



17 November 2014

## Notice of Annual General Meeting

Attached is notice of Elders Limited's (ASX:ELD) annual general meeting of shareholders to be held on Thursday, 18 December 2014 in the Banquet Room, Adelaide Festival Centre, King William Street, Adelaide South Australia from 10:00am.

Peter Hastings  
Company Secretary



175 YEARS

17 November 2014

## Invitation to attend the 2014 Annual General Meeting

Dear Shareholder

I am pleased to invite you to the 2014 Annual General Meeting (AGM) of Elders Limited, which will be held on Thursday, 18 December 2014 at 10.00am (Adelaide time) in the Banquet Room, Adelaide Festival Centre, King William Street, Adelaide, South Australia.

The accompanying Notice of Meeting, and the explanatory notes, details the business to be dealt with at the meeting.

Also enclosed with this notice is your personalised Proxy Form. If you are unable to attend the meeting I encourage you to appoint someone as your proxy to attend the meeting and vote on your behalf. Alternatively, you can lodge your vote online in advance of the meeting. For instructions on how to appoint a proxy or how to vote online, I refer you to the Explanatory Notes which form part of the Notice of Meeting.

The 2014 Annual Report will also be sent by post to those shareholders who have previously elected to receive a printed copy of annual reports. An electronic copy of the 2014 Annual Report can be found at the Company's website at [www.elderslimited.com](http://www.elderslimited.com).

An audio and slide presentation of the AGM will be available live on the Company's website at [www.elderslimited.com](http://www.elderslimited.com).

On behalf of my fellow directors, I look forward to welcoming you to the 2014 AGM. After the difficult events of the last several years, your Board is optimistic that the future is looking positive for your Company.

A handwritten signature in black ink that reads "Hutch Ranck".

Hutch Ranck  
Chairman

# 2014 ANNUAL GENERAL MEETING

Notice is hereby given that the 60th Annual General Meeting of Shareholders of Elders Limited (“Company”) will be held in the Banquet Room, Adelaide Festival Centre, King William Street, Adelaide, South Australia on Thursday, 18 December 2014 commencing at 10.00am (Adelaide time).

Elders



175 YEARS

## Ordinary Business

### 1. Financial Statements and Reports

To receive and consider the Financial Report and the Reports of the Directors and the Auditor for the 12 month period ended 30 September 2014.

*No vote is held in connection with this item.*

### 2. Remuneration Report

To receive and adopt the Remuneration Report (which forms part of the Directors' Report) for the 12 month period ended 30 September 2014.

*Note that the vote on this item is advisory only and does not bind the Directors or the Company.*

### 3. Election of Directors

To consider, and if thought fit, to pass the following resolutions as ordinary resolutions:

#### 3.1 Election of Mr James Jackson

*"That Mr James Jackson, having been appointed by the Board since the last Annual General Meeting, who retires in accordance with Rule 8.1.5(a) of the Constitution of the Company, and being eligible, is elected as a director of the Company."*

#### 3.2 Election of Mr Ian Wilton

*"That Mr Ian Wilton, having been appointed by the Board since the last Annual General Meeting, who retires in accordance with Rule 8.1.5(a) of the Constitution of the Company, and being eligible, is elected as a director of the Company."*

### 4. Ratification of the issue of 68,251,999 shares

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

*"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders of the Company approve and ratify the issue and allotment of the 68,251,999 shares in the Company described in the accompanying Explanatory Notes."*

### 5. Consolidation of shares

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

*"That, for the purposes of Section 254H of the Corporations Act, ASX Listing Rule 7.20, ASX Listing Rule 7.22 and for all other purposes, the issued capital of the Company be consolidated on the basis that every ten (10) shares be consolidated into one (1) share, and where this consolidation results in a fraction of a share being held by a shareholder, the Directors of the Company be authorised to round that fraction up to the nearest whole share in accordance with the Constitution of the Company, with the consolidation to take effect on a date to be announced to the ASX in accordance with the requirements of the Listing Rules."*

### 6. Managing Director's Long Term Incentive Grant

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

*"That approval be given for all purposes, including pursuant to ASX Listing Rule 7.2 and ASX Listing Rule 10.14, to permit Mr M C Allison to acquire 6,000,000 options over ordinary shares in the Company on the terms specified in the accompanying Explanatory Notes."*

## Special Business

### 7. Reinstatement of Proportional Takeover Approval Rule in the Constitution

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

*"That Rule 6 of the Company's Constitution last approved by shareholders on 20 December 2011 be reinstated in the Constitution for a period of three years from the date of the meeting."*

Please refer to the accompanying Explanatory Notes, which form part of this Notice of Meeting, for more information on the proposed resolutions, including the voting exclusions that apply to Items 2, 4 and 6.

By Order of the Board

Peter Hastings  
Company Secretary  
17 November 2014

## Explanatory Notes

The following notes have been prepared to assist shareholders to better understand the business to be considered by shareholders at the 2014 Annual General Meeting.

