

1 October 2020



SELECT HARVESTS

ACQUISITION OF PIANGIL ALMOND ORCHARD AND CAPITAL RAISING

Overview of Piangil Almond Orchard

Select Harvests Limited (“SHV”, “**Select Harvests**”) is pleased to announce it has entered into an Implementation Deed and Sale Agreements to acquire the Piangil Almond Orchard from United Almonds Limited (“UAL”), Bright Light Agribusiness Pty Ltd (“BLA”) and Lake Lucas Almonds Pty Ltd (“LLA”) (the “**Acquisition**”).

The Piangil Almond Orchard is located at Piangil in north-west Victoria, approximately 86kms from SHV’s Carina West Processing Facility. The Acquisition comprises:

- 1,566ha of almond orchards, of which 1,177ha are mature plantings and 389ha are immature;
- 1,877ML high reliability water entitlements;
- 622ML low reliability water entitlements;
- 2021 almond crop;
- 641ha of unplanted land; and
- certain plant and equipment.

The Acquisition consideration is \$129 million in cash plus a reimbursement of 2020/2021 growing costs incurred to the date of completion. The Acquisition will be funded via a combination of new debt facilities and the proceeds from a \$120 million fully underwritten entitlement offer and placement and is expected to be low-mid single digit EPS accretive in FY2022, being the first full year of operation¹.

Compelling strategic rationale

The Acquisition aligns with SHV’s strategy to grow and optimise its almond orchard base and the key strategic advantages of the Acquisition are as follows:

- Piangil Almond Orchard is a high yielding ‘top quartile’ orchard. SHV’s immediate focus will be to invest in equipment and infrastructure to improve yield quality, harvest risk mitigation and irrigation efficiency;

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¹ Assuming yield of 3.5MT per ha (1.4MT per acre) for mature plantings and current almond pricing of A\$6.50 per kg - A\$7.00 per kg

- The Piangil Almond Orchard has an attractive maturity profile with 389ha (25%) of immature almond orchards, and a weighted average age of 10.9 years (SHV's pre-Acquisition weighted average orchard age is 12.6 years);
- The Acquisition increases SHV's planted area by 20% from 7,695ha to 9,262ha and is expected to increase almond production by approximately 4,600 tonnes² p.a. in its first full year, increasing to 5,400 tonnes² p.a. at maturity in 2026;
- The orchard is located on the Murray River, in the Sunraysia almond growing region at Piangil, approximately 86kms from SHV's Carina West processing facility; and
- The additional production is expected to optimise utilisation of SHV's Carina West processing facility, with increasing processing economies of scale expected to lower per unit production costs.

Commenting on the Acquisition, SHV Managing Director, Mr Paul Thompson, said "We are happy to announce the proposed Acquisition which will add significant scale to our orchard portfolio. The Piangil Almond Orchard has an attractive maturity profile with a weighted average age of 10.9 years and approximately 25% immature plantings. It has demonstrated consistently high yields in recent years and is a top quartile orchard. The recent bloom at the orchard was strong, indicating the potential for another above industry average crop in 2021. Post the acquisition we remain within our water strategy."

The Acquisition is subject to customary conditions including ACCC approval not being withdrawn, revoked or amended, the approval of UAL Scheme Members³ and the Court⁴ and the absence of a material adverse change.

UAL will use reasonable endeavours to ensure its Directors recommend UAL Scheme Members vote in favour of the Acquisition.⁵

The Acquisition is expected to complete by the end of 31 December 2020 (Q1FY2021 of SHV's 30 September year-end).

² Based on a 3.5MT per ha (1.4MT per acre) maturity profile

³ UAL is comprised of multiple schemes requiring member approval. BLA and LLA are not Managed Investment Schemes and do not require this approval

⁴ Court orders under Rule 54.02 of the Supreme Court (General Civil Procedure) Rules 2015 (Vic), which, in substance, approve the Acquisition and UAL's entry into the Implementation Deed and the Sale Agreements

⁵ In the absence of a superior proposal and subject to the independent expert retained by UAL concluding (and continuing to conclude) that the Acquisition is fair and reasonable to all UAL Scheme Members

