performance Update and Highlights**

In my first year as Executive Chairman of TasFoods I am pleased with the progress the business has made towards achieving our strategic goals for both revenue growth and operational optimisation. The business has been disciplined in its focus on cost control, expansion of its sales channels, and prudent capital investments in its manufacturing facilities. This focused approach has delivered strong revenue growth and margin improvement and positioned the business well for further gains in 2019.

The group's 2018 sales revenue grew 25% to \$38.40 million from \$30.74 million in 2017. The foundations laid in 2017 through rebranding the businesses and developing sales channels supported growth across each of the operating divisions, with the dairy segment's sales increasing by 140% and Nichols Poultry's by 15%.

A 55% increase in gross profit to \$10.80 million in 2018 from \$6.96 million in 2017 was a major contributor to the \$4.59 million improvement in earnings before interest, tax, depreciation and amortisation (EBITDA) to negative \$1.13 million in 2018 from negative \$5.71 million in 2017 (which included an impairment charge of \$2.10 million). The gross margin improvement of 5% to 28% in 2018 from 23% in 2017 was achieved by a combination of increasing economies of scale through revenue growth, strategic investment in automation, and labour efficiencies across the businesses.

The company's bottom line performance was a net loss after income tax of \$1.29 million which was a \$5.55 million improvement on the 2017 net loss of \$6.81 million.

In summary, 2018 was a year of growth and operational improvement for TasFoods, laying the foundations for a profitable future operation.

In December 2018, TasFoods' board approved capital expenditure of \$2.5 million to build two-tunnel ventilated chicken growing sheds, each with a capacity of 40,000 birds, on the Nichols Poultry farm site. These sheds are scheduled to come on line in the fourth quarter of 2019, increasing the number of birds processed each week and utilising some of the additional processing capacity that was created during 2018.

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54 Tamar St, Launceston.  
PO Box 425, Launceston, TAS, 7250.  
(03) 6331 6983  
admin@tasfoods.com.au

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The Pathway to Profit initiatives begun in 2018 will continue to drive efficiencies throughout the company's operations during 2019 and improve productivity. The company continues to seek complementary acquisitions with the potential to build scale and strengthen bottom line performance.

The board believes that the long-term fundamentals of TasFoods' business are strong, with increasing demand expected for premium foods, especially in the premium dairy and free-range chicken segments. The company's strategy will be to continue to expand through leveraging its Tasmanian heritage and the premium provenance of its brands to grow its distribution footprint in existing and new markets.

## **Annual General Meeting**

*The Annual General Meeting of TasFoods Limited will be held at 29 Cameron St, Launceston, Tasmania (Hotel Grand Chancellor Launceston) on **Thursday 23 May 2019 at 11 am.***

A copy of the Notice of Meeting is enclosed.

We will provide a business update at the meeting, discuss performance during 2018 and outline our performance against the business strategy.

We will also consider ordinary business as follows:

- financial and statutory reports for 2018;
- Resolution 1: Board appointment of Roger McBain;
- Resolution 2: the CEO's Long Term Incentive for 2019;
- Resolution 3: 2018 Remuneration Report;
- only if necessary, as a matter of contingent business, Resolution 4: a conditional Board spill resolution.

All resolutions are explained in more detail in the Notice of Meeting and the Explanatory Notes enclosed with this letter.

I would like to address specifically Resolution 3 – Remuneration Report.

At our AGM last year, regrettably more than 25% of voting shareholders voted against the Remuneration Report for 2017. Following this, the directors of TasFoods have engaged with shareholders to understand their concerns regarding the company's remuneration structure and practices and where they fell short of shareholder expectations in 2017. TasFoods' remuneration structure was then reviewed to determine where, if anywhere, changes should be made.

As a result of this review, and considering the board's strategic objectives for TasFoods in 2018 and the requirement for Key Management Personnel to continue to deliver improved



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financial performance, the board determined the remuneration structure remained fit for purpose. However, in recognition of the importance of the company's financial turnaround, the board determined it appropriate to amend the 2018 short-term incentive performance measures. The amendments included placing a greater weighting on financial performance measures and setting a minimum EBITDA performance hurdle which must be met for payment of the short-term incentive. As outlined in the Remuneration Report, the minimum EBITDA target was not met in 2018 and as such no short-term incentive was paid.

Your directors recommend voting **FOR Resolutions 1 - 3**. If Resolution 4 is put to the Annual General Meeting the Directors recommend voting **AGAINST** this resolution.