### Item 1 – To Receive and Consider the Financial Report and Reports of the Directors and Auditor

In accordance with the requirements of the Corporations Act 2001 (Cth) ("Corporations Act") and the Constitution of the Company, the Financial Report and the reports of the Directors and the Auditor for the 12 month period ended 30 September 2014 will be laid before the meeting.

Shareholders will be given a reasonable opportunity at the meeting to ask questions, or make comments on the management of the Company. Shareholders will also be given a reasonable opportunity to ask the Auditor or its representatives questions 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.

A copy of the 2014 Annual Report (which includes the reports of the Directors and the Auditor) will be mailed to all shareholders who have elected to receive a printed copy of the Report. The 2014 Annual Report is located on the Company's website at: <http://www.elderslimited.com/investor-centre>

The Corporations Act and the Constitution of the Company do not require shareholder approval of these Reports. Accordingly, no vote is held in connection with this item.

### Item 2 – To Adopt the Remuneration Report

The Corporations Act requires the Company to propose a resolution to shareholders that the Remuneration Report be adopted. The Remuneration Report, which forms part of the Directors' Report, can be found in the Company's 2014 Annual Report.

The Remuneration Report includes:

1. an explanation of the Company's policy for determining the nature and amount of remuneration of Directors and senior executives;
2. a discussion of the relationship between the remuneration policy and the Company's performance; and
3. a detailed summary of remuneration components for Directors and senior executives including relevant performance conditions.

The vote on this resolution is advisory only and does not bind the Company or its Directors. However, the Board will take the outcome of the vote and the views of shareholders into consideration when reviewing remuneration policies and practices.

### Voting Exclusion Statement

The Company will disregard any votes cast on Item 2:

- by or on behalf of a member of the KMP whose remuneration details are included in the Remuneration Report (and their closely related parties) regardless of the capacity in which the vote is cast; and
- by a member of the KMP (and their closely related parties) at the date of the meeting acting as proxy,

unless the vote is cast as proxy for a person entitled to vote on Item 2:

- in accordance with a direction on the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy as the Chairman sees fit.

The term 'closely related party' is defined in the Corporations Act and includes the KMP's spouse, dependents and certain other close family members, as well as any companies controlled by the KMP.

### Board Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Board unanimously recommends that shareholders vote in favour of adopting the Remuneration Report.

### Item 3 – Election of Directors

Ian Wilton and James Jackson were appointed to the Board on 13 April 2014. Both Ian and James will stand for election in accordance with Rule 8.1.5(a) of the Company's Constitution.

Information about Ian and James is set out below.

#### Ian Wilton

FCCA, FAICD, FCCA (UK), Age 62.

Non-executive director of the Board since April 2014. He is also Chairman of the Audit, Risk and Compliance Committee and a member of the Work Health and Safety Committee, the Nomination and Prudential Committee and the Remuneration and Human Resources Committee. Ian Wilton is a Certified Practising Accountant with senior executive experience across the agricultural sector. He has held Chief Financial Officer positions with the sugar division of CSR Limited, Ridley Corporation and GrainCorp Limited and was President and Chief Executive Officer of GrainCorp Malt. Mr Wilton is currently Chief Financial Officer for Allied Mills Pty Limited, a joint venture between GrainCorp Limited and Cargill. Mr Wilton is a resident of New South Wales.

#### James Jackson

B Com, FAICD, Age 52.

Non-executive director and Deputy Chairman of the Board since April 2014. He is also Chairman of the Remuneration and Human Resources Committee and a member of the Work Health and Safety Committee, the Audit Risk and Compliance Committee and the Nomination and Prudential Committee. Mr Jackson has more than 25 years' experience in capital markets and agribusiness, both in Australia and overseas. He held a Senior Vice President role with investment bank SG Warburg (now part of UBS) in New York and was a director of MSF Sugar Limited from 2004 to 2012, including being Chairman from 2008. He is currently Chairman of Australian Rural Capital Limited. Mr Jackson owns and operates a beef cattle enterprise in northern New South Wales and is a resident of New South Wales. Mr Jackson brings strong skills and knowledge in capital markets, agricultural production and supply chains, corporate governance, corporate and financial strategy and hands on experience in the rural agency business.

### Board Recommendation

The Board (other than the relevant director in relation to his own election) unanimously recommends the election of Ian Wilton and James Jackson.

## Item 4 – Ratification of the issue of 68,251,999 shares

Under ASX Listing Rule 7.1, a company may issue up to 15% of its ordinary share capital in any rolling 12 month period without shareholder approval. ASX Listing Rule 7.4 permits a company to obtain ratification and approval in relation to a prior share issue which was not in breach of ASX Listing Rule 7.1 at the time it was made.

Resolution 4 seeks approval and ratification for the purposes of ASX Listing Rule 7.4 of the issue and allotment of 68,251,999 shares which took place as part of a placement to institutional and sophisticated investors on 18 September 2014. These shares were issued at a price of \$0.15 per share and raised a total of \$10.2 million. The funds raised through the placement will be used to repay term debt. Shares issued under the placement were fully paid ordinary shares that rank equally in all respects with other ordinary shares on issue.