Capital Raising

SHV is undertaking an equity raising to fund the Acquisition (including transaction costs) and associated on-farm capital projects, and maintain balance sheet strength. Select Harvests will be undertaking a capital raising at an offer price of \$5.20 (“**Offer Price**”) per share to raise approximately \$120 million and will issue approximately 23.1 million new fully paid ordinary shares in Select Harvests (“**New Shares**”) (equivalent to approximately 23.9% of existing SHV ordinary shares on issue). The capital raising will comprise (collectively, the “**Offer**” or “**Capital Raising**”):

- a fully underwritten 1 for 6.3 pro-rata accelerated non-renounceable entitlement offer through the issue of approximately 15.3 million New Shares to raise approximately \$80 million (“**Entitlement Offer**”); and
- a fully underwritten placement through the issue of approximately 7.7 million New Shares to raise approximately \$40 million (“**Placement**”).

All New Shares offered under the Capital Raising will be issued at the Offer Price, representing:

- 4.8% discount to SHV’s closing price on 1 October 2020 of \$5.46 per share; and
- 3.9% discount to TERP⁶ of \$5.41.

Each New Share issued under the Capital Raising will rank equally with all existing shares on issue and will be eligible for any dividend declared for the period ending 30 September 2020. Select Harvests will apply for quotation of New Shares on ASX.

Placement

The Placement of New Shares is fully underwritten and will be offered to sophisticated and institutional investors in Australia and certain overseas jurisdictions at the Offer Price.

The Placement is expected to result in the issue of approximately 7.7 million New Shares, representing approximately 8.0% of SHV’s existing ordinary shares on issue.

The Placement is being conducted today, Thursday, 1 October 2020, with SHV shares to remain in a trading halt pending completion of the Placement. Trading in SHV’s shares is expected to recommence on Tuesday, 6 October 2020.

The New Shares issued under the Placement are expected to settle on Monday, 12 October 2020, and be issued and commence trading on ASX on Tuesday, 13 October 2020.

⁶ Theoretical ex-rights price (“**TERP**”) includes the New Shares to be shares issued under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer. TERP is the theoretical price at which SHV’s shares should trade on ASX immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which SHV’s shares trade on ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to the closing price of SHV’s shares as traded on ASX on 1 October 2020, being the last trading day prior to the announcement of the Offer.

New Shares issued under the Placement will not be eligible to participate in the Entitlement Offer.

Entitlement Offer

The fully underwritten Entitlement Offer includes an offer to eligible institutional shareholders ("**Institutional Entitlement Offer**") and an offer to eligible retail shareholders ("**Retail Entitlement Offer**").

The Entitlement Offer is non-renounceable and entitlements will not be tradeable on the ASX or be otherwise transferable. Shareholders who do not take up their full entitlement will not receive any payment or value in respect of entitlements they do not take up and their percentage equity interest in Select Harvests will be diluted.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from today, Thursday, 1 October 2020 until 5.00pm (Melbourne time), Friday, 2 October 2020. Eligible institutional shareholders may opt to take up all, part or none of their entitlement.

Institutional entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to eligible institutional shareholders who apply for New Shares in excess of their entitlement, as well as to certain other eligible institutional investors who bid into the Placement being conducted concurrently with the Institutional Entitlement Offer.

Select Harvests shares will remain in a trading halt pending completion of the Institutional Entitlement Offer and Placement.

Retail Entitlement Offer

Eligible retail shareholders registered as a shareholder of Select Harvests in Australia and New Zealand as at 7.00pm (Melbourne time) on Tuesday, 6 October 2020 will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as under the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Friday, 9 October 2020 and is expected to close at 5.00pm (Melbourne time) on Thursday, 22 October 2020.

Eligible Retail Shareholders will be sent an information booklet ("**Retail Offer Booklet**") including a personalised entitlement and acceptance form on Friday, 9 October 2020. The Retail Offer Booklet will provide the details of how to participate in the Retail Entitlement Offer. A copy of the Retail Offer Booklet will also be lodged with the ASX on Friday, 9 October 2020.

In addition to each Eligible retail shareholder's entitlement under the Retail Entitlement Offer, Eligible retail shareholders will be offered the opportunity to apply for additional New Shares (up to 50% of the entitlement) ("**Top Up Facility**"). Eligible retail shareholders are not assured of being allocated any New Shares in excess of their entitlement under the Top Up Facility and will be allocated in accordance with the allocation policy outlined in the

Retail Offer Booklet. Select Harvests retains absolute discretion regarding allocations under the Top Up Facility.

