

6 May 2019

## Update from Long-Term Asset Partners Pty Ltd

GrainCorp Limited (“GrainCorp” or “the Company”) advises that it has been informed by Long-Term Asset Partners Pty Ltd (“LTAP”) that LTAP is unable to proceed with its non-binding, indicative proposal to acquire 100% of the shares in GrainCorp for cash consideration of \$10.42 per share (“LTAP Proposal”). A copy of LTAP’s statement is attached.

GrainCorp announced the LTAP Proposal on 3 December 2018 and since that time has engaged extensively with LTAP to assist them as they undertook due diligence and sought to develop a binding offer capable of consideration and response by the GrainCorp Board of Directors.

As previously advised to the market, GrainCorp has, in parallel, continued to progress its Portfolio Review to evaluate capital management and portfolio optimisation strategies, which thus far has resulted in initiatives including:

- › The proposed demerger of its Malt business;
- › The proposed combination of the Grains and Oils businesses and associated simplification and cost reduction benefits;
- › The agreement to sell the Australian Bulk Liquid Terminals to ANZ Terminals;
- › Initiatives to increase through-the-cycle EBITDA in its Grains business; and
- › Investment in the Fraser Grain Terminal in Vancouver, Canada.

Further updates on these initiatives will be provided as appropriate in due course.

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# LONG-TERM

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# ASSET PARTNERS

## **Long-Term Asset Partners withdraws non-binding indicative proposal to acquire GrainCorp**

SYDNEY, Australia (6 May, 2019) – Long-Term Asset Partners Pty Ltd (“LTAP”) today announced that, after a period of due diligence, it had withdrawn its non-binding indicative proposal to acquire GrainCorp.

Before making its December 3 proposal, LTAP had assembled a team of expert Tier 1 finance, legal, grain industry and debt rating experts to assess GrainCorp from outside.

LTAP obtained a financing package enabling it to provide an unusually high degree of execution certainty before conducting any confidential due diligence, including fully negotiated financing commitment letters from Goldman Sachs and Westbourne Capital.

LTAP also had formal engagement with a ratings agency that provided an indicative A-category rating for the proposed long-term capital structure. As well, LTAP obtained commitment letters and term sheets from an internationally recognised insurer to provide LTAP with a swap linked to grain volumes intended to create predictable and stable earnings in the domestic Grains business.

Finally, LTAP acquired an economic interest in approximately 4.2% of the shares on issue in GrainCorp.

LTAP chairman Tony Shepherd said: “LTAP was a very serious bidder with significant Australian and international backing across the proposed transaction. Had due diligence supported our operational assumptions, we are confident we would have turned the LTAP proposal into a binding offer as contemplated.

“GrainCorp provides a valuable service to the nation’s grain growers and we wish them well”.

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