Resolution 4, if passed, will “refresh” the Company’s 15% threshold following the recent placement. The purpose of Resolution 4 is to enable the Company to retain the flexibility to issue shares within the next 12 months up to the 15% threshold specified in the ASX Listing Rules without the requirement to obtain prior shareholder approval.

Resolution 4 does not seek approval and ratification of the pro-rata issue of 313,967,179 shares to existing shareholders which took place on 14 October 2014, as ASX Listing Rule provides that a pro-rata issue to shareholders is an exception to the 15% threshold specified in ASX Listing Rule 7.1.

### Board Recommendation

**The Board unanimously recommends passing the resolution.**

### Voting Exclusion Statement

The Company will disregard any votes cast on Item 4 by:

- a person who participated in the placement; and
- an associate of that person (or those persons),

unless the vote is cast as proxy for a person entitled to vote on Item 4:

- in accordance with a direction on the proxy form; or
- by the Chairman of the meeting in accordance with a direction on the proxy form to vote as the proxy decides.

## Item 5 – Consolidation of shares

Section 254H of the Corporations Act provides that an entity may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number. Resolution 5 seeks shareholder approval to convert all of its shares into a smaller number by consolidating every 10 shares into 1 share.

ASX Listing Rule 7.20 provides that if an entity proposes to reorganise its capital in the manner proposed in Resolution 5, it must advise shareholders of certain matters, which are set out below.

- the background to Resolution 5;
- the effect Resolution 5 will have on ordinary shares and hybrids;
- how fractions of shares will be rounded off if a shareholder’s shares cannot be evenly divided by 10; and
- certain other matters.

## Background

Following the completion of the Company’s recent capital raising, the Company has over 837,000,000 shares on issue. This large number of shares subjects the Company to a number of disadvantages, including:

- additional share price volatility arising from the fact the minimum permissible share price movement permitted by the ASX (being 0.5 cents) represents a higher proportion of the Company’s share price than it would if the Company had a more typical share price;
- that the Company has a far greater number of shares on issue than comparable companies, meaning that its share price is far lower for reasons other than valuation;
- possible negative perceptions associated with a low share price;
- price and earnings per share which are a fraction of a cent; and
- administrative expense and inconvenience.

The Directors believe that a consolidation of the shares would assist in eliminating or mitigating these disadvantages and would establish a share price more appropriate for a listed entity of its size and more comparable to those of its peer companies.

### Effect of Resolution 5 on ordinary shares

Resolution 5 seeks shareholder approval to consolidate the Company’s issued capital by consolidating every 10 shares into 1 share.

For example, if you held 10,000 shares before the consolidation, you would hold 1,000 shares after the consolidation. However, the Company’s share price should, all other things being equal, increase ten-fold, to reflect the consolidation and the smaller number of shares on issue.

If Resolution 5 is passed, the number of shares on issue will be reduced from 837,232,507 to approximately 83,723,251 (subject to the rounding of fractional entitlements as described below).

### Effect of Resolution 5 on Hybrids

The Company has 1,500,000 perpetual, subordinated, convertible unsecured notes on issue (Hybrids).

ASX Listing Rule 7.21 provides that an entity which has convertible securities (which includes the Hybrids) on issue may only reorganise its capital if the number of convertible securities or the conversion price of those convertible securities, or both, is reorganised so that the holder of the convertible securities will not receive a benefit that holders of ordinary shares do not receive.

The Company confirms that Hybrid holders will not receive a benefit that holders of shares do not receive as a result of the consolidation. This is because:

- under the Hybrid terms of issue, the formula for calculating the number of ordinary shares into which Hybrids convert upon realisation is linked to the Company’s share price; and
- the Company’s share price will increase in a manner commensurate to the reduction in the issued share capital occurring as a result of the consolidation.

### Fractional entitlements and unmarketable parcels

Not all shareholders will hold a number of shares which can be evenly divided by 10. Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole share.

The Company has requested that a holding lock be in place in order to prevent the danger of shareholder abuse or manipulation through the splitting of holdings into multiple unmarketable parcels (i.e. holdings less than \$500 in value) ahead of the proposed share consolidation.

### **Holding statements**

From the date of the consolidation, all existing holding statements for shares will cease to have any effect, except as evidence of entitlement to a certain number of shares on a post-consolidation basis.

After the consolidation becomes effective, the Company will arrange for new holding statements to be issued to shareholders. It is the responsibility of each shareholder to check the number of shares held prior to a disposal.

### **Taxation implications**

Shareholders are advised to seek their own tax advice on the effect of the consolidation and neither the Company, nor the Directors accept any responsibility for the individual taxation implications arising from the consolidation.

