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Webster expands and positions for further growth

Webster Limited (**Webster**) has today signed agreements to acquire all of the assets of AgReserves Australia Limited (**Kooba aggregation**). The acquisition cost is \$116 million plus crop and inventory and is scheduled for completion in December 2014. More than 50% of the acquisition cost is made up of water entitlements.

The acquired assets comprise two large properties of approximately 40,000 hectares on the Murrumbidgee River at Darlington Point in NSW, namely Kooba Station and Bringagee & Benerembah Station. These properties are centred in prime cropping zone on the river and are considered to be among the very best irrigable farms on the Murrumbidgee, with substantial laser levelled cropping ground and significant water entitlements. The two Darlington Point properties sit approximately midway between the company's major walnut orchards in Tabbita and Leeton, each 30 to 40 minutes away. Also acquired, as part of the purchase of the Kooba aggregation, is Booberoi Station, on the Lachlan, near Euabalong.

In association with this transaction Webster has also agreed a placement of 17,475,728 million new ordinary Webster shares at \$1.03 per share to Australian Food & Fibre Limited (**AFF**). These shares will represent approximately 11.2% of the post-placement issued capital of Webster. Completion of the placement is conditional only on completion of the acquisition of the Kooba assets. Whilst the cash received from this placement will be applied to the acquisition, the placement serves a further important purpose. AFF, owned primarily by interests associated with the family of David Robinson, is a high performing cotton grower. AAF owns or manages farms which produce more than 150,000 bales of cotton annually and has a 30 year history of successful cotton growing in NW New South Wales. In making this placement to AFF, Webster also enters into a two year management agreement whereby AFF will give high level management and advice on the cotton and row cropping activities on the acquired properties.

On the completion of the Kooba transaction, Webster will invite David Robinson to join the board. David Robinson was previously a Webster director and served as Webster Chairman for the period 2006 to 2008.

This transaction follows the announced divestment this week of the company's, Field Fresh Tasmania, onion operations for \$10.15 million plus stock.

Other than funds received from the onion operations divestment and the share placement above, the acquisition will be funded from existing and new debt facilities. The acquisition expected to be earnings per share accretive in its first full year of operation.

The acquisition of the Kooba aggregation follows five years of growing returns from Webster's Riverina based, vertically integrated, walnut operations, which trade as Walnuts Australia. In March this year Webster commissioned its new \$12 million value-adding walnut cracking operation at Leeton, NSW. It has substantial orchards at Tabbita (near Griffith) and Leeton in NSW and at Swansea in Tasmania and has completed year one of a three year program in establishing a new walnut orchard, Avondale West, also at Tabbita. Directors have confidence that Webster has the skills, intellectual property and infrastructure to significantly grow its walnut operations beyond its announced two year expansion program.

In acquiring the Kooba aggregation and as well as water rights, Webster acquires a land bank for significant further walnut growth, post its Avondale West development.

The Kooba properties are renowned as high quality row cropping farms. The acquisition brings a large and multi-crop annual cropping operation, which directors believe will be complementary to its existing permanent walnut growing operations. The acquired properties have a history of high performance in yields. The existing staff and management at Kooba and other properties, are well regarded.

The introduction of annual cropping is an important element in the chosen Webster strategy. Within the irrigation zone in which the company operates the addition of annual cropping (also called row cropping) is highly symbiotic with the existing and planned walnut tree crops. In times of strong water supply Webster will fully exploit annual cropping potential. In the event of lower water allocations, the focus will be on the walnut tree crop. It is the intention of Webster to further develop the Kooba aggregation and to grow the size of both the annual cropping and walnut operations.

Based on the anticipated purchase prices outlined above, completion of the proposed transactions would result in the total consolidated assets of Webster increasing from \$138 million (as at 30 June 2014) to approximately \$264 million and net assets increasing from \$108 million (as at 30 June 2014) to approximately \$126 million. Aggregating Webster's financial performance for the financial year ended 30 June 2014 and the financial performance for the Kooba assets for the financial year ended 31 December 2013, total revenue would have increased from \$65.6 million to \$85.4 million and annual profit (before tax and extraordinary items) from \$11.9 million to \$15.5 million.

The Kooba acquisition is also consistent with the stated company strategy of being a significant player in the areas in which it operates.

In announcing this expansion program today, directors forecast a continuation of recent year trends of measured growth and higher shareholder returns.

For further information, contact Rod Roberts, Chairman, Webster Limited, (03) 6427-5015