I encourage you to attend the meeting if you can. There will be an opportunity to talk to directors and executives and enjoy some TasFoods premium products.

**If you are unable to attend in person, you can direct vote or appoint a proxy to attend and vote on your behalf.**

We will be **webcasting** the meeting, so if you are unable to attend please view it on-line live or after the conclusion of the meeting. There will be a link to the webcast on the front page of our website at [www.tasfoods.com.au](http://www.tasfoods.com.au).

Please submit any questions you have of the company or the auditor in advance of the meeting by emailing [co.sec@tasfoods.com.au](mailto:co.sec@tasfoods.com.au)

Yours sincerely



Shane Noble  
Executive Chair



## TasFoods Limited

### Notice of Annual General Meeting

**Notice is hereby given that the Annual General Meeting of the shareholders of TasFoods Limited (ACN 084 800 902) (Company) will be held at 29 Cameron St, Launceston, Tasmania (Hotel Grand Chancellor Launceston) on Thursday 23 May at 11:00am AEST.**

#### AGENDA

##### Financial Reports

To receive and consider the accounts of the Company, the financial report, directors' report and auditor's report prepared in accordance with the requirements of the *Corporations Act 2001 (Cth)* (**Corporations Act**) for the year ended 31 December 2018.

##### Ordinary Business

###### **Resolution 1: Re-election of Mr Roger McBain as a Director**

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

*"That Mr Roger McBain, who was elected by Shareholders on 23 May 2016, and retires in accordance with Clause 7.1(g) of the Company's Constitution, and being eligible, be re-elected as a Director of the Company."*

Details of Mr McBain are set out in the Explanatory Notes to this Notice of Meeting.

###### **Resolution 2: Approval for the Granting of Performance Rights to a Director – Ms Jane Bennett, Managing Director & CEO**

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

*"That approval is given for the grant of 772,941 Performance Rights to the Managing Director, Ms Jane Bennett, under the TasFoods Limited Rights Plan (TFLRP) on the terms and conditions described in the Explanatory Notes to this Notice of Meeting, and for the purpose of ASX Listing Rule 10.14 and all other purposes."*

A voting exclusion statement applies to this Resolution as set out in this Notice of Meeting.

###### **Resolution 3 - Adoption of Remuneration Report**

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

*"That the Remuneration Report for the Company and its controlled entities for the year*



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ended 31 December 2018 be approved and adopted."

A voting exclusion statement applies to this Resolution as set out in this Notice of Meeting.

Please Note that section 250R(3) of the Corporations Act 2001 (Cth) provides that 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 on this resolution are against the resolution, the conditional spill resolution below (Resolution 4) will be put to shareholders for their consideration and vote.

## **CONTINGENT BUSINESS – ONLY TO BE CONSIDERED IF RESOLUTION 3 OUTCOME REQUIRES IT**

### **Resolution 4: Conditional Spill Resolution**

If required: to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That subject to and conditional upon at least 25% of the votes cast on Resolution 3, being cast against the adoption of the Remuneration Report:

- a) An extraordinary general meeting of the Company (the Spill Meeting) be held within 90 days of the passing of this Resolution;
- b) All of the Directors (other than the Managing Director) who were in office when the Resolution to approve the Directors' Report for the financial year ended 31 December 2018 was passed (being Mr Shane Noble, Mr Alexander Beard and Mr Roger McBain) and who remain in office at the commencement of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and
- c) Resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to vote at the Spill Meeting."

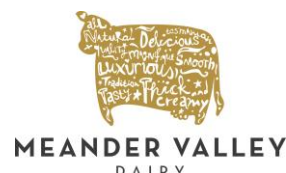
A voting exclusion applies to this resolution as set out in this Notice of Meeting.

By order of the Board



Janelle O'Reilly  
Company Secretary

17 April 2019



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## Direct Voting & Appointing Proxies

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***If you are unable to attend the Meeting to vote in person, you are encouraged to direct vote or appoint a proxy by completing the AGM Voting Form attached to the Notice.***

### **Direct Voting**

You may vote by direct voting using the Annual General Meeting Voting Form.

Direct voting enables you to exercise your voting rights without needing to attend the meeting or appoint a proxy. To be effective it must be completed by 11.00 am AEST on 21 May 2019.

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, you will need your "Holder Identifier" (Security holder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

If you cast a direct vote you may still attend the meeting, and your attendance will not cancel your direct vote unless you advise the share registry of this upon your entry.

### **Voting by Proxy**

#### **Appointment of Proxies**

Each shareholder is entitled to appoint a proxy. The proxy does not need to be a shareholder. A shareholder that is entitled to cast two or more votes may appoint two proxies and may specify the proportion of votes each proxy is entitled to exercise. If a shareholder appoints two proxies, each proxy may exercise half of the shareholder's votes if no proportion or number of votes is specified.

If a proxy holder votes, they must cast all directed proxies as directed. Any directed proxies which are not voted will automatically default to the Chair who must vote the proxies as directed.

To be effective, the Annual General Meeting Voting Form appointing proxies (and, if the appointment is signed by your attorney, the authority under which the appointment was signed or a certified copy of the authority) must be sent to the Company and received not later than 11:00am AEST on 21 May 2019 (unless the Directors determine to extend this deadline).



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The completed Voting Form may be submitted to the Company's Share Registry or the Company as follows:

On line:	By Mail:	By Hand	By Facsimile:
<a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a>			
	By Mail:	By Hand:	By Facsimile:
	TasFoods Limited C- Link Market Services Limited Locked Bag A14, Sydney South, NSW 1235 Australia	Delivering it to Link Market Services Limited 1A Homebush Bay Drive, Rhodes, NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000	(02) 9287 0309 (within Australia) +6129287 0309 (from outside Australia)

## Corporate Representatives

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

- A letter or certificate executed in accordance with Section 127(1) of the Corporations Act authorising that person as the corporate shareholder's representative at the meeting; or
- A copy of the resolution appointing that person as the corporate shareholder's representative at the meeting, certified by a secretary or director of the corporate shareholder.





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## Eligibility to Vote

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### Date of Determining Voting Entitlements

The Directors have determined that for the purposes of the Corporations Act, the persons who are registered shareholders at 7.00 p.m. AEST on 21 May 2019 will be entitled to attend and vote at the meeting. Accordingly, transfers of Shares registered after that time will be disregarded in determining such entitlements to attend and vote at the Meeting.

### Voting Exclusions

#### Resolution 2

The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of:

- Ms Jane Bennett; and
- an associate of Ms Jane Bennett,

or any vote cast as proxy by a member of the Key Management Personnel or their closely related parties (such as close family members and any company the Key Management Personnel controls)

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.

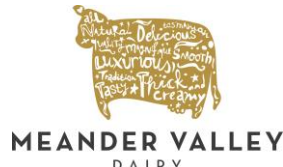
#### Resolution 3 and if considered Resolution 4

The Company will disregard any votes cast on Resolution 3 and 4:

- by or on behalf of a member of the Company's key management personnel (including the Directors) whose remuneration details are disclosed in the Remuneration Report (**Key Management Personnel**) or their closely related parties regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Key Management Personnel or their closely related parties.

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 on this item, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting pursuant to an express authorisation to





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exercise the proxy even though this item is connected with the remuneration of the Company's Key Management Personnel, for a person who is entitled to vote on this item.

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## Questions for the Auditor

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Pursuant to section 250PA of the Corporations Act, in addition to raising questions at the Annual General Meeting itself, shareholders may submit to the auditor written questions pertaining to:

- the content of the auditor's report to be considered at the Annual General Meeting;
- the conduct of the audit of the annual financial report to be considered at the Annual General Meeting.

Shareholders must submit any such written questions for the auditor to the Company by no later than 6:00 pm on 16 May 2019. The auditor will either answer questions at the meeting or table written answers to them at the meeting. If written answers are tabled at the meeting, they will be discussed at the meeting and made available to Shareholders as soon as practicable after the meeting.

The questions to the auditor may be sent to the Company Secretary as follows:

By Email	By Mail:	By Hand:
Co.sec@tasfoods.com.au	Company Secretary TasFoods Limited 52-54 Tamar Street, Launceston, Tasmania, Australia	Company Secretary TasFoods Limited 52-54 Tamar Street, Launceston, Tasmania, Australia



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## Explanatory Notes

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These Explanatory Notes have been prepared for the information of Shareholders of TasFoods Limited (**the Company**) in connection with the business to be conducted at the Annual General Meeting of the Shareholders to be held on Thursday 23 May 2019 at 11:00 am at 29 Cameron St, Launceston, Tasmania.