### **Indicative timetable**

<b>Event</b>	<b>Date</b>
Announcement of consolidation	17 November 2014
Record date to determine eligibility to vote at the AGM	6.30pm (Adelaide time) 16 December 2014
AGM, including resolution to approve consolidation	18 December 2014
Company announces to ASX that shareholders have approved consolidation	18 December 2014
Last day for ASX trading of shares on a pre-consolidated basis	19 December 2014
Trading in consolidated shares, on a deferred settlement basis, starts	22 December 2014
Last day for Company to register share transfers on a <b>pre-consolidated</b> basis	24 December 2014
First day for Company to register share transfers on a <b>consolidated</b> basis and first day for Company to issue holding statements for shares on a consolidated basis.	29 December 2014
Last day for securities to be entered into the holders security holdings. Last day for Company to send notice to each security holder	
Deferred settlement trading ends	5 January 2015
Normal T+3 trading in consolidated shares starts on ASX	6 January 2014
Settlement of trades conducted on the normal T+3 basis. First settlement of trades conducted on a deferred settlement basis	9 January 2015

### ***Board Recommendation***

**The Board unanimously recommends passing the resolution.**

## Item 6 – Managing Director’s Long Term Incentive Grant

The Board considers that an equity-based long-term incentive is integral to linking the CEO and Managing Director’s remuneration with long-term returns for shareholders. As previously advised to the ASX, Elders has put in place a three year strategic plan (known as the Eight Point Plan) for implementation between now and 30 September 2017. The incentive plan described below has a performance period aligned with the Eight Point Plan so that Mr Allison’s long term remuneration opportunity is aligned with Elders’ strategic objectives.

Approval is being sought in accordance with ASX Listing Rules (including Listing Rules 7.2 and 10.14) and for all other purposes for the proposed grant of 6,000,000 options to Mr Mark Allison, the CEO and Managing Director of the Company on the terms set out below.

### Terms of the LTI Grant

<b>Maximum number of options</b>	The Board has determined that Mr Allison will be entitled to an LTI opportunity of 6,000,000 options (or, if Resolution 5 is passed, 600,000 options after consolidation). The number of options was determined by reference to the intended reward opportunity of \$400,000 if target performance measures are achieved. The value of the options was independently determined using the Black Scholes option pricing formula as at 30 September 2014.
<b>Grant Price</b>	No amount will be payable in respect of the grant of the options as they form part of Mr Allison’s remuneration package. No loan has been made in relation to the grant.
<b>Rights attaching to options</b>	Subject to the Performance Conditions, each option gives Mr Allison the right to purchase one fully paid ordinary share in the Company at the exercise price (see below).  The options do not carry voting or dividend rights, however, shares allocated upon vesting and exercise of options carry the same rights as other ordinary shares in the Company.
<b>Date of grant</b>	If shareholder approval is obtained, the options will be granted to Mr Allison shortly after the meeting and, in any event, no later than 12 months after the date of the meeting.
<b>Exercise and expiry</b>	The exercise price of each option is \$0.17, which is equal to the closing market price on 1 October 2014 (or, if Resolution 5 is passed, the exercise price of each option will be \$1.70 after consolidation).  Upon exercise, each option entitles the holder to buy one ordinary share in the Company at the exercise price.  The options will expire on 30 September 2019. Options which have not been exercised within this exercise period will lapse.
<b>Performance conditions</b>	The options will be split into three tranches, each carrying a different performance condition, as follows:

Tranche	Performance Condition	Number of options	% of total grant
1	Absolute Total Shareholder Return (TSR)	3,000,000	50%
2	Underlying earnings before interest and tax expenses (EBIT)	1,500,000	25%
3	Return on Capital (ROC)	1,500,000	25%

Each of the performance conditions has a target which determines whether, and, in the case of Absolute TSR, how many, options will vest.

#### Tranche 1 – Absolute TSR

**Target measure:** 12% average annual compound TSR (see below for the definition of TSR) over the three year performance period from 1 October 2014 to 30 September 2017. The 10 trading day VWAP (up to and including the last day of the performance period) must be at least \$0.239 at the end of the performance period for the target level of vesting to occur (or, if Resolution 5 is passed, \$2.39 after consolidation).

**Stretch measure:** 20% average annual compound TSR over the three year performance period. The 10 trading day VWAP (up to and including the last day of the performance period) must be at least \$0.294 at the end of the performance period for the stretch level of vesting to occur (or, if Resolution 5 is passed, \$2.94 after consolidation).

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**Performance conditions  
(continued)**

The Total Shareholder Return (TSR) is the Board's measurement of the full return a shareholder would obtain from holding one ordinary Elders share over the performance period, taking into account the changes in the share's market value, any dividends paid and any capital adjustments. For the purpose of this calculation the opening value has been set at \$0.17. The end value will be based on the 10 trading day VWAP up to and including the last day of the performance period. Options in the Absolute TSR tranche will vest in accordance with the following schedule:

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<b>Company's Absolute TSR over the performance period</b>	<b>% of Options in Tranche that vest</b>
Less than target	Nil
Target	50%
Between target and stretch	50-100%, on a straight line sliding scale
Stretch and above	100%

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**Tranche 2 – EBIT**

Target measure: Tranche 2 will vest in full if EBIT is greater than or equal to \$60 million for the financial year commencing 1 October 2016 and ending 30 September 2017.

