



## **WATTLE HEALTH AUSTRALIA FINALISES FUNDING PACKAGE FOR CBDG JOINT VENTURE**

- **Wattle Health Australia Limited (WHA) has finalised terms for a \$77.9 million funding package to meet required commitments for the Corio Bay Dairy Group Joint Venture (CBDG JV).**
- **Funding comprises a \$20.0 million Loan facility, \$37.9 million Entitlement Offer and \$20.0 million Institutional Placement conditional on raising a minimum of \$30.0 million through the Entitlement Offer.**
- **CBDG JV is a transformational transaction and will see WHA become one of a few nutritional dairy companies to have access to vertical integration, from the farm to consumer.**

**21 May 2018:** Wattle Health Australia Limited (ASX:**WHA**) is pleased to announce it has finalised terms for a \$77.9 million funding package to meet its financial commitments for the CBDG JV.

WHA has today launched a 1 for 5 pro rata non-renounceable Entitlement Offer of approximately 30.3 million new shares to eligible shareholders at \$1.25 per shares to raise approximately \$37.9 million. The Entitlement Offer is subject to the successful raising under this offer of a minimum of \$30.0 million and includes a top up facility for eligible shareholders. If a minimum of \$30.0 million is not raised through the Entitlement Offer, all applications monies will be returned to Eligible Shareholders who applied for New Shares and WHA will not proceed with the CBDG JV.

Further, WHA has received commitments from institutional investors to subscribe for approximately 16 million shares through an institutional placement at \$1.25 per new share to raise approximately \$20.0 million (**Institutional Placement**). The Institutional Placement is conditional on the Entitlement Offer raising a minimum of \$30.0 million.

In order to reduce dilution to shareholders, WHA has also secured a \$20 million 3-year loan at an interest rate of 8.0% p.a. (**Loan**) with Prospere Advisor Limited (**Prospere**). Prospere is a private equity fund specialised in healthcare and wellness and was seeded by Mason Group Holdings Limited (HK: 273). The Loan from Prospere is conditional on a number of customary conditions including that WHA raises an aggregate of \$50.0 million under the Entitlement Offer and the Institutional Placement. Additionally Prospere will be issued approximately 4.7 million options exercisable 24 months from the date of issue with an exercise price of \$1.60 as part of the establishment fees for the Loan.



It is intended that proceeds (less costs) from the Entitlement Offer, the Loan and the Institutional Placement will be applied to working capital and towards funding the design, construction and operation of the CBDG JV facility, via WHA's obligations to provide the CBDG Facility Loan and the CBDG Working Capital Loan for the CBDG JV with Organic Dairy Farmers of Australia Limited (**ODFA**), as described in the Company's announcement to the market made on 10 April 2018, and as further detailed in the Entitlement Offer Prospectus accompanying this announcement.

WHA has appointed Ord Minnett Limited and JB Advisory Pty Ltd as joint lead managers (**Joint Lead Managers**) to the Entitlement Offer and Institutional Placement.

### **CBDG JV Overview**

CBDG will design, construct and operate a dedicated organic milk spray drying facility in Geelong, Victoria on land neighbouring ODFA's existing processing operations. The spray drying facility is planned to have the capacity to be able to process up to 200,000 litres of fresh organic milk per day (subject to seasonal supplies of milk and after scale up from commissioning). The cost of construction, including the purchase of land on which the spray drying facility will be located, is estimated at approximately \$55 million.

WHA will have a 45% ownership interest in CBDG and Niche Dairy (the founding partner of one of Australia's largest nutritional dairy processing plants, Blend and Pack Pty Ltd (**B&P**)), will have a 5% ownership interest in CBDG. ODFA, through the committed supply of fresh organic milk to CBDG, will hold a 50% ownership interest in CBDG.