The Notice of Meeting and these Explanatory Notes and the attachments are important documents and should be read carefully and in their entirety. If you have any questions regarding the matters set out in these Explanatory Notes or the Notice, please contact the Company or your financial or legal adviser.

### Accounts and Reports

The first item of the Notice of Meeting deals with the presentation of the consolidated financial report of the Company for the year ended 31 December 2018 together with the Directors' declaration and report in relation to that financial period and the auditor's report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

Shareholders will be provided with reasonable opportunity at the Annual General Meeting to ask questions about or make comments on the above reports.

Shareholders will also have the opportunity at the meeting to ask questions of the Company's external Auditor, PricewaterhouseCoopers, relevant to:

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Annual General Meeting, written questions to the Chairman about the management of the Company can be submitted no later than 6:00 pm on 16 May 2019 to Co.sec@tasfoods.com.au.

There is no requirement for Shareholders to approve the financial report, Director's report or auditor's report.



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## **Resolution 1: Re-election of Mr Roger McBain as a Director**

Clause 7.1(g) of the Company's Constitution provides that at each annual general meeting a director who has held office past the third annual general meeting or 3 years since last elected (whichever is longer), must retire.

Mr McBain was appointed to the board as an Executive Director on 3 September 2015 and transitioned to Non-Executive Director on 1 July 2016 after being elected by Shareholders on 23 May 2016. Mr McBain is Chair of the Audit & Risk Committee and a member of the Nomination and Remuneration Committee. Mr McBain offers himself for re-election.

Mr McBain led a Tasmanian based Chartered Accounting firm as a partner for 25 years ultimately leading the successful merging of the practice into Deloitte in 2010.

Continuing as a partner at Deloitte for a further 5 years, Mr McBain delivered strong results to the Tasmanian practice, through his extensive experience in a broad range of businesses with particular expertise in FMCG, agribusiness and mining services.

Mr McBain currently pursues a number of private business interests including a water remediation technology company, property development, tourism, hospitality and retail investments.

## **Directors' Recommendation**

The Board (other than Mr McBain), unanimously recommend that Shareholders vote **FOR** Resolution 1 and each of those Board Members intends to vote all of the shares controlled by him or her in favour of this Resolution.

The Chair of the meeting (presiding at the timing of the vote on the resolution) intends to vote undirected proxies **FOR** Resolution 1.

## **Resolution 2: Approval for the Granting of Performance Rights to a Director – Ms Jane Bennett, Managing Director & CEO**

ASX Listing Rule 10.14 requires the Company to obtain Shareholder approval for the issue of securities to a director under an employee incentive scheme. The Company is seeking Shareholder approval for the proposed grant of Performance Rights to the Managing Director, Ms Jane Bennett, as set out below. No other Directors are entitled to participate in this grant.

The TasFoods Limited Rights Plan (**TFLRP**) has been designed to facilitate the Company moving towards best practice remuneration structures for Executives. A key component of effective remuneration for Executives is a long term incentive to support retention, drive shared performance objectives and link remuneration to company performance.



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The features of the proposed 2019 financial year grant of Performance Rights to the Managing Director are summarised below:

Aspect	Details
Instrument	The Company is seeking Shareholder approval for a grant of Performance Rights to the Managing Director, Ms Jane Bennett. Performance Rights may vest if performance conditions are satisfied. Performance Rights are indeterminate Rights, which when validly exercised entitle the holder to the value of a Share, and which may be settled in the form of cash, Restricted Shares or Shares at the Board's discretion.
Terms & Conditions	The Board has the discretion to set the terms and conditions on which it will offer Rights under the TFLRP, including the Vesting Conditions and modification of the terms and conditions as appropriate to ensuring the plan operates as intended. All Rights offered in relation to this resolution will be subject to Vesting Conditions that are intended to be challenging and linked to growth in Shareholder value, as outlined below. The terms and conditions of the TFLRP include those aspects legally required as well as a method for calculating the appropriate number to vest in the circumstances of a Change of Control, a major return of capital to shareholders, consolidation of securities on issue, and the treatment of Rights in the circumstances of various forms of termination.
Maximum number of Performance Rights	It is proposed that the Managing Director be invited to apply for a total of 772,941 Performance Rights in respect of the 2019 financial year. The maximum number of Performance Rights has been calculated by multiplying the total fixed remuneration (TFR) of the incumbent by the maximum LTI % and then dividing that figure by a 10-day volume weighted average price ( <b>VWAP</b> ) related to the time of calculation. The VWAP used to calculate the maximum number of performance rights was 13.6 cents based on the share price over the 10 days between 25 January 2019 and 8 February 2019. The maximum LTI % is 40% of TFR and the target LTI % is 20% of TFR. It should be noted that at target performance, only 50% of these would be expected to vest, and that 100% vesting would be considered exceptional and is associated with significantly outperforming expectations.
Amount payable for Performance Rights	No amount will be payable by the Managing Director for the grant of the Performance Rights or on the vesting of the Performance Rights as they are part of the intended total remuneration package for the 2019 financial year. No loan has been made in relation to the grant.
Vesting of Performance Rights	Upon the satisfaction of the Vesting Conditions, the value of Rights that vest will be evaluated and will be paid in Shares, Restricted Shares, cash or a combination of cash and Shares/Restricted Shares based on the then Share Price. Each Performance Right that vests will be equivalent to the value of one share. Restricted Shares are subject to disposal restrictions related to the time that the Participant may deal with the Shares under the Company's share trading policy, any conditions specified in the Invitation,



