



Community Chef

24 February 2016

RE: REGIONAL KITCHEN GROUP – SHAREHOLDER REPRESENTATIVE

REGIONAL KITCHEN GROUP BUSINESS RESTRUCTURE

At the November Annual General Meeting, we outlined our core mission to our Shareholders as being:

“Maintain continuity of service in a changing environment and transition to whatever future delivered meals option is decided by each shareholder Council”.

A commitment was given at that meeting to provide Shareholders with an update regarding the proposed restructure in February 2016 to ensure any capital investment requirements can be factored into to their budget process for the 16/17 financial year and to ensure there is ample time to gain Council approval for the changes in advance of the May 2016 General Meeting, where all the resolutions pertaining to this change will be brought for a vote.

For those Councils that are currently Shareholders in Community Chef only it will be necessary to obtain Ministerial approval under Section 193 of the Local Government Act for your Council to invest in an entity with the capacity to borrow. This approval can be sought on Council’s behalf by Regional Kitchen.

Everything is going to plan with the business:

- Wyndham has joined Community Chef as a shareholder and commenced taking meals on 1 February 2016
- Community Chef has commenced supply of an expanded range of product lines into the public hospital food services network.
- A letter of intent has been signed with the Red Cross Emergency Management unit for the supply of meals during times of natural disaster and for crisis situations in the Metropolitan and peri-urban areas.
- Opportunities are opening up in other markets including products manufactured for other’s brands.
- Cutting edge research on nutritional density and other aspects of food production continues to be undertaken with and funded by the CSIRO.



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www.communitychef.com.au

Address

43-47 Drake Boulevard, Altona, VIC 3018

Postal Address

PO Box 172, Altona North VIC 3025

The main driver in bringing the two companies under one consolidated entity is to facilitate more efficient administrative, governance and audit processes. It will also act as a trigger to seek further investment for the reduction of debt and to explore alternate loan facility and investment opportunities with institutions closely aligned with local government.

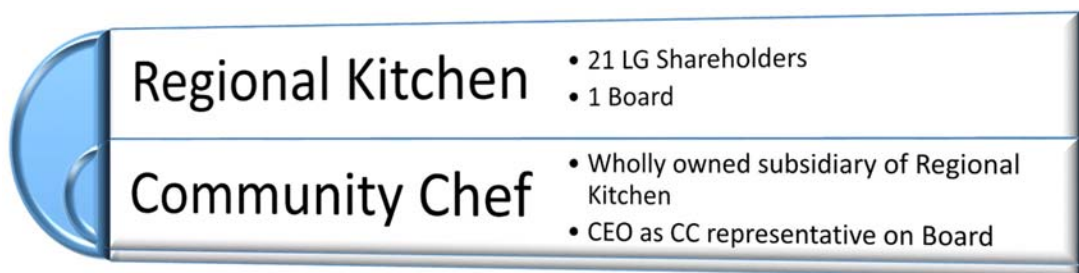
An overview of the current and proposed structures are as follows;

CURRENT STRUCTURE



- Regional Kitchen leases building, plant and equipment to Community Chef and provides capital funding
- Community Chef pays rent
- Two Boards that operate in consultation but independently of each other
- Run as two separate companies
- There is a Joint Charter
- There is a Cross Company Guarantee
- Board membership overlaps with three board members sitting on both boards

PROPOSED STRUCTURE



- One Company Structure
- All Councils to become shareholders in Regional Kitchen, relinquish their shares in Community Chef in exchange for 1 free share in Regional Kitchen
- Retain current Board members on an expanded single Board
- The attached financial analysis illustrates that the issuing of the 21 shares to each of the Shareholder Councils does not dilute the current Regional Kitchen Shareholders equity

Recent sales of shares in Regional Kitchen were at a price of \$18,000 per share. A valuation of shares in the proposed consolidated structure, using December 2015 balances, confirms that the shares in the consolidated entity would have a value of \$18,000 each.

In order to stay on track, implement the above changes and open the door to investment it will be necessary for Councils not currently holding shares in Regional Kitchen to resolve to become a Regional Kitchen Shareholder and request Regional Kitchen to seek Ministerial approval under S193. There will be no cost as new and existing Regional Kitchen Shareholders will each be issued with one free share, currently valued at \$18,000. This will need to be executed before the May General Meeting as the creation of a single company requires a unanimous vote.

I look forward to engaging further with you in the lead up to the May 2016 General meeting. In the meantime if you have any queries, please do not hesitate to contact me directly.