Select Harvests may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

Additional information

Further information is provided in the equity raising investor presentation provided to the ASX today by SHV. The presentation includes important information including key risks and foreign selling restrictions in relation to the Capital Raising.

Key dates

Event	Date
Trading halt, Institutional Entitlement Offer and Placement opens (aftermarket)	Thursday, 01 October 2020
Institutional Entitlement Offer and Placement closes (5:00pm)	Friday, 02 October 2020
Announcement of results of Institutional Entitlement Offer and Placement	Tuesday, 06 October 2020
Trading halt lifted – shares recommence trading on ASX on an “ex-entitlement” basis	Tuesday, 06 October 2020
Record date for determining entitlements to subscribe for New Shares under the Entitlement Offer (7:00pm)	Tuesday, 06 October 2020
Retail Entitlement Offer booklet despatched and Retail Entitlement Offer opens	Friday, 09 October 2020
Settlement of Institutional Entitlement Offer and Placement	Monday, 12 October 2020
Allotment of New Shares under the Institutional Entitlement Offer and Placement	Tuesday, 13 October 2020
Normal trading of New Shares under the Institutional Entitlement Offer and Placement	Tuesday, 13 October 2020
Retail Entitlement Offer closes (5:00pm)	Thursday, 22 October 2020
Announcement of results of Retail Entitlement Offer	Tuesday, 27 October 2020
Settlement of Retail Entitlement Offer	Wednesday, 28 October 2020
Allotment of New Shares under the Retail Entitlement Offer	Thursday, 29 October 2020
Normal trading of New Shares under the Retail Entitlement Offer	Friday, 30 October 2020
Despatch of holding statements	Friday, 30 October 2020

Important Notice and Disclaimer

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer or solicitation would be illegal. Neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, to persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities law of any state or other jurisdiction of the United States.

This announcement may not be released or distributed in the United States.

This announcement includes “forward-looking statements” within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “likely”, “should”, “could”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “project”, “forecast”, “guidance” or other similar words, and include statements regarding certain plans, unknown risks, uncertainties and other factors, many of which are outside the control of Select Harvests, and its directors, officers, employees, agents, affiliates or advisors. Any forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of Select Harvests and its directors, officers, employees, agents, affiliates or advisors. This includes any statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements may assume the success of Select Harvests’ business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Select Harvests’ control and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise.

Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. You are cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. To the maximum extent permitted by law, Select Harvests (including its subsidiaries), and its directors, officers, employees, agents, affiliates and advisers:

- disclaim any obligations or undertaking to release any updates or revisions to the information in this announcement to reflect any change in expectations or assumptions;
- do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this document, or likelihood of fulfilment

of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and

- disclaim all responsibility and liability for the information contained in this announcement including any forward-looking statements (including, without limitation, liability for negligence).

Nothing contained in this announcement shall form the basis of any contract or commitment, or constitute investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action taken on the basis of the information.

This announcement has been approved by the SHV Board.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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About Select Harvests:

Select Harvests Ltd (ASX: SHV) is an ASX listed, fully integrated almond business consisting of orchards (company owned, leased and joint venture), primary processing (hulling & shelling), secondary processing (blanching, roasting, slicing, dicing, meal), trading (industrial products) and Consumer products (Brands - Lucky, Sunsol, NuVitality, Renshaw & Alinga Farms as well as providing Retailer brands). Select Harvests imports a full range of nuts (in addition to its almonds) and a wide range of other ingredients for inclusion in their Consumer Products range. Australia is a significant global almond producer and Select Harvests is one of Australia's largest almond companies, supplying almonds domestically and internationally, to supermarkets, health food stores, other food manufacturers, retailers and the almond trade.

The company is headquartered at Thomastown on the outskirts of Melbourne, Australia while its orchards are in North West Victoria, Southern New South Wales and South Australia. The primary Almond processing facility (Carina West) is located at Wemen in North West Victoria and the second processing, value-adding and packing facility is located at Thomastown.

For more information, visit www.selectharvests.com.au