### **CBDG JV Funding**

WHA and Niche (in their respective proportions) will provide secured debt funding to CBDG of up to \$70 million via secured loans, being:

- a loan for the purchase of the site, construction of the facility and associated infrastructure and site works (**Facility Loan**) attracting an interest rate of circa 8.75% p.a.; and
- a loan for the initial working capital requirements of CBDG attracting an interest rate of 15% p.a. (**Working Capital Loan**)

(collectively, the **Loans**).

The Loans provided by WHA and Niche will be secured against all the assets of CBDG. Profits generated from the operations of CBDG are to be applied first in repayment of these Loans in priority to any distributions to the CBDG shareholders.

As announced to the market on 8 May 2018, WHA had until 31 May 2018 to satisfy the first of those pre-conditions which is the raising of capital to fund its obligations under the joint venture. With the finalisation of the funding package for the CBDG JV, all parties to the CBDG JV have waived this pre-



condition subject to successfully completion a capital raising (being a combination of debt and equity) for an aggregate of a minimum of \$70 million.

### **Transformational Transaction**

The CBDG JV arrangement is a transformational transaction for WHA, as it provides WHA with access to a vertically integrated organic nutritional dairy product supply chain - with organic sourcing from ODFA farmers, processing in the CBDG drying facility and production by B&P and end product supply to the WHA distribution channels. ODFA has in excess of 75% control of the fresh organic milk in Australia and this provides WHA with what it believes has the potential to be a unique position in the growing market for organic nutritional dairy powder.

WHA believes with the commissioning in due course of the CBDG spray drying facility that WHA will have a distinct advantage in retail marketing in having a truly Australian sourced organic product at a very cost competitive advantage without sacrificing margins.

WHA with this capital raise will have the financial security to continue to execute its long-term business plan to be a leading Australian Organic Nutritional Dairy company with expanding distribution networks both domestically and internationally.

### **Details of the Entitlement Offer**

WHA has today announced a pro-rata 1 for 5 traditional non-renounceable entitlement offer of approximately 30.3 million fully paid ordinary shares in WHA (**New Shares**) to raise approximately \$37.9 million (**Entitlement Offer**).

The offer price for the Entitlement Offer will be \$1.25 per share which represents:

- 44.7% discount to the last traded price of WHA shares (being \$2.26 on 6 April 2018); and
- 40.2% discount to the theoretical ex-rights price (TERP) of \$2.09 per share (excluding placement shares).

Under the Entitlement Offer, eligible shareholders will be entitled to subscribe for 1 new fully paid ordinary shares in WHA for every 5 existing shares held at 7.00 pm (AEST) on Thursday, 24 May 2018 (**Record Date**) at the offer price (**Entitlements**). Fractional Entitlements will be rounded up to the nearest whole number of shares.

Eligible shareholders (**Eligible Shareholders**) are those holders of existing shares who:

- are registered as holders of existing shares as at 7:00pm (AEST) on Thursday, 24 May 2018;
- have a registered address on the WHA share register in Australia or New Zealand;



- are not in the United States and are not “U.S. persons” (as defined under Regulation S under the United States Securities Act of 1933, as amended) (**U.S. Persons**) or acting for the account or benefit of U.S. Persons; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

Shareholders who do not satisfy the above criteria are ineligible shareholders.

As the Entitlement Offer is non-renounceable, eligible Shareholders cannot trade their entitlements on the ASX or transfer those rights. Shareholders who do not take up their entitlement under the Entitlement Offer, in full or in part, will not receive any value in respect of those entitlements not taken up.

If a minimum of \$30.0 million is not raised through the Entitlement Offer, all applications monies will be returned to Eligible Shareholders who applied for New Shares and WHA will not proceed with the CBDG JV.

#### **Top-up facility**

The Entitlement Offer will include a top up facility under which eligible shareholders who take up their full Entitlement may apply for additional shares in the Entitlement Offer from a pool of shares not taken up by other Eligible Shareholders. Shares under the top-up facility will be allocated by the Joint Lead Managers, in their absolute discretion.

