



Wellard

ASX Announcement

19 September 2016

Wellard Announces WGH Refinancing

Wellard Limited (**Wellard** or the **Company**, ASX:WLD) is pleased to advise that it has been informed that its largest shareholder, WGH Holdings Pty Ltd (**WGH**), a company controlled by Wellard CEO Mr Mauro Balzarini, has signed agreements to undertake a refinancing (**Refinancing**). Upon closing of the Refinancing, WGH will immediately repay the A\$15.8 million separation payment due to the Company (refer ASX announcement dated 27 June 2016) plus accrued interest of approximately A\$0.5 million.

The closing of the Refinancing is subject to certain conditions precedent and it is expected to occur within 7 days.

WGH has also signed an agreement with Fulida Group Holdings Co Ltd (**Fulida**) whereby WGH will, on and subject to closing of the Refinancing, transfer 66.32 million Wellard shares to Fulida, making Fulida Wellard's second largest shareholder with a 16.58% shareholding. It is intended that Fulida's shares will be escrowed on substantially the same terms as WGH's Wellard shares. Fulida is an integrated player in the textile industry headquartered in Hangzhou China. Fulida is also actively seeking investment opportunities in other sectors and in 2015 set up the JV company Wellao with Wellard in China.

WGH will remain Wellard's largest shareholder with 80.0 million Wellard shares, representing a 20.0% shareholding.

Wellard CEO Mauro Balzarini said:

"I am pleased that WGH will be in position to settle the separation payment due to Wellard. This transaction demonstrates that support for Wellard from long term investors remains strong. We welcome Fulida, who has shown a consistent interest in our industry over a long period, as a significant shareholder in Wellard, giving it exposure to the full international beef supply chain into China and other countries. That Fulida has taken an equity interest in Wellard, and agreed to voluntarily escrow its shares, highlights its belief in the long term future of our business, our industry and the potential that China represents."

Further information is set out below.

For personal use only



Wellard

WGH Refinancing

WGH has advised Wellard the following in relation to the Refinancing:

- it includes a new senior loan to be advanced to WGH's subsidiary, WGH Commodities, Land and Transport Pty Ltd (CLT), which will become the owner of WGH's remaining shareholding in Wellard (80.0 million shares);
- the new and certain existing lenders to WGH will be given security over its assets, including all of its Wellard shares, and the security held by one of its existing lenders over its Wellard shares will be released;
- the security granted to WGH's lenders over its Wellard shares does not contain margin call triggers nor other rights to dispose of the Wellard shares as a sole consequence of movements in the price of Wellard shares; and
- certain WGH lenders will be granted options over some of WGH's remaining shares in Wellard, exercisable only once the applicable shares are free from any escrow restrictions.

Share sale arrangement with Fulida

The share sale to Fulida involves Fulida effectively purchasing 66,319,999 Wellard shares from WGH, in consideration for the set-off and termination of US\$25 million in total outstanding principal and debt owed by WGH to Fulida, upon and subject to closing of the Refinancing. This will give Fulida a 16.58% shareholding in Wellard.

WGH's Wellard shares are currently subject to a voluntary escrow agreement. Wellard has consented to amendments to WGH's escrow agreement to allow it to enter into the share sale arrangement with Fulida and for the transfer of shares to Fulida (and the intra-group transfer to CLT referred to above).

In recognition of this, Fulida has agreed to enter into a voluntary escrow agreement which subjects the transferred shares to substantially the same escrow restrictions they are currently subject to under the ownership of WGH. That is, one third (1/3) of the shares (22,106,666 Wellard shares) are subject to escrow until Wellard's audited FY2016 results are released (scheduled for 30 September 2016) and the balance (44,213,333 Wellard shares) are subject to escrow until Wellard's FY2017 results are released in 2017. Wellard's entry into a voluntary escrow agreement with Fulida and CLT remains subject to it obtaining applicable specific relief from ASIC to do so.

Wellard financier approval

On completion of the Refinancing, WGH will control 20.0% of Wellard's shares. Wellard has received conditional consent to amend the definition in the facility agreement that requires Mr Balzarini to hold directly or indirectly at least 19.90% of Wellard shares, to control at least 19.90% of Wellard shares. Wellard expects that these conditions will be satisfied in the near term.

For personal use only



Wellard

Wellard's role in the transaction was approved by the Wellard Board of Directors' Conflict of Interest Committee which comprises only independent Non-Executive Directors. Mr Mauro Balzarini and Mr Greg Wheeler are not members of the Committee.

For further information:

Investors

Managing Director, Mauro Balzarini

Phone: +61 8 9432 2800

Media

FTI Consulting, Cameron Morse

Phone: +61 8 9485 8888

Visit www.wellard.com.au

For personal use only