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	and legal restrictions with regards to insider trading.															
Date of grant	If Shareholder approval is obtained, the Performance Rights will be granted to Ms Bennett shortly after the AGM and, in any event, no later than 12 months after the AGM.															
Measurement Period	The Measurement Period will be the three financial years from 1 January 2019 to 31 December 2021.															
Vesting Conditions	<p>In order for Performance Rights to vest, Ms Bennett must remain employed by the Company during the Measurement Period (except in the case of a "Good Leaver", see below) and the performance conditions must be satisfied. The performance condition in relation to this proposed grant of Performance Rights is Share Price growth, with the vesting percentages (of the grant/stretch/maximum level of LTI) to be determined by the following scale:</p> <table><tr><th>Performance Level</th><th>TFL Share Price</th><th>% of the Grant/Stretch /Maximum Vesting</th></tr><tr><td>&gt;Stretch</td><td>&gt;\$0.43</td><td>100%</td></tr><tr><td>Stretch</td><td>\$0.43</td><td>100%</td></tr><tr><td>Between Target and Stretch</td><td>&gt;\$0.36 and &lt; \$0.43</td><td>Pro-rata</td></tr><tr><td>Target</td><td>\$0.36</td><td>50%</td></tr></table> <p>This is a significantly greater stretch target from the current share price than that of 2018 or 2017. Due to the importance that the Board places on an improvement in share price a single measure based on share price growth has been chosen for the FY19 grant. The targets for share price are based on a starting share price of \$0.25 (being the share price investors acquired their shares at the 2016 capital raising) and over the years since then until 2021 a Compound Annual Growth Rate (<b>CAGR</b>) of 7.5% is required to achieve 'target' share price and a CAGR of 11.434% is required to achieve 'stretch' share price; noting however as the share price at the beginning of 2019 was lower than the 2016 capital raising price, using the VWAP of 13.6 cents as a base, a CAGR of 38.3% over the years 2019-2021 is required to achieve 'target' share price and a CAGR of 46.77% is required to achieve 'stretch' share price.</p> <p>Share Price will be determined by a 10 trading day VWAP ending on the date that is the end of the Measurement Period (see above).</p>	Performance Level	TFL Share Price	% of the Grant/Stretch /Maximum Vesting	>Stretch	>\$0.43	100%	Stretch	\$0.43	100%	Between Target and Stretch	>\$0.36 and < \$0.43	Pro-rata	Target	\$0.36	50%
Performance Level	TFL Share Price	% of the Grant/Stretch /Maximum Vesting														
>Stretch	>\$0.43	100%														
Stretch	\$0.43	100%														
Between Target and Stretch	>\$0.36 and < \$0.43	Pro-rata														
Target	\$0.36	50%														
Retesting	Retesting is not permitted under the proposed terms of the FY19 Invitations.															
Exercise Price	No amount will be payable by the Managing Director to exercise a Performance Right that has vested.															