Yours sincerely



Joe Ciccarone
CEO Regional Kitchen Group



Maddocks

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Email Letter

From
Andrew Whiteside

Direct
03 9258 3353

Partner
Kevin Phelan

Date
27/04/2015

Email
andrew.whiteside@maddocks.com.au

To
Joe Ciccarone
Chief Executive Officer

Organisation
Regional Kitchen Pty Ltd
trading as Community Chef

Email
JCiccarone@communitychef.com.au

Our Ref KPP:AYW: 5440375

Dear Joe

Regional Kitchen Pty Ltd ACN 130 471 206 (Regional Kitchen)

We refer to our recent discussion with you regarding the separate legal entity status of Regional Kitchen and the potential liability of its shareholders. We confirm as follows.

1. Regional Kitchen is a proprietary company registered under the *Corporations Act 2001 (Cth) (Corporations Act)* with the Australian Securities & Investments Commission.
2. Under the Corporations Act, Regional Kitchen has a separate legal entity status that is distinct from that of its shareholders, managers, operators, employees. This means that Regional Kitchen has its own property, its own rights and its own obligations distinct from its shareholders. Such rights and obligations can include (unless the company's constitution prohibits such actions):
 - the right to own and dispose of property and other assets;
 - the ability to enter into contracts and borrow money; and
 - the ability to sue and be sued.
3. Shareholders of companies such as Regional Kitchen are not liable (in their capacity as shareholders) for the company's debts. As shareholders, their only obligation is to pay the company any amount unpaid on partly paid shares if the company calls upon them to do so. However, this is unlikely to be an issue with Regional Kitchen, as clause 5.4 of Regional Kitchen's constitution currently prohibits it from issuing partly paid shares.
4. If a company such as Regional Kitchen becomes insolvent, unless a shareholder has given some form of loan to, or guarantee in relation to, the company, the company's separate legal entity status usually means that shareholders should only lose the amount of their capital contributions to the company, generally being the amount the shareholder paid for its shares in the company.

Please do not hesitate to contact Andrew Whiteside if you wish to discuss this letter further.

Yours faithfully
Maddocks



Transmission authorised by:
Kevin Phelan
Partner

Tina Beltramin

Subject: FW: Proposed company restructure of The Community Chef

From: Terry Bramham [mailto:TerryB@macquarielawyers.com.au]

Sent: Friday, 1 April 2016 9:10 AM

To: Tina Beltramin

Subject: Proposed company restructure of The Community Chef

Dear Tina,

Council is currently a shareholder of RFK Pty Ltd which operates a kitchen facility trading as The Community Chef on premises owned by a related company, Regional Kitchen Pty Ltd.

Whilst Council is not a shareholder of the second company, the shareholders of both companies are exclusively Victorian Local Government Councils.

For the purpose of reducing the administrative burden of having two sets of shareholders and governing rules, the two companies are proposing a restructure whereby Council would surrender its shares in return for gratuitously being issued one share (valued at \$18,000) in Regional Kitchen Pty Ltd.

If Council supports the proposal, it will be necessary for Council to execute various documents including a Deed of Accession which is an agreement that will bind Council to the Shareholders' Agreement and Constitution of Regional Kitchen Pty Ltd.

The proposal is subject to the approval of:

- the Minister under section 193(5G) of the *Local Government Act 1989*;
- the directors of the two companies; and
- a General Meeting of shareholders of both companies to be held on 27 May 2016.

Having considered the purpose of the proposal and the associated documents to be signed, particularly the Deed of Accession, it would be appropriate for Council to support the restructure, noting that the Deed does not contain any unreasonable provisions.

There would be no commercial risk to Council in the event of Regional Kitchen Pty Ltd becoming insolvent, noting that should this occur, RFK Pty Ltd is also likely to become insolvent because of the close inter-relationship between the two companies. The proposed share arrangement is therefore somewhat academic.

The following recommendation to Council is suggested:

That Council:

- (A) approve the proposed restructure between RFK Pty Ltd and Regional Kitchen Pty Ltd whereby Council will receive one share valued at \$18,000 in return for surrendering its currently held shares, both to occur without payment, conditional on the consent of the Minister being obtained under section 193(5G) of the Local Government Act 1989;*
- (B) authorise the Chief Executive Officer of Regional Kitchen Pty Ltd to obtain the Minister's consent on Council's behalf;*
- (C) authorise Council's Chief Executive Officer to execute all documentation, including the Deed of Accession, on Council's behalf to effect the restructure; and*
- (D) appoint Council's Chief Executive Officer to be Council's shareholder representative should the restructure occur, noting that the shareholders of both companies are required to agree to the restructure at a joint meeting to be held on 27 May 2016.*

Tina, please contact me for any required discussion about this advice.