EBIT will be calculated as underlying earnings before interest and tax expenses. Underlying earnings is defined as statutory EBIT less:

- costs or items determined by the Board in its discretion to be one-off or non-recurring and not forming part of underlying earnings;
- forestry earnings or costs;
- EBIT associated with non-current assets classified as held for sale; and
- impairments or impairment reversals relating to the brand name asset.

No vesting of Tranche 2 will occur if EBIT is less than \$60 million for the financial year commencing 1 October 2016 and ending 30 September 2017.

**Tranche 3 – ROC**

Target measure: Tranche 3 will vest in full if ROC is greater than or equal to 20% for the financial year ending 30 September 2017.

Return on capital is defined as EBIT divided by average capital employed. EBIT and average capital employed will both be calculated for the 12 months ending 30 September 2017. EBIT is calculated on the same basis as for the Tranche 2 options. Average capital employed includes working capital, intangibles (excluding brand name), investments, property plant and equipment and provisions (except forestry-related provisions).

No vesting of Tranche 3 will occur if ROC is less than 20% for the financial year ending 30 September 2017.

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**Performance testing**

Testing of the performance conditions will occur once the results for the financial year ending 30 September 2017 have been approved by the Board.

There will be no re-testing of performance.

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**Additional exercise condition**

In addition to the performance conditions described above, vested options will only become exercisable on the first day on or after the vesting date that the share price is greater than the exercise price (\$0.17). For this purpose, the 'share price' will be the market price at the close of trade.

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**Trading restrictions**

Mr Allison must not sell, transfer, encumber, hedge or otherwise deal with unvested options. Mr Allison must not sell, transfer, encumber, hedge or otherwise deal with vested but unexercised options, except to exercise them in accordance with the plan rules.

Mr Allison will be free to deal with the shares allocated on exercise of the options, subject to the requirements of the Company's Securities Dealing Policy.

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**Cessation of Employment**

If Mr Allison's employment ceases during the performance period, the treatment of unvested options will depend on the circumstances of termination.

In 'good leaver' circumstances (including death, total and permanent disability, retirement, genuine redundancy or termination without cause), subject to the Board's discretion to determine otherwise, a pro-rata portion of the options will continue on foot and will vest in the ordinary course subject to the original performance measures as though employment had not ceased. The pro-rata portion will be calculated having regard to the proportion of the performance period which has been served prior to termination. All other unvested options will lapse on termination.

In all other scenarios, all unvested options will lapse, unless the Board determines otherwise.

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## Terms of the LTI Grant (continued)

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<b>Change of control</b>	<p>The Board has absolute discretion to determine that some or all of the unvested options will vest if there is a takeover or other event likely to result in a change in control of the Company. In exercising this discretion, the Board will have regard to all relevant circumstances, including performance against performance conditions to date. Alternatively, to support retention, the Company may agree with an acquiring company to substitute any unvested options with awards in the acquiring company on comparable terms.</p>
<b>Adjustment for share consolidation (Item 5)</b>	<p>If the proposed share consolidation in item 5 is approved, then the options will be granted to the Managing Director and CEO prior to the share consolidation taking effect to ensure that the appropriate adjustments are made to the options in line with the ASX Listing Rules. In particular:</p> <ul style="list-style-type: none"><li>• the number of options will be reduced in the same proportion as the number of shares on issue (that is, from 6,000,000 to 600,000) – this treatment is consistent with ASX Listing Rule 7.22;</li><li>• the option exercise price will be amended in accordance with ASX Listing Rule 7.22 (that is, from \$0.17 to \$1.70); and</li><li>• where share prices are used to assess performance against the measures outlined above, these will be adjusted to take into account the impact of the consolidation on the share price (including as set out in the Absolute TSR description above).</li></ul> <p>These adjustments would be made with the aim of ensuring that no material advantage or disadvantage arises in respect of the options to be granted to the Managing Director and CEO as a result of the share consolidation.</p>
<b>Other adjustments</b>	<p>Subject to the ASX Listing Rules, the Board has discretion to make adjustments to one or more of:</p> <ul style="list-style-type: none"><li>• the exercise price of the options;</li><li>• the number of options;</li><li>• the number of shares received upon exercise of options; and</li><li>• the performance conditions,</li></ul> <p>in the event of a corporate restructuring, major transaction or capital event or to prevent any unintended outcomes.</p>
<b>Preventing inappropriate benefits</b>	<p>The Board has a power to lapse or ‘clawback’ options or shares received upon exercise of options if, amongst other things:</p> <ul style="list-style-type: none"><li>• Mr Allison has acted fraudulently or dishonestly, has wilfully breached his duties, or if the Company is required or entitled under law or company policy to reclaim the remuneration; or</li><li>• Mr Allison’s entitlements vest as a result of the fraud, dishonesty or wilful breach of duty of any other person, or material misstatement or omission in the financial statements, and the Board is of the opinion that the incentives would not have otherwise vested.</li></ul>
<b>Additional information for ASX Listing Rules</b>	<p>Mr Allison is the only director currently entitled to participate in the Company’s equity incentive plans.</p> <p>The options, and any shares received upon exercise, will be granted under a new Executive Incentive Plan, as the current Long Term Incentive Plan only deals with performance rights. In the future, Elders intends that all equity incentives and any equity-based retention awards will be made under the new Executive Incentive Plan.</p> <p>As this will be the first grant made under the new Plan, no options have previously been issued under the Plan.</p> <p>The last time that shareholders approved a grant of securities to an executive director of the Company was in 2009. Over the three years following that approval, a total of 2,570,425 performance rights were granted to the Company’s former Managing Director and CEO.</p> <p>Under ASX Listing Rule 7.1, every listed entity has the ability to issue 15% of its issued capital without shareholder approval in a 12 month period. When an entity issues or agrees to issue securities under ASX Listing Rule 7.1 without shareholder approval, that issue or agreement to issue uses up part of the 15% available under that rule. However, if approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that the options granted to Mr Allison and any shares issued pursuant to this approval will not use up any part of the 15% available under ASX Listing Rule 7.1</p>

