LONG-TERM
ASSET PARTNERS

Long-Term Asset Partners confirms intention to work with GrainCorp to progress its non-binding indicative Proposal

SYDNEY, Australia (3 December, 2018) – Long-Term Asset Partners Pty Ltd ("**LTAP**") confirms that on 12 November, it made a non-binding indicative proposal ("**Proposal**") to acquire all of the issued capital of GrainCorp by way of a Scheme of Arrangement.

The headline offer price under the Proposal was for $10.50[1] per share in cash. On 15 November 2018, GrainCorp declared an intention to pay a final dividend of $0.08 per share. On 28 November 2018, GrainCorp shares commenced trading ex-entitlement to that dividend. As a result, the Proposal is now $10.42 per share, which represents a premium of 42.7% to GrainCorp's last closing price.[2]

The Board of GrainCorp announced today that it will engage with LTAP to progress the Proposal.

LTAP is an Australian-owned and controlled investment manager supported by leading Australian and international institutions. LTAP's Board and management team include high-profile and experienced Australian businesspeople including Tony Shepherd as Chairman, and Lance Hockridge as Deputy Chairman. LTAP was established in 2016 to focus on long-term, patient investing in Australian agricultural assets and infrastructure. Since 2016, LTAP has acquired an economic interest in approximately 4.2 per cent of the shares on issue in GrainCorp.

The Proposal is all cash and appropriate funding commitments have been provided by Westbourne Capital, an Australian headquartered investment manager with current funds under management in excess of $7 billion, and Goldman Sachs. Both Westbourne and Goldman Sachs have provided signed conditional commitment letters and term sheets. LTAP intends to replace the acquisition financing with an investment grade capital structure after transaction close.

The Proposal is subject to customary conditions, including due diligence and that GrainCorp does not undertake any divestments or acquisitions in relation to the whole or part of GrainCorp's businesses, assets or property or enter into any financing arrangement or grant any security, outside of the ordinary course of business. The Proposal is not expected to require approval from the Foreign Investment Review Board or the Australian Competition and Consumer Commission.

LTAP chairman Tony Shepherd said the Proposal would ensure the stable development of GrainCorp's operations while guaranteeing that ownership and control of the company's assets remained in the hands of Australian owners.

"We welcome the opportunity to work with GrainCorp to progress our Proposal," Mr Shepherd said.

"Under our Proposal, GrainCorp shareholders have the opportunity to receive an immediate cash payment at a significant premium and at a price which we believe represents a very attractive value for the company.

For growers, an acquisition by LTAP ensures ownership and control by an Australian-owned entity with a plan for the long-term development of GrainCorp's assets and operations and, importantly, an optimistic

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[1] *To the extent that any dividends are declared or paid by GrainCorp prior to implementation of a transaction, the Proposal is to be reduced by the amount of such dividends.*
[2] *Based on the closing price of GrainCorp shares of $7.30 on 30 November 2018.*

view of future volume growth for Australian grain growers. We will continue to add value to growers' grain through grain marketing services and oilseed and malt processing for domestic and international consumers.

Our ultimate capital structure will be investment grade and will include an allowance for significant future capital expenditure to facilitate growth for all stakeholders.

Our plans for GrainCorp's assets are focused on increasing volumes over time. There are many aspects of our strategy for the company's future but increasing volumes is central. Keeping transport and handling costs as low as possible will be a major incentive to help farmers increase production. Increased production volumes are good for farmers and good for GrainCorp."

LTAP's Proposal, which values GrainCorp at $10.42 per share, represents:

- a 42.7 per cent premium to the last closing price of GrainCorp shares of $7.30 on 30 November 2018;
- a 31.2 per cent premium to the three-month, volume-weighted average GrainCorp share price of $7.94 up to and including 30 November 2018; and
- a 32.7 per cent premium to the six-month, volume-weighted average GrainCorp share price of $7.85 up to and including 30 November 2018.

It also implies earnings multiples well in excess of those implied by the offer for GrainCorp by Archer Daniels Midland ("**ADM**") in 2013 which was recommended by the GrainCorp Board and endorsed by the Independent Expert at the time:

Multiple of EBITDA (x)	**ADM offer**[3]	**LTAP offer**[4]
Average for 4 years	8.8 x	10.7 x
Forecast (average broker consensus)	9.1 x	15.0 x

LTAP is advised by Goldman Sachs and Clayton Utz.

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[3] *Based on approach to valuation multiples in the 2013 Independent Expert Report (pages 3 and 11) but using equity value based on ADM offer consideration of $12.20 cash payment per share and $1.00 per share of permitted dividends.*

[4] *In order to be comparable with the approach adopted for the ADM offer multiples, LTAP offer multiples are calculated using EBITDA figures of $270m (average adjusted EBITDA after interest expense for commodity inventory funding for 4 years to FY18) and $222m (FY19 forecast) based on annual reports and average broker forecasts. Interest expense for commodity inventory funding for FY15-FY17 is based on net interest expense for the Marketing and Oils divisions, per FY15-FY17 annual reports. Interest expense for commodity inventory funding for FY18 is based on net interest expense for the Grains and Oils divisions, per FY18 annual report. Enterprise value calculation assumes core net debt of $514m, in the case of the forecast EBITDA multiple, commodity inventory funding of $416m based on the FY18 annual report (FY18 balances used as a proxy for average balances) and cash from dividend declared of $18m. Enterprise value calculation also assumes net defined benefit retirement plan deficit of $7m and investments accounted for using the equity method of $31m based on the FY18 annual report.*