



3 December 2018

Portfolio Review

As was recently outlined during the FY2018 results presentation on 15 November 2018, one of GrainCorp Limited's ("GrainCorp") strategic priorities has been an evaluation of capital management and portfolio optimisation opportunities. This process has been underway for much of this year and involves an assessment of GrainCorp's business portfolio to develop and implement strategies to unlock and create improved value for shareholders ("Portfolio Review").

Among other things, this Portfolio Review has included an evaluation of:

- ▶ Value maximising options for the bulk liquid storage infrastructure assets in the GrainCorp portfolio;
- ▶ Options for maximising the value of the global GrainCorp Malt portfolio including through participation in ongoing industry consolidation or an ownership separation of these assets; and
- ▶ Initiatives to enhance the global grain infrastructure and capabilities in the GrainCorp portfolio, both internationally and domestically, by progressing the initiatives to simplify the eastern Australian grains operating structure to better serve customers and reduce costs.

The Portfolio Review is ongoing, contemplates a wide range of potential value creation strategies including operating strategies, and will take some time to complete. GrainCorp intends to provide shareholders with an update on the progress of the Portfolio Review at or before the company's Annual General Meeting in February 2019.

Receipt of non-binding indicative offer

GrainCorp also announces that it has received a non-binding, indicative proposal from Long-Term Asset Partners Pty Ltd ("LTAP") expressing interest in a transaction which could result in a change of control of GrainCorp. The LTAP Proposal involves an acquisition, via a scheme of arrangement, of 100% of the shares in GrainCorp for cash consideration of \$10.42 per share ("LTAP Proposal").

LTAP, whose directors are Tony Shepherd AO, Lance Hockridge, Andrea Staines and Chris Craddock, has stated that it is an asset manager for a trust whose beneficiaries are Australian investors. Further, that the structure has been established to make long-term investments and that it does not intend to sell any of the assets of GrainCorp should the LTAP Proposal be recommended by the GrainCorp Board and ultimately supported by GrainCorp shareholders as a scheme of arrangement.

The GrainCorp Board has determined it will engage with LTAP in the context of the ongoing Portfolio Review to further assess the merits of the LTAP Proposal, including the value offered compared to other value creation alternatives and strategies available to GrainCorp. This evaluation is ongoing and the proposal is not yet sufficiently certain or in a form which would allow GrainCorp's Directors to make a recommendation to shareholders.

The GrainCorp Board notes that the proposal is subject to a number of conditions and involves a complex financing structure with significant leverage comprising \$3.2 billion in acquisition facilities from Goldman Sachs and \$400 million

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from Westbourne Capital. LTAP is a new entity and this would be its initial investment. There is no certainty that the proposal will result in a binding proposal for GrainCorp, what the terms of any such proposal would be, or whether it will be recommended by the GrainCorp Board. In particular, the LTAP Proposal and the acquisition financing facilities are conditional on due diligence which will be provided once appropriate confidentiality and standstill arrangements have been put in place including customary protections for GrainCorp.

The Board's position

The Board of GrainCorp notes that it has not formed a view on whether the price offered under the LTAP Proposal is at a level which it is prepared to recommend to shareholders in the context of a change of control. Furthermore, the Board requires additional information on the identity of the equity investors underpinning the LTAP Proposal as well as the longer term financing plan and intentions for the business, to enable a detailed assessment of the impacts of the LTAP Proposal on all of GrainCorp's stakeholders including our shareholders, grower customers, trading partners and our people.

The Board considers that because the Portfolio Review is well progressed and the LTAP Proposal is not sufficiently certain, it would not be in shareholders' interests for GrainCorp to suspend or terminate the other initiatives under assessment. Accordingly, the Board recommends that shareholders take no action in respect of the LTAP Proposal and await further information from the Board which will be provided as part of the ongoing Portfolio Review.

GrainCorp has appointed Macquarie Capital (Australia) Limited as financial adviser and Gilbert + Tobin as legal adviser.

FURTHER INFORMATION

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