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## Voting Exclusion Statement

The Company will disregard any votes cast on the proposed resolution in Item 6:

- by or on behalf of Mr Allison and any of his associates, regardless of the capacity in which the vote is cast; or
- as a proxy by members of the KMP at the date of the meeting and their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Item 6:

- in accordance with a direction on the Proxy Form; or
- by the Chairman of the meeting pursuant to an express authorisation to vote the proxy as the Chairman sees fit.

### **Board Recommendation**

**The Board (with Mr Allison abstaining) recommends passing the resolution.**

## Item 7 – Reinstatement of Proportional Takeover Approval Rule in the Constitution

Rule 6 of the Constitution provides that the Company is prohibited from registering a transfer of shares resulting from a proportional takeover scheme unless and until shareholders in general meeting approve the offer. This Rule is designed to assist shareholders to receive proper value for their shares if a proportional takeover scheme bid is made for the Company. In accordance with the Corporations Act, this Rule ceases to have effect at the end of the third anniversary of its adoption. As Rule 6 was last approved by shareholders in a general meeting on 20 December 2011 it will automatically cease to have effect on 20 December 2014. The Directors consider that it is in the best interests of the Company's shareholders to have a proportional takeover rule in the Constitution and shareholders are asked to consider a resolution to reinstate the previous Rule 6 on identical terms. If the proposed resolution is approved by shareholders, Rule 6 will be renewed and have effect on identical terms as the existing Rule 6 until 18 December 2017.

Rule 6 is reproduced at the end of the Explanatory Note to this resolution.

The Corporations Act requires that the following information be provided to shareholders when they are considering the renewal of proportional takeover provisions in a constitution.

### **What is a proportional takeover scheme?**

A proportional takeover scheme is a takeover bid where an offer is made to each shareholder of a company to acquire a specified proportion only of that shareholder's shares (that is, less than 100%). The specified proportion must be the same in the case of all shareholders.

The Corporations Act allows a company to provide in its constitution that if a proportional takeover bid is made, shareholders must vote on whether to accept or reject the proportional takeover bid and that decision will be binding on all shareholders. The provision allows shareholders to decide collectively whether a proportional takeover bid is acceptable in principle.

## Effect of a Proposed Proportional Takeover Approval Rule

Rule 6 requires that, if a proportional takeover scheme bid is received, the Directors are to convene a meeting of shareholders to vote on a resolution to approve the proportional takeover scheme. The meeting must be held, and the resolution voted upon, at least 15 days before the close of the offer. Rule 6 provides that for a resolution to be approved, it must be passed by a majority at the meeting, excluding votes by the offeror and its associates. If a meeting is not held to vote on the approving resolution, the Directors will breach the Corporations Act. However, in these circumstances a resolution approving the proportional offer will be deemed to have been passed. In effect, shareholders may only prohibit a proportional takeover scheme by passing a resolution rejecting the proportional takeover scheme.

If a resolution is rejected by shareholders, the registration of any transfer of shares resulting from the proportional offer will be prohibited and the offer deemed withdrawn. If approved, the relevant transfers of shares to the offeror will be registered, provided they comply with the other provisions of the Constitution.

This Rule does not apply to full takeover bids and, if renewed, will cease to have effect at the end of the third anniversary of its adoption, that is, 18 December 2017, unless again renewed by a special resolution of shareholders.

