

**ADELAIDE PRODUCE MARKET LIMITED**  
**15% SHAREHOLING LIMIT**  
**EXPLANATORY MEMORANDUM**

This explanatory memorandum is issued by the Board of Adelaide Produce Market Limited (“**APML**”). It sets out an explanation of the provisions of the APML Constitution Appendix clause 5 regarding the 15% limit on shareholdings (“**15% Limit Provisions**”) and the provisions of the *Corporations Act 2001* (Cth) that are relevant to the operation of the 15% Limit Provisions.

**1. Introduction**

- 1.1 The 15% Limit Provisions apply at all times, not just when shares are bought and sold, because of 2 critical expressions:
  - 1.1.1 “associates”; and
  - 1.1.2 “relevant interest” in APML ordinary Shares.
- 1.2 The *Corporations Act 2001* (“**Act**”) sets out the meaning of those expressions in a number of sections and subsections.
- 1.3 This explanatory memorandum seeks to explain those meanings and their implications and help all APML shareholders understand their obligations. It also makes clear how the APML Board is likely to interpret and apply the 15% Limit Provisions.

**2. Associates**

- 2.1 Understanding of the meaning of the expression “associates” is gained from the combined effect of the provisions of sections 10 to 12 and section 50 of the Act.
- 2.2 An APML shareholder can be a person (or a number of persons) or another entity, such as a company (“**Shareholder**”). A Shareholder might hold APML shares for their own benefit, or in the role as a trustee for some other person or other entity.
- 2.3 If 2 or more Shareholders decide, propose or agree to act together in a particular way regarding the composition of the APML Board or the conduct of APML’s business, those Shareholders are “associates”.
- 2.4 If a Shareholder is a company:
  - 2.4.1 its directors;
  - 2.4.2 its secretary;
  - 2.4.3 any other companies that the Shareholder controls or wholly owns; and
  - 2.4.4 any company that controls or wholly owns the Shareholder;
  - 2.4.5 any companies that are controlled or wholly owned by the company that controls or wholly owns the Shareholder, are also “associates”.

**3. Relevant interest**

- 3.1 The expression “relevant interest” gains its meaning from section 608 of the Act.
- 3.2 If a person (or any other entity):
  - 3.2.1 holds APML shares;
  - 3.2.2 is able to vote or control the voting of APML shares; or
  - 3.2.3 is able to sell or control the selling of APML shares,then that person has a ‘relevant interest’ in APML shares. No matter how remote, how it came to be or whether it is shared with another person, everyone with such an interest has a relevant interest in APML shares. The interest relates generally to APML shares, so it is not necessary to link the interest to a specific numbered share.
- 3.3 If the Shareholder is a company any person who:
  - 3.3.1 holds 20% or more of the voting power in the Shareholder; or

- 3.3.2 controls the Shareholder,  
also has a relevant interest in APML shares.
- 3.4 To determine if a person has the capacity to control a Shareholder the:
- 3.4.1 practical influence the person can exert (as opposed to merely the rights the person might be able to enforce); and
- 3.4.2 practice or pattern of behaviour of the Shareholder's financial and operating policies,  
are taken into account.
- 3.5 If a person and that person's associates together control a Shareholder, they both have a relevant interest in APML shares. However, if a person:
- 3.5.1 is only able to control the Shareholder by acting in conjunction with some other entity that is not the person's associate; or
- 3.5.2 has a legal responsibility to exercise control over a Shareholder merely for the benefit of some-one else,  
the person does not have the control necessary to have a relevant interest in APML shares.
- 3.6 If a company (or any other legal entity that is not a person) has a legal responsibility to exercise control over a Shareholder merely for the benefit of some-one other than the company's members, the company does not have the control necessary to have a relevant interest in APML shares.
- 3.7 If a Shareholder has a relevant interest in APML shares and the Shareholder:
- 3.7.1 enters into or has entered into an agreement with another entity (even if the agreement pre-dates the person gaining the relevant interest in APML shares);
- 3.7.2 gives to, has given to, receives from or has received from another entity an enforceable right of any sort in relation to the APML shares; or
- 3.7.3 grants to, has granted to, is granted by or has been granted by another entity an option of any sort in relation to the APML shares,  
and the end result of the performance, enforcement or exercise of any of those agreements, rights or options would be for the other entity to have a relevant interest in APML shares, then the other entity is taken to already have that relevant interest in APML shares.
- 3.8 There are some additional situations set out in section 609 of the Act that do not result in a relevant interest being gained. These include very limited circumstance situations involving:
- 3.8.1 mortgages;
- 3.8.2 trustees (but only where a beneficiary already has the relevant interest in the particular APML shares);
- 3.8.3 some proxies;
- 3.8.4 some conditional agreements;
- 3.8.5 the operation of some pre-emptive rights;
- 3.8.6 directors; and
- 3.8.7 circumstances that may be prescribed in regulations,  
however, as the Board considers these exemptions too complex to deal with in this explanatory memorandum, any concerned member should approach the Board for its view if the member considers any of the exemptions may apply.

#### 4. **Board opinion**

This explanatory memorandum indicates the Board's general views on and the approach it is likely to adopt in considering the application of the 15% Limit Provisions. Members are encouraged to seek the Board's opinion when contemplating a transfer of shares that might trigger the 15% Limit Provisions or otherwise give rise to issues relating to the matters set out in this explanatory memorandum.

**Note: This explanatory memorandum is not and must not be relied upon as legal advice. Members and potential investors should seek independent legal advice in respect of the subject matter of this explanatory memorandum.**