



## NZX/ASX Market Release

10 August 2018

NZX Limited  
Level 1, NZX Centre, 11 Cable Street  
Wellington, New Zealand

ASX Limited  
20 Bridge Street  
Sydney, NSW, Australia

and to:

Takeovers Panel  
Level 3, Solnet House  
70 The Terrace  
WELLINGTON

### Important information for Tegel shareholders – Independent Director Committee Acceptance Update

- Bounty Offer closes 25 August 2018
- Independent Directors **unanimously recommend that shareholders ACCEPT the Bounty Offer**
- Shareholders that wish to accept should act promptly

The Bounty Holdings New Zealand Limited (“Bounty”) offer to acquire all of your ordinary shares (“Shares”) in Tegel Group Holdings Limited (“Tegel”) for \$1.23 per share (the “Offer Price”) (the “Offer”) is due to close soon.

As outlined in Tegel’s Target Company Statement dated Monday 11 June 2018, the Independent Director Committee (managing Tegel’s response) unanimously recommended that shareholders accept the Bounty Offer. Furthermore, all Directors that own Shares have accepted the Offer in respect of all of their Shares. A copy of the Target Company Statement is available at [investors.tegel.co.nz](http://investors.tegel.co.nz). A printed copy of the Target Company Statement can be requested by emailing [investorrelations@tegel.co.nz](mailto:investorrelations@tegel.co.nz).

The purpose of this letter is to update you on some important matters.

A key condition of the Offer which remains outstanding is approval under the Overseas Investment Act. Without commenting on the application itself, the Independent Directors remain hopeful that a decision can be made (by Ministers, on advice from the Overseas Investment Office) within the Offer period which runs until 25 August 2018 (the “Offer Period”). This Offer Period, as governed by the Takeovers Code, cannot be extended. Any Tegel shareholder intending to accept the \$1.23 per share Offer by Bounty therefore has until 5:00pm (NZT) on 25 August 2018 for their acceptance documentation to be received by the share registry.

Whilst Tegel shareholders cannot accept the Offer beyond the Offer Period, Bounty will have a further 30 days to satisfy all conditions of its Offer, including approval under the Overseas Investment Act, should extra time be required. If Bounty is unable to meet the 30



day deadline to declare its Offer unconditional then the Offer will lapse and all shareholders who have accepted the Offer will retain their respective holdings.

**The Independent Directors continue to unanimously recommend that shareholders ACCEPT the Bounty Offer and act promptly to ensure acceptances are received before the end of the Offer Period.**

#### Minority shareholder considerations

We note the announcement by Bounty dated 9 August 2018 that it has received acceptances under its Offer that, together with the Tegel Shares it has already acquired, represent a relevant interest in 76.379% of Tegel Shares.

As a result, if the Offer is successful, Tegel shareholders who do not accept the Offer will become minority shareholders in Tegel unless Bounty is entitled to proceed with compulsory acquisition.

We also note that should the Offer be successful but Bounty fails to achieve the compulsory acquisition threshold, Bounty may decide to make a follow-on takeover offer to acquire any Shares it did not acquire under the Offer (“Follow-on Offer”).

A Follow-on Offer could have an offer price per Share which is higher, lower or the same as the Offer Price. This possibility of a Follow-on Offer was noted by KordaMentha in its Independent Adviser’s Report on the Offer. As such, if you accept the Offer and it is declared unconditional, you will receive the Offer Price for certain. The amount you receive under a Follow-on Offer, however, could be different.

There are a number of risk factors for Tegel minority shareholders who do not accept the Offer. These are included in the Chairman’s Letter on pages 2-3 of the Target Company Statement.

In addition we note that these risk factors were previously outlined in the context of Bounty having voting power greater than the ordinary shareholder resolution threshold of 50%. Due to Bounty’s increased relevant interest it would now have voting power in Tegel greater than the special shareholder resolution threshold of 75%, which gives it further rights beyond those available to a 50% shareholder.

#### Acceptance timing considerations

Tegel shareholders who have already accepted the Offer, or who decide not to accept the Offer, do not need to take any further action.

The Independent Directors Committee previously did not recommend early acceptance of the Offer as there was no benefit to early acceptance and, once given, acceptances cannot be withdrawn (so you would be unable to sell your Tegel Shares to any other person once you accept). However, as no competing offer has emerged and Bounty has now directly acquired 19.99% of Tegel Shares we see no justification for further delaying any such acceptances.



The Independent Directors Committee strongly encourages Tegel shareholders who have not yet made a decision about whether or not to accept the Offer to read the Target Company Statement, including the Independent Adviser's Report, carefully before making a decision and to allow sufficient time for delivery of any such acceptance. We also still encourage you to seek professional advice in relation to your particular circumstances.

If you have not received the Bounty Offer document, please contact your broker directly or Link Market Services Limited either via e-mail at [applications@linkmarketservices.co.nz](mailto:applications@linkmarketservices.co.nz) or telephone on +64 9 375 5998.

The Independent Director Committee of the Board will continue to keep shareholders informed of progress.

Yours sincerely,

David Jackson  
Independent Chairman

***For investor queries please contact:***

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***About Tegel Group Holdings Limited***

Tegel Group Holdings Limited (NZX/ASX: TGH) processes approximately 58 million birds per year, across vertically integrated operations in Auckland, Christchurch and New Plymouth. It is New Zealand's leading poultry producer, processing approximately half of New Zealand's poultry, and also manufactures and markets a range of other processed meat products. Tegel produces a range of products across its core business (e.g. fresh and frozen whole chickens, fillets and portions), and value added convenience products (e.g. fresh value added, cooked and smoked small-goods and frozen further processed products), which are sold through three key sales channels domestically (retail grocery, foodservice / industrial and quick-service restaurants), and in selected channels in international markets. Its brands are Tegel, Rangitikei and Top Hat.

For more information go to: [www.tegel.co.nz](http://www.tegel.co.nz)