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Cessation of Employment	<p>Unless the Board determines otherwise, if a TFLRP Participant ceases employment and is classified as a "Bad Leaver" (dismissal for cause, termination for poor performance or otherwise as determined by the Board), all unvested Performance Rights held by the Participant will lapse. Unless the Board determines otherwise, if a Participant ceases employment for any other reason, including by reason of death, disability, redundancy or retirement ("Good Leaver"), Performance Rights that were granted to the Participant during the financial year in which the termination occurred will be forfeited in the same proportion as the remainder of the financial year bears to the full year. All remaining Performance Rights for which Vesting Conditions have not been satisfied as at the date of cessation of employment will then remain "on foot", subject to the original Vesting Conditions.</p> <p>In the circumstances of any termination, any Restricted Shares that flow from the exercising of the Rights would cease to be subject to disposal restrictions unless otherwise specified in the Invitation.</p>
Change of Control of the Company	<p>In the event of a Change of Control, unvested Performance Rights would vest in the same proportion as the Share Price has increased since the beginning of the Measurement Period. Remaining Performance Rights would either lapse or some or all may vest at the Board's discretion. In relation to Shares that have resulted from the vesting of Rights, dealing restrictions, if any, specified in the Invitation would also be lifted, though the Company's trading policy and insider trading restrictions would continue to apply.</p>
Voting and Dividend Rights	<p>Performance Rights do not carry voting or dividend entitlements. Shares (including Restricted Shares) issued when Performance Rights vest carry all entitlements of Shares, including voting and dividend entitlements.</p>
Lapse and Forfeiture of Performance Rights	<p>Performance Rights will lapse if the prescribed Vesting Conditions are not satisfied within the prescribed Measurement Period.</p>
No Transfer of Performance Rights	<p>Performance Rights may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered, except by force of law.</p>
Quotation	<p>Performance Rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares (including Restricted Shares) issued as a result of the operation of the TFLRP, in accordance with the ASX Listing Rules.</p>
Variation of Terms and Conditions	<p>To the extent permitted by the Listing Rules, the Board retains the discretion to vary the terms and conditions of the TFLRP. This includes varying the number of Performance Rights to which a Participant is entitled upon a reorganisation of the capital of the Company.</p>
Issue or Acquisition of Shares	<p>Shares (including Restricted Shares) allocated to a Participant when Performance Rights vest under the TFLRP may be issued by the Company or acquired on or off market by the Company or its nominee. The nominee</p>





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	may be a trust, the purpose of which is to facilitate the operation of the plan.
Cost and Administration	The Company will pay all costs of issuing and acquiring Shares for the purposes of satisfying vested Performance Rights, as well as any brokerage on acquisitions of Shares for this purpose and all costs of administering the TFLRP.
Other Terms of the TFLRP	The TFLRP also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the TFLRP.
Hedging	The Company prohibits the hedging of Performance Rights, Restricted Shares and Shares by Participants.

As outlined elsewhere in this Notice of Meeting, senior executive remuneration is determined by the members of the Board (other than the Managing Director), having consideration of relevant market practices and the circumstances of the Company on an annual basis. It is the view of members of the Board (other than the Managing Director) that it is in the interests of Shareholders for selected Senior Executives (the Participants) to receive part of their total remuneration package (TRP) in the form of at-risk equity that will vest based on performance against indicators that are linked to Shareholder benefit (Vesting Conditions) during a defined Measurement Period. This is also considered best practice with regards to evident market practices. It should therefore be considered appropriate to provide some equity based remuneration to executive directors of the Company instead of cash only.

## Directors' Recommendation

The Board (other than Ms Jane Bennett) unanimously recommend that Shareholders vote **FOR** Resolution 2 and each of those Board Members intends to vote all of the shares controlled by him or her in favour of this Resolution.

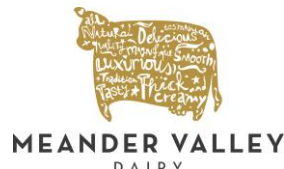
The Chair of the meeting intends to vote undirected proxies **FOR** Resolution 2.

## Resolution 3: Adoption of the Remuneration Report

The Financial Report of the Company for the year ended 31 December 2018 contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Directors and specified executives of the Company. This Remuneration Report can be found on pages 22-36 in the Company's 2018 Annual Report. It sets out a range of matters relating to the remuneration of Directors and Key Management Personnel of the Company. A copy of the Company's 2018 Annual Report can be found on its website at [www.tasfoods.com.au/reports](http://www.tasfoods.com.au/reports)

The Corporations Act provides that if the vote to approve the Remuneration Report receives a "no" vote by at least 25% of the votes cast, this will constitute a "first strike".