### **Reasons for Proposing the Resolution**

The Corporations Act permits the inclusion and renewal of takeover approval provisions in the Company's Constitution. The Directors consider that shareholders should have the opportunity to vote on a proposed proportional takeover scheme bid. Without Rule 6, a proportional takeover scheme bid for the Company may enable control of the Company to be acquired by a party holding less than a majority interest and without shareholders having the opportunity to dispose of all their shares to the offeror. This could result in control of the Company passing to the offeror without the payment of an adequate control premium with shareholders being left as part of a minority interest in the Company. Rule 6 prevents this situation arising without shareholder approval. The Directors consider that it is appropriate for shareholders to have the right contained in Rule 6.

### **No Present Acquisition Proposals**

As at the date of this notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company. This circumstance has had no impact on the Board's decision to propose this resolution.

### **Advantages and Disadvantages of proportional takeover approval provisions**

The Corporations Act requires this explanatory note to retrospectively review the advantages and disadvantages, for Directors and shareholders, of the proportional takeover scheme provisions proposed to be reinstated during the period which the provisions have been in effect.

During the period that the Company's proportional takeover scheme provisions have been in effect, there have been no takeover offers for the Company, either proportional or otherwise. Therefore, there are no historical or present circumstances against which the advantages or disadvantages of the current proportional takeover scheme provisions (Rule 6) for Directors and shareholders can be reviewed. The Directors are not aware of any potential takeover offer that was discouraged by Rule 6.

The Corporations Act also requires this explanatory note to discuss the potential future advantages and potential disadvantages, for Directors and shareholders, of the proportional takeover scheme provisions that are proposed to be reinstated.

The potential advantages of the reinstatement of Rule 6 for shareholders are:

- the provisions give all shareholders (other than the offeror and its associates) an opportunity to study the terms of a proportional takeover proposal to determine whether it is in their best interests that it proceed and, on that basis, enables shareholders to decide whether or not to accept the offer;
- the provisions may discourage the making of a proportional takeover bid which may be considered to be opportunistic and may prevent control of the Company passing without the payment of an appropriate control premium;
- the provisions may assist shareholders in not being locked in to a minority interest in the Company;
- the provisions may increase shareholders' bargaining power and may assist in ensuring that any future proportional takeover offer is structured so as to be attractive to a majority of independent shareholders; and
- knowing the view of the majority of shareholders may assist each individual shareholder in assessing the likely outcome of the proportional takeover scheme bid and whether to approve or reject that bid.

Some potential disadvantages of the reinstatement of Rule 6 for shareholders are:

- the provisions may reduce the possibility of a successful proportional takeover bid and, as a result, proportional takeover offers for the Company may be discouraged;
- any speculative element in the market price of the Company's shares arising from the possibility of a takeover bid being made may be reduced;
- there may be a reduction in the opportunities which shareholders may have to sell some of their shares at an attractive price which includes a premium for control; and
- the provisions may impose an additional and unwarranted restriction on the ability of individual shareholders to freely deal in their shares.

The reinstatement of Rule 6 will allow the Directors to ascertain shareholders' views on a proportional takeover scheme bid. Otherwise, the Directors consider that there are no potential advantages or disadvantages for the Directors which may result from Rule 6 being reinstated (other than in their capacity as shareholders), as they retain the ability to make a recommendation to shareholders on whether a proportional takeover offer should be approved or rejected.

#### **Board Recommendation**

**The Board consider that the potential advantages of reinstating Rule 6 for a further 3 years on its current terms outweigh the potential disadvantages to shareholders. The Board unanimously recommends that shareholders vote in favour of item 7.**

## **Rule 6 of the Company's Constitution**

### **6. Plebiscite to Approve Proportional Takeover Schemes**

#### **6.1 Definitions**

In this rule 6:

"prescribed resolution", in relation to a proportional takeover scheme, means a resolution to approve the proportional takeover scheme passed in accordance with rule 6.3;

"proportional takeover scheme" means a takeover scheme that is made or purports to be made under section 618(1)(b) of the Corporations Act in respect of shares included in a class of shares in the company;

"relevant class", in relation to a proportional takeover scheme, means the class of shares in the Company in respect of which offers are made under the proportional takeover scheme; and

"relevant day", in relation to a proportional takeover scheme, means the day that is 14 days before the end of the period during which the offers under the proportional takeover scheme remain open.

#### **6.2 Transfers not to be registered**

Subject to the Listing Rules and despite rules 5.1.5 and 5.2, a transfer giving effect to a contract resulting from the acceptance of an offer made under a proportional takeover scheme must not be registered unless and until a prescribed resolution to approve the proportional takeover scheme has been passed or is taken to have been passed in accordance with rule 6.3.

#### **6.3 Resolution**

##### **6.3.1**

Where offers have been made under a proportional takeover scheme, the directors must:

- (a) convene a meeting of the persons entitled to vote on the prescribed resolution for the purpose of considering and, if thought fit, passing a prescribed resolution to approve the proportional takeover scheme; and
- (b) ensure that such a resolution is voted on in accordance with this rule 6.3,

before the relevant day in relation to that proportional takeover scheme.

##### **6.3.2**

The provisions of this constitution relating to general meetings apply, so far as they can and with such changes as are necessary, to a meeting that is convened pursuant to rule 6.3.1.

