



**Notice of
Extraordinary General Meeting**

Bega Cheese Limited

ACN 008 358 503

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Bega Cheese Limited

ACN 008 358 503

Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of Bega Cheese Limited ABN 81 008 358 503 (**Company**) will be held at Bega Valley Commemorative Civic Centre, Zingel Place, Bega NSW on Monday 29 March 2021 at 11:00am.

BUSINESS

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

*“For the purposes of section 260B(2) of the Corporations Act and for all other purposes, approval is given for Bega Dairy and Drinks Pty Ltd ACN 004 486 631 (**BDD**) and any subsidiaries of BDD, including but not limited to the Material Subsidiaries (as defined in the Disclosure Statement accompanying the Notice of Meeting), to give financial assistance in connection with the acquisition by the Company of all of the issued shares in BDD, as described in the Disclosure Statement accompanying the Notice of Meeting.”*

For further information, please refer to the Disclosure Statement prepared in accordance with section 260B(4) of the Corporations Act, which forms part of this Notice of Meeting.

Date: 25 February 2021

BY ORDER OF THE BOARD



Brett Kelly
Company Secretary

Bega Cheese Limited

ACN 008 358 503

FURTHER INFORMATION

Right to vote

A member can vote at the Extraordinary General Meeting (**Meeting**):

- a) in person;
- b) by proxy;
- c) by attorney; or
- d) by corporate representative (if you are a corporate shareholder).

You will be eligible to attend and vote at the Meeting if you are registered as a holder of shares in the Company at 11:00am on Saturday 27 March 2021.

Proxies

A member entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote for the member. The person appointed as proxy may, but does not need to be, a member of the Company.

If the member is entitled to cast two or more votes, the member may appoint two proxies. If you appoint two proxies, each will require a separate form. If you require a second proxy form, please contact the Company Secretary on (02) 6491 7777. If a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes that each proxy may exercise, each proxy may exercise half of the votes.

An instrument of proxy in which the name of the appointee is not filled in is taken to be given in favour of the Chairperson of the meeting to which it relates.

If the member does not instruct its proxy on how to vote, the proxy may vote as he or she sees fit at the Meeting.

In order for the appointment of a proxy to be valid, the proxy form MUST be received by the Company at least 48 hours before the time for holding the Meeting. Where the proxy form is executed under a power of attorney, the original or an attested copy of the power of attorney or other authority (if any) under which it is signed MUST also be lodged with the Company at least 48 hours before the time for holding the Meeting. Proxy forms received after this time will be invalid.

How the Chairperson will vote undirected proxies

The Chairperson will vote undirected proxies on, and in favour of, the special resolution.

Voting by corporate representative

Corporate shareholders who wish to appoint a representative to attend the Meeting on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the corporate shareholder's representative. The authorisation may be effective either for this Meeting only or for all meetings of the Company.

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Lodgement of proxy forms, powers of attorney and authorities

The appointment of a proxy or attorney for the Meeting is not effective unless the instrument appointing the proxy or attorney, and the original or an attested copy of the power of attorney or other authority (if any) under which the instrument is signed, are received by the Company at least 48 hours before the Meeting. Any forms received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

IN PERSON Link Market Services Limited
 Level 12, 680 George Street
 Sydney NSW 2000

BY MAIL Bega Cheese Limited
 C/- Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235
 Australia

BY FACSIMILE +61 2 9287 0309

ONLINE: at www.linkmarketservices.com.au using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form.

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Disclosure Statement

This Disclosure Statement provides information in connection with a proposed special resolution of the members of the Company (**Financial Assistance Resolution**) to approve the giving of financial assistance by certain subsidiaries of the Company in connection with the Company's acquisition of all of the shares in Lion-Dairy & Drinks Pty Ltd, now known as Bega Dairy and Drinks Pty Ltd, (**BDD**), within the meaning of section 260A of the *Corporations Act 2001* (Cth) (**Corporations Act**). This financial assistance arises from the subsidiaries becoming guarantors under the Company's banking facilities and providing security in connection with those facilities. Further details of these arrangements and need for shareholder approval are set out below.

This Disclosure Statement and the Notice of Extraordinary General Meeting (**Notice of Meeting**) which it accompanies are important documents. Please read them carefully.