At last year's Annual General Meeting 35% of the votes cast on the resolution to





54 Tamar St, Launceston.  
PO Box 425, Launceston, TAS, 7250.  
(03) 6331 6983  
admin@tasfoods.com.au

ABN 53 084 800 902 ACN 084 800 902

adopt the 2017 Remuneration Report were cast against the resolution. Accordingly, the Company received a “first strike”.

Since last years Annual General Meeting, the Directors of TasFoods have engaged with shareholders to understand the concerns of shareholders regarding the remuneration structure and practices and where they fell short of shareholder expectations. TasFoods remuneration structure was then reviewed to determine where, if any, changes should be made.

As a result of this review and considering the Board's strategic objectives for TasFoods in 2018 and the requirement of Key Management Personnel to continue to deliver improved financial performance, the Board determined the remuneration structure remained fit for purpose. However, in recognition of the importance of financial turnaround the Board determined it appropriate to amend the 2018 short-term incentive performance measures. The amendments included placing a greater weighting on financial performance measures and setting a minimum performance target hurdle of EBITDA which must be met for payment of the short-term incentive. As outlined in sections 4.6 and 4.7 of the Remuneration Report, the minimum EBITDA target was not met in 2018 and as such no short-term incentive was paid.

As mentioned above, a vote on this Resolution 3 is advisory only. However, if more than 25% of the votes cast on this resolution are against adopting the 2018 Remuneration Report, the Contingent Spill Resolution in Resolution 4 will be put to the meeting. The operation and consequences of a spill resolution are detailed in Resolution 4.

A voting exclusion applies to Resolution 3 in the terms set out in the Notice of Meeting. In particular, the KMP (including the Directors) whose remuneration details are disclosed in the Remuneration Report or their closely related parties are excluded from voting and may not cast a vote as proxy, unless the appointment expressly gives a direction on how to vote.

If using a proxy, Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

## Directors' Recommendation

The Board unanimously recommend that Shareholders vote **FOR** Resolution 3.

The Chair of the meeting intends to vote undirected proxies **FOR** Resolution 3.



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## **Resolution 4: Conditional Spill Resolution**

This resolution is a conditional resolution. It is conditional on 25% or more of the votes cast on Resolution 3 being cast against the adoption of the 2018 Remuneration Report.

If less than 25% of the votes cast on Resolution 3 are cast against the adoption of the 2018 Remuneration Report, then this Resolution 4 will not be required to be voted upon and at that stage will be deemed withdrawn from voting at this Annual General Meeting.

This Resolution 4 will be considered as an ordinary resolution, which means that for the resolution to be passed it requires approval of a simple majority of the votes cast by or on behalf of shareholders entitled to vote on the matter.

If 25% or more of the votes cast on Resolution 3 are cast against the adoption of the 2018 Remuneration Report, and if this Resolution 4 is passed as an ordinary resolution, then the Company must hold a general meeting (Spill Meeting) within 90 days of this Annual General Meeting to consider the composition of the Board.

Shareholders will be notified of the date of the meeting in the event a Spill Meeting is required.

If a Spill Meeting is held, the following Directors will automatically cease to hold office as Directors of the Company at the conclusion of the Spill Meeting unless they are willing to stand for re-election and are re-elected at that Spill Meeting:

- Mr Shane Noble;
- Mr Alexander Beard; and
- Mr Roger McBain.

Even though Mr Roger McBain is seeking re-election at this year's AGM, if re-elected at the Annual General Meeting he will still need to be re-elected at the Spill Meeting to remain in office after the Spill Meeting.

A voting exclusion applies to Resolution 4 in the terms set out in the Notice of Meeting. In particular, the KMP (including the Directors) whose remuneration details are disclosed in the Remuneration Report or their closely related parties are excluded from voting and may not cast a vote as proxy, unless the appointment expressly gives a direction on how to vote.

## **Board Recommendation**

The directors unanimously recommend that shareholders vote **AGAINST** this Resolution 4 if it is put to this Annual General Meeting.

The Chairman intends to exercise all undirected proxies **AGAINST** Resolution 4.



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# TASFOODS LTD

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## FURTHER INFORMATION

The Directors are not aware of any other information which is relevant to the consideration by members of the proposed Resolutions set out in the Notice of Meeting.

The Directors recommend members read this Explanatory Memorandum in full and, if desired, seek advice from their own independent financial or legal adviser as to the effect of the proposed Resolutions before making any decision in relation to the proposed Resolutions.