##### **6.3.3**

The offeror under a proportional takeover scheme and any associates of the offeror are not entitled to vote on the prescribed resolution relating to that proportional takeover scheme and if they do vote, their votes must not be counted.

#### **6.3.4**

Subject to rule 6.3.3, a person who, as at the end of the day on which the first offer under the proportional takeover scheme was made, held shares of the relevant class is entitled to vote on the prescribed resolution relating to the proportional takeover scheme and, for the purposes of so voting, is entitled to 1 vote for each such share held at that time.

#### **6.3.5**

A prescribed resolution is to be taken to have been passed 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 one half, and otherwise is to be taken to have been rejected.

#### **6.3.6**

If a prescribed resolution to approve a proportional takeover scheme has not been voted on in accordance with this rule 6.3 before the relevant day, a prescribed resolution to approve the proportional takeover scheme will be taken to have been passed in accordance with this rule 6.3 on the relevant day.

### **6.4 Sunset**

Rules 6.1, 6.2 and 6.3 cease to have effect at the end of 3 years beginning:

#### **6.4.1**

where those rules have not been renewed in accordance with the Corporations Act, on the date that those rules were adopted by the company; or

#### **6.4.2**

where those rules have been renewed in accordance with the Corporations Act, on the date those rules were last renewed.

## Voting

### Entitlement to vote

In accordance with Regulation 7.11.37 of the Corporations Regulations, the Directors have determined that the persons eligible to vote at the AGM will be those persons who are registered shareholders at **6.30pm (Adelaide Time), Tuesday, 16 December 2014**. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

### Proxies

Each shareholder is entitled to appoint a proxy. The proxy does not need to be a member of the Company. 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 a shareholder appoints 2 proxies, each proxy may exercise half of the shareholder's votes if no proportion or number of votes is specified. Where a shareholder appoints 2 proxies, on a show of hands, neither proxy may vote and, on a poll, each proxy may only exercise the voting rights the proxy represents.

A Proxy Form accompanies this Notice and to be effective must be completed and received at either the Company's registered office or its share registry, Computershare Investor Services Pty Ltd.

Registered Office	Share Registry
The Company Secretary Elders Limited Level 3, 27 Currie Street Adelaide SA 5000	Elders Limited c/- Computershare Investor Services Pty Ltd GPO Box 242 Melbourne VIC 3001

or by facsimile on:  
1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)

or by electronic lodgement\*:  
**[www.investorvote.com.au](http://www.investorvote.com.au)**

**By no later than 10am (Adelaide Time),  
Tuesday, 16 December 2014.**

\*Shareholders can lodge their votes electronically at **[www.investorvote.com.au](http://www.investorvote.com.au)** and follow the prompts. To use this facility, you will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode as shown on the proxy form. You will have taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.

Custodian voting - For Intermediary Online subscribers only (custodians) please visit **[www.intermediaryonline.com](http://www.intermediaryonline.com)** to submit your voting intentions.

### Attorneys

A shareholder may appoint an attorney to vote on his or her behalf. For an appointment to be effective for the AGM, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or one of the addresses listed above for the receipt of proxy appointments by no later than 10am (Adelaide time) on Tuesday, 16 December 2014.

## Corporate Representatives

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

- a letter or certificate, executed in accordance with the corporate shareholder's constitution, authorising that person as the corporate shareholder's representative at the meeting; or
- a copy of the resolution appointing the person as the corporate shareholder's representative at the meeting, certified by a secretary or director of the corporate shareholder.

### Transfer of non-Chair proxy to Chair in certain circumstances

If:

- a poll is duly demanded at the AGM in relation to a proposed resolution; and
- a member has appointed a proxy (other than the Chairman) and the appointment of the proxy specifies the way the proxy is to vote on the resolution; and
- that member's proxy is either not recorded as attending the meeting or does not vote 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 member for the purposes of voting on that resolution and must vote in accordance with the written direction of that member.

## Conduct of Annual General Meeting

- The Chairman and the Chief Executive Officer will generally answer relevant questions on behalf of the Board and the management team, respectively. If questions cannot be answered at the meeting, the Company will seek to provide a response to the shareholder as soon as possible after the AGM.
- At the AGM, the Company will inform shareholders of the proxy position with respect to the resolutions to be considered by the AGM, and how the Chairman intends to vote undirected proxies. It is the Chairman's current intention to vote all available proxies in favour of each of the resolutions outlined in this Notice of Meeting.
- We ask that shareholders:
  - are courteous and respectful to all attendees at the AGM, including not photographing, videotaping or recording the AGM;
  - keep their questions to a reasonable length to allow as many shareholders as possible to participate; and
  - confine their questions to matters being considered at the AGM and matters relevant to shareholders as a whole.
- Questions relating to the shareholder's personal circumstances can be raised with the Company or Computershare representatives who will be available at the AGM.

ELDERS LIMITED ACN 004 336 636