1. Background

On 25 January 2021, the Company acquired 100% of the shares in BDD (**Acquisition**). As previously announced, the net purchase price paid by the Company for the Acquisition of \$534 million¹ was funded by a combination of the proceeds from a share placement and entitlement offer (which raised approximately \$401 million) and extended debt facilities provided by the Company's bankers.

The debt facility funds were advanced to the Company under the A\$ Syndicated Facilities Agreement dated 15 November 2012 with Coöperatieve Rabobank U.A. (Australia Branch) ARBN 70 003 917 655 (**Rabobank**), Westpac Banking Corporation ABN 33 007 457 141 (**Westpac**) (Rabobank and Westpac together being the **Lenders**) and others, as amended and restated from time to time (**Facilities Agreement**).

As a result of the Acquisition, BDD and its subsidiaries became subsidiaries of Bega Cheese.

The Facilities Agreement provides that each of BDD and certain of its subsidiaries identified below as the Material Subsidiaries must:

- a) accede to the Facilities Agreement; and
- b) give security over its assets to the Lenders (including, without limitation, in the form of a general security deed and real property mortgages), apart from the shares held by BDD in CBH Fresh Pty Ltd and the shares held by National Foods Holdings Limited in Vitasoy Australia Products Pty Ltd.

The Material Subsidiaries are each of:

- a) BDD;
- b) Dairy Farmers Pty Ltd ACN 010 308 068;
- c) QUD Pty Ltd ACN 056 658 176;
- d) National Foods Holdings Limited ACN 051 195 067;
- e) National Foods Beverages Holdings Pty Limited ACN 051 195 218;
- f) BDD Foods Pty Ltd ACN 002 400 339; and
- g) BDD Milk Pty Ltd ACN 051 195 272,

(collectively the **Material Subsidiaries**),

1 Net acquisition price represents the gross purchase price of \$560 million less a \$26 million deduction for IT separation costs (net of tax).

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and the Facilities Agreement provides that Bega Cheese must procure the accession of each Material Subsidiary as a guarantor (as defined in the Facilities Agreement) in accordance with clause 20.2 of the Facilities Agreement.

The Facilities Agreement imposes further requirements on Bega Cheese and the other Obligors (as defined in the Facilities Agreement) in relation to the Bega Cheese group. These include a requirement that Bega Cheese and the Obligors ensure that sufficient Bega Cheese group members are or become guarantors (as defined in the Facilities Agreement) to ensure that certain guarantor ratios are met. Accordingly, it may be necessary for additional subsidiaries of BDD to accede to the Facilities Agreement and grant security over their assets to ensure compliance with such obligations (in addition to the Material Subsidiaries). For the purposes of this Disclosure Statement, the Material Subsidiaries and such additional subsidiary companies are collectively referred to as the **Acceding Companies**.

The Lenders agreed to the Material Subsidiaries not becoming guarantors immediately following the Acquisition on the basis that each Material Subsidiary would accede to the Facilities Agreement as a guarantor and grant the requisite security over its assets in favour of the Lenders once the necessary approvals had been obtained for the financial assistance to be provided by the Material Subsidiaries (as explained in section 2 below). The Facilities Agreement provides for a similar accession process for any other Acceding Companies that are required to become guarantors under the Facilities Agreement (also including the shareholder approval process explained in section 2 below).

2. Why shareholder approval is required

Each of the Acceding Companies becoming a guarantor under the Facilities Agreement, giving security over its assets to the Lenders (including, without limitation, in the form of a general security deed and real property mortgages) and entering into other documents contemplated by the Facilities Agreement, will constitute the provision of financial assistance by each Acceding Company to the Company in connection with the acquisition by the Company of shares in BDD, for the purposes of sections 260A and 260B of the Corporations Act. This is so even though these actions required by the Facilities Agreement will occur after completion of the Acquisition.

Pursuant to section 260A(1) of the Corporations Act, a company may financially assist a person to acquire shares in the company or a holding company of the company only if:

- a) giving the financial assistance does not materially prejudice:
 - (i) the interests of the company or its shareholders; or
 - (ii) the company's ability to pay its creditors;
- b) the assistance is approved by shareholders under section 260B of the Corporations Act; or
- c) the assistance is exempted under section 260C of the Corporations Act.