Regards

Terry



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SCHEDULE

Name of Applicant:	Manningham City Council
Address of Applicant:	699 Doncaster Road, DONCASTER EAST VIC 3108
Number of Shares to be Allotted:	1
Type of Shares:	Fully Paid Ordinary Share
Consideration Tendered by Applicant:	The transfer of 3558 ordinary shares held by the Applicant in RFK Pty Ltd to the Company

Agreed to allot shares per minute dated	/	/ 2016 <i>(to be completed by the Company)</i>
Entered in Register of Members	/	/ 2016 <i>(to be completed by the Company)</i>
Share certificate issued	/	/ 2016 <i>(to be completed by the Company)</i>

STANDARD TRANSFER FORM
For Non-Market Transactions

Marking Stamp

Affix Stamp Duty Here

FULL NAME OF COMPANY OR CORPORATION	RFK Pty Ltd ACN 128 645 312	State or Territory in which Company is taken to be registered: Victoria	
DESCRIPTION OF SECURITIES	Ordinary shares		
QUANTITY	3558		
FULL NAME OF TRANSFEROR (SELLER)	Manningham City Council		
CONSIDERATION	The issue of one fully paid ordinary share in Regional Kitchen Pty Ltd to the Seller	Date of Transfer 31.05.2016	
FULL NAME OF TRANSFEREE (BUYER)	Regional Kitchen Pty Ltd ACN 130 471 206		
FULL POSTAL ADDRESS OF TRANSFEREE (BUYER)	43-47 Drake Boulevard, Altona, Victoria 3018		
BENEFICIAL OWNERSHIP	Upon registration of this transfer, will these shares be beneficially owned by the Buyer? Yes		
FULL NAME AND POSTAL ADDRESS OF BENEFICIAL OWNER (If applicable)	N/A		
REMOVAL REQUEST	Please enter these securities on the		REGISTER

By signing this transfer form, the Seller transfers the Securities to the Buyer, for the Consideration. The Buyer accepts the Securities upon the same conditions on which the Seller held the Securities. The Buyer represents that it is not aware of any revocation of any Power of Attorney under which this transfer form is signed.

TRANSFEROR (SELLER) SIGN HERE		for company use
Date signed:		
TRANSFEREE (BUYER) SIGN HERE		
Date signed:		

DEED OF ACCESSION

THIS DEED dated

BY

Manningham City Council of **699 Doncaster Road, DONCASTER EAST VIC 3108** ("the Acceding Party")

RECITAL

This deed is supplemental to a Shareholders' Agreement entered into between the shareholders of Regional Kitchen ABN 78 130 471 206 ("the Company") and the Company ("the Company") on **04 April 2008**.

OPERATIVE PART

1. **Acceding Party to be Bound**

The Acceding Party confirms that it has been provided with a copy of the Shareholders' Agreement and covenants with all present parties to that agreement (whether original parties or parties by accession) to observe, perform and be bound by all the terms and conditions of the Shareholders' Agreement and the constitution of the Company so that the Acceding Party is deemed, from the date on which it is registered as a member of the Company, to be a party to the Shareholders' Agreement.

2. **Representations and Warranties**

The Acceding Party represents and warrants to the parties to the Shareholders' Agreement that:

- 2.1 it is a Council;
- 2.2 it has corporate power to enter into and perform its obligations under this deed and to carry out the transactions contemplated by the Shareholders' Agreement;
- 2.3 it has taken all necessary corporate action to authorise the entry into and performance of this deed and to carry out the transactions contemplated by the Shareholders' Agreement;
- 2.4 neither the execution and performance by the Acceding Party of this deed nor any transaction contemplated by the Shareholders' Agreement will violate in any respect any provision of:
 - 2.4.1 its constituent documents; or
 - 2.4.2 any other document, agreement or arrangement binding upon it.

3. **Address for Legal Process and Notices**

The address of the Acceding Party for the purposes of clause 12(6) of the Shareholders' Agreement is:

699 Doncaster Road, DONCASTER EAST VIC 3108

4. **Governing Law**

This deed is governed by the laws of the State of Victoria.

Executed as a deed

The Common Seal of **Manningham City Council** was hereunto affixed in the presence of:

.....*Mayor/Councillor*

.....*Chief Executive Officer*

Date: