

13 December 2017

Dear Shareholder

Update regarding the unconditional takeover offer from Bega Cheese

As advised in our letter to shareholders dated 10 November 2017, Peanut Company of Australia Limited (PCA) entered into a Placement Agreement and Bid Implementation Agreement with Bega Cheese Limited (Bega), pursuant to which Bega has:

- subscribed for 19.99% of the issued shares of PCA at 83 cents per share; and
- made an unconditional takeover bid to acquire all the issued shares of PCA not held by Bega at 83 cents per share (**Bega Offer**).

By now you should have received a Bidder's Statement from Bega that included an Acceptance Form, and a Target's Statement from PCA that included an Independent Expert's Report (IER). We recommend that you read all of these documents carefully and seek independent financial, tax, legal or other professional advice before making a decision whether or not to accept the Bega Offer.

The IER issued by Ernst & Young concluded that the Bega Offer is "Fair and Reasonable". **The PCA Board unanimously recommends PCA shareholders accept the Bega Offer, in the absence of a superior proposal being received by PCA.** To date no superior proposal has been received by PCA.

As a PCA shareholder, you have the following choices;

- accept the Bega Offer for all your PCA shares and receive cash consideration of 83 cents per share;
- sell your PCA shares privately to another party (unless you have accepted the Bega Offer); or
- do nothing.

The implication on what each of these decisions may mean for you are spelt out in both the Bidder's and Target Statements.

Current Status of Bega Offer: PCA have been advised by Bega that Bega's voting power in PCA is approximately **84.5%** (as at 12 December 2017).

As outlined in the Bidder's Statement, Bega's desire is to acquire 100% of the shares in PCA. If you choose not to accept the Bega Offer, Bega may still become entitled to compulsorily acquire the PCA shares of non-accepting PCA shareholders through the compulsory acquisition procedures in Part 6A of the *Corporations Act 2001* (Cth). If this occurs, non-accepting PCA shareholders will be compelled to sell their PCA shares to Bega. PCA shareholders should refer to the Bidder's Statement and Target's Statement for further information regarding the compulsory acquisition process.

Reminder: The offer period (unless extended or withdrawn) expires at 6.00pm (Brisbane time) on Wednesday, 20 December 2017. To be valid, completed Acceptance Forms must be received by this time in accordance with the instructions set out in the Bidder's Statement.

Yours sincerely

Ian Langdon
Chairman