In order to satisfy section 260A(1)(b) of the Corporations Act, it will be necessary for the shareholder(s) of each Acceding Company to approve the giving of financial assistance in the context of an acquisition of the shares in BDD.

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Under section 260B(2) of the Corporations Act, as each Acceding Company will be a subsidiary of a listed domestic corporation immediately after the Acquisition (namely Bega Cheese), the financial assistance must also be approved by a special resolution passed at a general meeting of Bega Cheese.

Bega Cheese is now seeking the approval of its members for the financial assistance as described above, for the purposes of section 260B(2) of the Corporations Act and for all other purposes.

3. Effect of the financial assistance on the Acceding Companies

The effect of the financial assistance on each of the Acceding Companies is that it will guarantee all amounts payable under the Facilities Agreement and will provide security over all of its assets (including, without limitation, a general security deed and real property mortgages) in favour of the Lenders, apart from the shares held by BDD in CBH Fresh Pty Ltd and the shares held by National Foods Holdings Limited in Vitasoy Australia Products Pty Ltd.

Each Acceding Company will also become subject to the obligations under the Facilities Agreement as a guarantor and obligor.

4. Reasons for giving the financial assistance

Bega Cheese and its subsidiaries (**Bega Group**) have the benefit of the financing facilities provided by the Lenders under the Facilities Agreement. These are the main bank facilities of the Bega Group, providing funds for specified acquisitions as well as working capital and general corporate purposes. At present, Bega Cheese, Tatura Milk Industries Pty Ltd and Peanut Company of Australia Pty Ltd are bound by the terms of the Facilities Agreement and have provided securities over their assets to secure amounts owing under the Facilities Agreement. As the assets of Bega Cheese include the shares in BDD, the Lenders already have security over those shares. However, as noted above, the Lenders are entitled to require the Acceding Companies to provide more direct security under the Facilities Agreement. By becoming guarantors and providing further security under the Facilities Agreement, the Acceding Companies will play their role in supporting the continuing benefits that the Bega Group, of which the Acceding Companies now form part, receives under the Facilities Agreement. The addition of the Acceding Companies as guarantors and security providers will not otherwise change the Facilities Agreement. If the Financial Assistance Resolution is not passed, and each Acceding Company does not accede as a guarantor or provide the requisite security to the Lenders, then Bega Cheese will be in breach of its obligations under the Facilities Agreement.

5. Disadvantages of giving the financial assistance

As noted above, by providing the financial assistance to be approved by shareholders, each of the Acceding Companies will become a guarantor under the Facilities Agreement and provide security over its assets in favour of the Lenders. While these will impose additional obligations on the Acceding Companies, they comprise part of the measures required to be put in place by Bega Cheese and its subsidiaries to secure the ongoing benefits of the facilities made available by the Lenders under the Facilities Agreement.

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6. Voting

Under the Corporations Act, the Financial Assistance Resolution needs to be passed as a special resolution of the Bega Cheese shareholders. This requires at least 75% of the votes cast by members entitled to vote to be in favour of the special resolution.

7. Prior notice to Australian Securities & Investments Commission

As required by section 260B(5) of the Corporations Act, a copy of the Notice of Meeting (including this Disclosure Statement) was lodged with the Australian Securities & Investments Commission prior to dispatch to Bega Cheese members.

8. Disclosure

This Disclosure Statement contains all information known to Bega Cheese that would be material to the members in deciding how to vote on this Financial Assistance Resolution (other than information that would be unreasonable to require Bega Cheese to set out because that information has been previously disclosed to shareholders).

9. Recommendation

The Board unanimously recommends that the members vote in favour of the Financial Assistance Resolution.

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Bega Cheese Limited

ABN 81 008 358 503

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Bega Cheese Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Bega Cheese Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **11:00am (AEDT) on Monday, 29 March 2021 at Bega Valley Commemorative Civic Centre, Zingel Place, Bega NSW** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an .

Item

For Against Abstain*

1 Approval to give financial assistance in connection with the acquisition by the Company of all of the issued shares in Bega Dairy and Drinks Pty Ltd ABN 65 004 486 631, as described in the Disclosure Statement accompanying the Notice of Meeting.

STEP 2



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

STEP 3

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

BGA PRX2101A



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (AEDT) on Saturday, 27 March 2021**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN) or Employee ID.



BY MAIL

Bega Cheese Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**