There is no guarantee that applicants under this top-up facility will receive all or any of the shares they apply for under the facility. The Company has also reserved the right to place any shortfall after the allocation of shares under the Entitlement Offer to institutional or wholesale investors at a price no less than offered under the Entitlement Offer.

#### **Timetable**

<b>Key dates / Event</b>	<b>Date</b>
Announcement of the Offer	Monday, 21 May 2018
Prospectus, Cleansing Notice, Appendix 3B lodged with ASX	Monday, 21 May 2018
Ex-date (WHA shares resume trading on an Ex basis)	Before commencement of trading Wednesday, 23 May 2018
Record Date	7.00pm, Thursday, 24 May 2018
Entitlement Offer Opens	Tuesday, 29 May 2018
Entitlement Offer Closes	5.00pm, Friday, 8 June 2018
Settlement Date for Entitlement Offer	Thursday, 14 June 2018
Issue and Allotment of New Shares under the Entitlement Offer	Friday, 15 June 2018



Securities commence trading on a normal basis	Monday, 18 June 2018
Despatch of holding statements	Tuesday, 19 June 2018

*Note: Timetable above is Sydney, Australia time. The above timetable is indicative only and subject to change. WHA reserves the right to vary these dates or to withdraw the Entitlement Offer at any time. Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, WHA, in consultation with the underwriters, reserves the right to amend this timetable at any time.*

### **Capital Structure**

The capital structure of the Company following the Offer is as follows:

<b>Detail</b>	<b>Number</b>
Currently on issue (Quoted securities)	91,465,178
Restricted securities (Unquoted securities)	59,968,750
Entitlement Offer shares to be issues (approximately)	30,286,785
Placement shares to be issued	16,000,000
Options on issue or convertible notes on issue*	Nil*
<b>Total Shares following the Offer</b> (approximately)	<b>197,720,713</b>

*\*Note: Please note that under the Loan Facility, the Company has committed to issue to Prospero 4,687,500 loan facility fee options to subscribe for Shares in the Company at an exercise price of \$1.60 per share. There are no other options or convertible securities on issue by the Company.*

### **Enquiries**

For further information in relation to the Entitlement Offer, please contact the offer information line on 1300 850 505 (local call cost within Australia) or +61 (3) 9415 4000 (outside Australia) at any time between 8:30am and 5:00pm (AEST), Monday to Friday (excluding public holidays).

### **Other information**

Offers of New Shares will be made under a prospectus which was prepared in accordance with section 713 of the Corporations Act 2001 (Cth) (**Prospectus**). Eligible shareholders should carefully consider the Prospectus before deciding to apply for New Shares under the Entitlement Offer. Eligible shareholders who wish to acquire New Shares will need to complete the application form in or accompanying the Prospectus. A copy of the Prospectus is available on ASX's website or can be obtained by contacting the Entitlement Offer information line detailed above.



**ENDS**

George Karafotias  
Company Secretary  
Wattle Health Australia Limited

**For more information, please contact:**

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**Disclaimer**

*This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been, or will be, taken to register, qualify or otherwise permit an offering of the New Shares in any jurisdiction outside Australia or New Zealand. In particular, the New Shares referred to herein have been not and will not be registered under the U.S. Securities Act of 1933, as amended (**Securities Act**) or under the securities laws of any state or other jurisdiction of the United States.*

*Accordingly, the New Shares may not be offered or sold to any person in the United States or any person that is acting for the account or benefit of persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the Securities Act) in reliance on Regulation S under the Securities Act. For more information on foreign offer restrictions, see the section titled 'Foreign Jurisdiction ' in the Prospectus.*

**Forward looking statements**

*Some of the statements in this announcement or accompanying documents may be in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved. Those risks and uncertainties include factors and risks specific to the industry in which the Company operates as well as general economic conditions, interest rates, exchange rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement and any variation*



*may be materially positive or negative. Forward looking information (including forecast financial information) is subject to uncertainty and contingencies, many of which are outside the control of the Company.*